

HKMA REGULATORY REPORTING

IMPROVE YOUR REGULATORY REPORTING – 2020



THE REGULATORY TREND FOR FINANCIAL INSTITUTIONS

One of the lessons learned from the global financial crisis that began in 2007 was that financial institutions' data was inadequate to support the management of financial risks. In recent years, regulatory initiatives have attempted to improve supervision and risk management by collecting more granular and timely data, as well as by incorporating more forward-looking information in financial and regulatory reporting. Indeed, regulatory reporting helps to establish an Authorized Institution's ("AI") risk profile and to provide alerts on vulnerability to severe and plausible events.

In Hong Kong, all AIs have to submit statistics and information to the Hong Kong Monetary Authority ("HKMA") for statistical and prudential supervision purposes, as part of their fulfilment of their regulatory requirements under the Banking Ordinance ("BO").

WHY DOES THE HKMA REGULATORY REPORTING MATTER?

Improving your risk management

The implementation of a sound and robust regulatory reporting is a key input into AIs' activities related to risk identification, monitoring and assessment and one of the tools to support AIs' Senior Management in formulating strategic and policy objectives.

Mitigating your reputational risk

In order to ascertain the quality of the regulatory returns, the HKMA requires reviews to be conducted by an External Auditor in accordance with the requirements of section 63(3) and 63(3A) of the BO. Where material errors, weaknesses or deficiencies are identified, the HKMA may request the Auditor to investigate further under section 59(2) of the BO which may lead to disciplinary action against an AI. This could cause damage to the AI's brand and reputation.

HOW CAN MAZARS HELP?

At Mazars, we have extensive experience working with the diversity of Financial Services players. We assist Central Banks, National Regulators, major financial institutions and Small and Mid-size Entities in dealing with the implementation of complex projects with multiple impacts, domestic and international.

Below is a list of some of the services we offer to support you in enhancing or reviewing your HKMA regulatory reporting.

CONTROLS AND COMPLIANCE REVIEWS OR ENHANCEMENTS

- ✓ Assure compliance with relevant requirements (e.g. reviews of BO section 63(3), section 63(3A) and section 59(2))
- ✓ Benchmarking to local and international standards
- ✓ Advise on best practice adapted the AI's specific situation
- ✓ Review of internal policies and procedures

MOCK INSPECTION

- ✓ Prepare for inspections from regulators

COMPLIANCE TRAINING

- ✓ Provide training on various regulatory matters in respect of the AI's needs

REGULATORY UPDATES

- ✓ Provide periodic updates on regulatory matters
- ✓ Assist in the implementation of new regulatory initiatives
- ✓ Assist in updating policies and procedures to comply with updated regulations

CYBERSECURITY

- ✓ External and internal penetration testing
- ✓ Web application testing
- ✓ Application code review and awareness

DATA SCIENCE AND BUSINESS ANALYTICS

- ✓ Advice on frameworks on collecting, processing, managing, storing and using data for accurate decision making and data privacy
- ✓ Descriptive analytics to advance big data and predictive solutions

STREAMLINING

- ✓ Review of process and procedures
- ✓ Provide streamlining solutions tailored to the specific circumstance of the AI

PROJECT MANAGEMENT

- ✓ Act as the contact point for the co-ordination and governance of the project
- ✓ Oversee the overall progress of the project and ensure the delivery of predetermined targets

Please feel free to contact us for further enquiries about our services offerings.

CONTACT IN ASIA PACIFIC

Pierre Latrobe
Director – Financial Services, Hong Kong
pierre.latrobe@mazars.hk
+852 5917 8812

More information on
www.mazars.hk