

# Financial Crime Enforcement: Key Issues to Watch in Hong Kong in 2026

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Hong Kong is intensifying its crackdown on financial crime, with regulators and law enforcement joining forces to tackle fraud, money laundering, and market misconduct. Sweeping legislative reforms and new digital asset regulations have expanded the regulatory perimeter, while a sharpened focus on individual accountability is putting senior management and directors under the spotlight. With heightened scrutiny across banking, securities, virtual assets, and asset management, Hong Kong is signalling a new era of proactive, technology-driven enforcement and personal liability.

## Key takeaways

- 1 Collaborative financial crime enforcement:** Hong Kong has intensified financial crime enforcement, with a particular focus on fraud, money laundering and market misconduct. The Hong Kong Monetary Authority (HKMA), Securities & Futures Commission of Hong Kong (SFC) and Hong Kong Police Force (HKPF) have together worked closely to dismantle 'mule' account networks and improve intelligence sharing.
- 2 Greater emphasis on individual accountability:** Hong Kong regulators are increasingly holding individuals to account for financial crime compliance failures, including responsible officers, managers-in-charge and directors. This trend reflects the ongoing regulatory shift on personal liability, with heightened scrutiny of senior management's oversight of anti-fraud, Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and market conduct controls.
- 3 Heightened scrutiny across sectors:** Regulatory scrutiny has intensified in banking, securities, virtual assets, insurance and asset management. The HKMA and SFC are prioritising fraud prevention, AML/CTF compliance and virtual asset regulation, with its increased oversight targeting mis-selling and client due diligence failures.

## ENFORCEMENT TRENDS

### **What were the most significant developments in financial crime enforcement in 2025 in Hong Kong, and what trends are expected to shape 2026?**

Financial crime enforcement in Hong Kong intensified markedly in 2025, with authorities prioritising fraud, money laundering and market misconduct. The HKMA, SFC and HKPF have [jointly](#) launched a range of initiatives to disrupt criminal networks and strengthen intelligence sharing. Notably, the HKMA and HKPF have expanded the use of [Scameter data](#) and network analytics to identify suspicious accounts, while legislative amendments are facilitating real-time bank-to-bank information exchange via the [Financial Intelligence Evaluation Sharing Tool \(FINEST\)](#) platform.

Two further structural developments are likely to shape enforcements trends in 2026:

- The [Stablecoins Ordinance \(Cap. 656\)](#) came into effect on [1 August 2025](#), with further regulatory guidance provided by the HKMA through (i) the [Guideline on Supervision of Licensed Stablecoin Issuers](#), and (ii) the [Guideline on Anti-Money Laundering and Counter-Financing of Terrorism \(For Licensed Stablecoin Issuers\)](#). The Ordinance introduces a licensing requirement for fiat-referenced stablecoin issuers, and classifies licensed stablecoin issuers as 'financial institutions' under Hong Kong's Anti-Money Laundering and Counter-Financing of Terrorism Ordinance 2022 (AMLO), subjecting them to equivalent AML/CFT obligations.
- The [Banking \(Amendment\) Ordinance 2025](#) came into force on [3 November 2025](#). The Ordinance introduces a voluntary mechanism for banks to share information relating to corporate and individual accounts, either with the relevant law enforcement agencies or with other banks, through electronic channels using secured platforms designated by the HKMA where the banks become aware of suspected prohibited conduct (i.e. money laundering, terrorist financing or financing the proliferation of weapons of mass destruction).

Cumulatively, these developments broaden Hong Kong's regulatory perimeter to include digital assets. The Stablecoins Ordinance addresses the prior absence of licensing and AML/CFT oversight for fiat-referenced stablecoin issuers, which created vulnerabilities for money laundering and terrorist financing. The Banking Amendment Ordinance closes long-standing information-sharing gaps among banks that allowed fraud and 'mule' account networks to persist by enabling timely intelligence exchange with other banks and law enforcement agencies.

Consumer protection is likely to be a central priority for financial regulators and enforcement bodies in 2026. The [HKMA's "E-Banking Security ABC" initiative](#), unveiled in April 2025, and enhanced public education campaigns, target online banking fraud and the misuse of bank accounts. On the regulatory front, the SFC's new [Guidelines for Market Soundings](#) (effective May 2025) introduce detailed governance and disclosure requirements for intermediaries, aiming to promote transparency and fair market conduct in capital markets (see previous blog post [here](#)).

The [SFC's 2024–26 strategic priorities](#) further highlight increased regulatory attention on virtual assets, tokenisation, environmental, social and governance (ESG)-related misconduct, and cross-border cooperation. While there is clear regulatory momentum and heightened scrutiny in these areas, publicly available data does not yet indicate a significant rise in multi-jurisdictional criminal enforcement actions or high-profile cases involving virtual assets or ESG. However, the SFC's stated priorities and recent regulatory developments suggest that enforcement activity in these areas is likely to increase as the year progresses, particularly as the markets for virtual assets and sustainable finance continue to evolve.

Finally, the HKPF's [Operational Priorities](#) for 2025 specifically highlight "quick cash" crimes, including telephone, internet and social media deception, as well as an enhanced focus on cybercrime and technology-enabled offences, and this is likely to continue throughout 2026.

## SECTORS AND TARGET INSTITUTIONS IN FINANCIAL CRIME INVESTIGATIONS

### **What measures have Hong Kong authorities implemented in response to the rise in deception and money laundering cases?**

The surge in deception and money laundering cases in Hong Kong – many involving mule accounts – has prompted the HKMA, HKPF and the Hong Kong Association of Banks (HKAB) to introduce targeted measures. These include leveraging Scameter data and network analytics to disrupt mule account networks, introducing legislative changes to enable more effective information sharing between banks, and thematic reviews to strengthen anti-fraud and AML controls.

