Yui Kee Computing Ltd.

Newsletter

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Contents

Public Consultation on HKMA Guideline for Authorisation of Virtual Banks

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The Hong Kong Monetary Authority has published a revised Guideline on Authorization of Virtual Banks and announced that the public are welcome to provide comments on it no later than 15 March 2018. The consultation document is available on the HKMA website; it adds 5 new principles to the previous Guideline (issued in 2000 and updated in 2012), and modifies 13 existing principles.

The HKMA now "welcomes" the establishment of virtual banks, anticipating that they will promote the application of financial technology and innovation, offer a new customer experience, and promote financial inclusion. Virtual banks should not impose a minimum account balance or low-balance fees. They will be expected to operate as a locally-incorporated bank, and will be subject to the same set of supervisory requirements applicable to conventional banks, adapted to the virtual business model. They will be required to provide an exit plan, in case their business model turns out to be unsuccessful.

All versions of the Guideline recognise the vital importance of information security, require that the controls in place to be "fit for purpose" and that there is a security assessment report from from a qualified and independent expert, although no mention is made of a standard that should be used.

Virtual Banking has not, previously, been a popular or successful business model in Hong Kong. Answering a question in the Legislative Council on 13 December 2017, the Secretary for Financial Services and the Treasury, Mr James Lau revealed that, since the issuance of the Guideline in 2000, "a number" of banks discussed transforming their business model with the HKMA, but only one licensed bank did actually implement the change. It later abandoned the business model, due to "commercial considerations".

The public consultation coincides with a wave of enthusiasm about 'Fintech'.

More Information

- Public Consultation on "Guideline on Authorization of Virtual Banks"
- Press release: Guideline on Authorization of Virtual Banks

Hong Kong Customs use Big Data to Boost Cyber Security

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The Hong Kong Customs & Excise Department highlighted its increasing capacity to combat rising online intellectual property crime by further developing its new Big Data System in its year-end review for 2017. Commissioner of Customs & Excise Hermes Tang said, "Given the rapid development of Internet platforms and e-commerce, we have developed the new Big Data Analytic System to perform automatic cross-platform cyber patrol, information diagnosis and extractions."

The system operates around the clock, monitors multiple online platforms and gathers and compares huge amounts of infringement information on the Internet. He claimed that the system will also be able to detect both trademark counterfeiting and copyright piracy offences.

More Information

- [Customs to boost cyber security](#)

Police Commissioner Reports Fall in Cyber-Crime at Cyber Security Professionals Awards presentation ceremony

<web-link for this article>

The Cyber Security Professionals Awards presentation ceremony does not rival the glamour of the Oscars, yet. However, Hong Kong Chief Secretary Matthew Cheung and Commissioner of Police Stephen Lo presented awards to 80 information security professionals for their outstanding cyber security work.

Chief Secretary Matthew Cheung (centre left) and Commissioner of Police Stephen Lo (centre right) at the ceremony

This is the second annual event, held by the Hong Kong Police Cyber Security & Technology Crime Bureau, the Government Computer Emergency Response Team and the Hong Kong Computer Emergency Response Team Coordination Centre.

Speaking at the ceremony, Mr Lo reported a 6.3% drop in technology crime, with 5,567 recorded last year. This is interesting when compared to the [press conference on the 2017 crime situation he gave in January](#), where he reported substantial increases in online business fraud and romance scams. This was balanced by reductions in "Naked chat" blackmail and ransomware cases.

The Awards covered 5 "industry" groups: Banking & Finance, Communications, Government & Public Bodies, Transportation & Public Utilities, and Online Services Providers. In each

group, Gold, Silver and Bronze awards were made for Management and Practitioner, and there were an additional 10 Merit Awards. The full list of winners is available on the [Cyber Security Professionals Awards website](#).

More Information

- [Cyber Security Professionals Awards](#)
- [CS awards cyber sleuths](#)
- [Hong Kong Cybercrime Continues to Rise](#)

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