
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Monetary Authority (MA) has taken disciplinary action against Westpac Banking Corporation, Hong Kong Branch (WBCHK) to order it to pay a pecuniary penalty of HK\$4,000,000, pursuant to section 21(2)(c) of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO)¹.

Summary of Contraventions and Facts

2. The disciplinary action follows an investigation by the Hong Kong Monetary Authority (HKMA) which found that WBCHK contravened two specified provisions, namely paragraph (a) of section 5(1) (section 5(1)(a)) and section 19(3) of Schedule 2 to the AMLO during the period between 1 June 2016 and 31 May 2017 (Relevant Period). WBCHK's contraventions and the related findings are summarised below.

Sections 5(1)(a) and 19(3) of Schedule 2 to the AMLO

3. Out of 143 customers who were subject to periodic reviews during the Relevant Period, there were delays in 121 customers of which 58 were of high risk. It was further found that delays of carrying out such reviews for 27 high risk customers lasted for over a year. WBCHK therefore contravened section 5(1)(a) of Schedule 2 to the AMLO.
4. Whilst WBCHK was aware of the issue of delay in completing periodic reviews for customers, it failed to take appropriate follow-up actions and to conduct periodic reviews as per its internal schedule. Besides, there appeared to be a lack of robust policy management system maintained by WBCHK for ensuring that regulatory requirements were complied with for proper discharge of its section 5(1)(a) obligation during the Relevant Period. Hence, WBCHK contravened section 19(3) of Schedule 2 to the AMLO.

¹ The short title of Chapter 615 of the Laws of Hong Kong was cited as the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance prior to 1 March 2018.

Conclusion

5. Having considered all of the evidence and the representations of WBCHK, the MA has found that WBCHK contravened the two specified provisions during the Relevant Period as set out in paragraphs 2 to 4 above.
6. In deciding the disciplinary action set out in paragraph 1 above, the MA has had regard to the *Guideline on Exercising Power to Impose Pecuniary Penalty*² and the *Guidance Note on Cooperation with the HKMA in Investigations and Enforcement Proceedings*³. The MA has taken into account all relevant circumstances of the case, including but not limited to:
 - (a) the seriousness of the investigation findings;
 - (b) the need to send a clear deterrent message to WBCHK and the industry about the importance of effective controls and procedures to address money laundering and terrorist financing risks;
 - (c) WBCHK has rectified the deficiencies identified; and
 - (d) WBCHK has no previous disciplinary record in relation to the AMLO and cooperated with the HKMA during the investigation and enforcement proceedings.

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² This guideline was published by the HKMA on 29 June 2012 under section 23(1) of the AMLO. It sets out the factors that the MA will consider, where applicable, in determining whether to impose a pecuniary penalty and the amount of the pecuniary penalty if there has been a contravention of a specified provision as defined by section 5(11) of the AMLO. A revised version of this guideline was published on 27 April 2018.

³ This guidance note was issued by the HKMA on 22 August 2018 to provide an overview of how the HKMA considers and recognises cooperation in its investigations and enforcement proceedings and highlight the benefits of cooperation.