There is also a strong emphasis on industry-wide education and deterrence, with coordinated campaigns warning against the misuse of bank accounts and the establishment of an [Anti-fraud Education Taskforce](#) by the HKAB, comprising 18 member banks. Enhanced sentencing for convicted mule account holders further demonstrates the authorities' commitment to deterrence. The HKPF has sought increased penalties in court, resulting in sentences for 95 mule account holders being lengthened by between 13% and 33%, with imprisonment terms now ranging from 21 to 75 months. These efforts dovetail with the HKMA's "E-Banking Security ABC" initiative (referred to above), as well as the ["Money Safe" pilot](#), which allows customers to segregate and protect funds, which can only be transferred out following face-to-face verification.

### **Are there any emerging trends in sectors that are subject to increased legislative scrutiny or under investigation for financial crimes?**

Regulators are broadening their enforcement focus beyond traditional financial institutions. While banks and virtual asset platforms remain key targets, there is growing scrutiny of fintech firms and payment service providers, particularly those facilitating peer-to-peer transfers or operating without robust AML frameworks. Companies engaged in cross-border transactions, particularly those with exposure to high-risk jurisdictions, are

also facing increased regulatory attention. Private equity and asset management firms are encountering heightened regulatory risk, especially in relation to mis-selling, inadequate client due diligence, and misuse of investor funds. Moreover, companies which deal with or offer custodian services in relation to virtual assets are increasingly under scrutiny, with the Hong Kong Financial Services, the Treasury Bureau and the SFC launching a [joint consultation](#) on legislative proposals to establish licensing regimes for virtual asset dealing and custody services, which closed on 29 August 2025.

The SFC has also intensified enforcement action against listed companies and their executives for corporate fraud, misappropriation, insider dealing, and market manipulation. The trend towards individual accountability continues, with increased enforcement action against responsible officers, managers-in-charge and directors. Recently, in August 2025, the SFC the SFC banned a former manager-in-charge at a licensed asset management firm for 12 months and fined her HK\$400,000 for failures in managing private funds and implementing AML/CFT controls. Separately, in October 2025, the SFC secured a High Court conviction following its investigation into money laundering involving misappropriated funds of a listed company. The former financial controller was sentenced to seven years and eight months' imprisonment, and disqualified from being a company director for 12 years.

These recent cases underscore the SFC's increasing propensity to hold the controllers of companies and senior management of licensed corporations personally liable and accountable for their misconduct.

## **FINANCIAL CRIME SOURCES, TRIGGERS AND WHISTLEBLOWERS**

### **Are there specific sectors that have been more proactive in the last year in reporting financial crimes to enforcement bodies?**

The banking sector has remained the most proactive in reporting financial crimes, driven by the HKMA's supervisory expectations and the adoption of platforms such as FINEST (referred to above), which enables real-time intelligence sharing among banks. The sector has responded to regulatory encouragement by strengthening fraud detection and reporting protocols, particularly concerning mule accounts and cyber-enabled scams.

The HKMA [highlighted](#) in its latest Annual Report, the positive impact of public-private partnerships and technological innovation in mitigating AML and CFT risks. The Fraud and Money Laundering Intelligence Taskforce expanded to include all major retail banks and six stored value facility licensees, resulting in the restraint or confiscation of approximately HK\$534 million in criminal proceeds. The Anti-Deception Coordination Centre has further enhanced collaboration between the HKPF and 28 participating retail banks, intercepting HK\$1.48 billion in fraudulent payments and intervening in 2,397 ongoing deception cases. Membership of FINEST [doubled from five to ten banks, with over 580 intelligence reports generated](#) for police investigation as at March 2025, highlighting greater engagement by the industry, while the Suspicious Account Alert system has also been upgraded to further strengthen fraud prevention.

Separately, virtual asset service providers (VASPs) have increased their reporting activity following the full implementation of the licensing regime for VASPs in 2024, which mandates comprehensive AML/CTF compliance frameworks. The SFC's enhanced investigatory powers under this regime have further incentivised early reporting. The insurance and asset management sectors have also become more responsive in reporting financial crimes, particularly in the context of thematic reviews targeting mis-selling, fund misuse and client due diligence.

## EMERGING RISK MANAGEMENT ISSUES

### **How are regulatory bodies in Hong Kong addressing the risks associated with cryptocurrencies and other digital assets?**

In 2025, Hong Kong regulators adopted a structured and proactive approach to managing risks associated with digital assets.

In April 2025, the SFC issued [a circular on staking services](#), permitting licensed virtual asset trading platforms and authorised funds to offer staking under strict custody, risk and disclosure controls. This forms part of the SFC's broader Access, Safeguards, Products, Infrastructure and Relationships (A-S-P-I-Re) [roadmap](#), which aims to strengthen the regulatory perimeter around virtual assets while supporting responsible innovation.

As noted above, the HKMA has introduced a [licensing regime for fiat-referenced stablecoin issuers](#) under the Stablecoins Ordinance (Cap. 656), which came into effect on [1 August 2025](#). The new licensing regime requires fiat-reference stablecoin issuers to maintain full asset backing, implement redemption mechanisms and segregate client funds to mitigate systemic risks.

In addition, AMLO has expanded the SFC's powers to regulate businesses providing virtual asset services. The AMLO now explicitly establishes criminal offences for fraudulent practices related to crypto transactions, including the use of deceptive or fraudulent schemes and reckless misrepresentation to induce virtual asset transactions. These provisions extend liability beyond direct sellers to anyone making such representations, targeting misconduct that can lead to the failure of virtual asset exchanges. While it is too early to identify clear enforcement trends in this area, the SFC is expected to make increasing use of these powers to enhance market integrity and investor confidence in 2026.





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