

# Enhanced E-banking Security Measures in Response to Rising Fraud Cases and Cyber Attacks



## Overview of key enhancements

In light of the growing number of fraud cases and new cyber attack tactics targeting e-banking, the Hong Kong Monetary Authority (HKMA) issued a circular titled “**Enhancement to security of electronic banking services**” on 31 October 2023. Authorised institutions are required to implement the proposed enhancement measures as set out in the circular by **31 March 2024**.

The key enhancement areas are:



### Additional customer authentication to counter fraud

- Deploy ambush authentication on a risk-based approach to verify the identity of the customer for suspicious e-banking activities
- Require additional confirmation from customer prior to executing suspicious high-risk transactions
- Enable multi-factor authentication commensurate with the evolving risk landscape



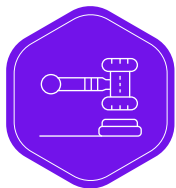
### Empowering customers to safeguard their bank accounts

- Enable customers to review, monitor and perform searches for account activity
- Broaden the scope of notification of unusual e-banking activities, for example unusual timing of account access
- Allow customers to set a lower default cross-border transfer limit
- Disallow concurrent logins to an e-banking account



### Containing damage to customers in case of serious breaches

- Allow customers to suspend e-banking accounts via a dedicated hotline and internet banking
- Perform stringent authentication before reactivating suspended accounts
- Have a 24/7 reporting channel in place



### Enhanced monitoring for suspicious transactions

- Incorporate latest threat intelligence and customers’ historical data and transaction patterns in fraud detection
- Use scam intelligence sources and network analytics tools to identify suspicious transactions and generate alerts
- Enable logging of customers’ historical data and transaction patterns for auditing and threat analysis purposes

# Potential challenges

The circular outlines the required enhancements to the existing controls. Some financial institutions may encounter challenges in the following areas:

## Technology implementation:

There may be difficulties in integrating the required monitoring systems, intelligence sources and network analytics into the current infrastructure.



## Regulatory compliance:

The circular provides additional information on the existing e-banking requirements. It is important for authorised institutions to identify any specific improvements that align with the banks' cyber risk profiles and controls.



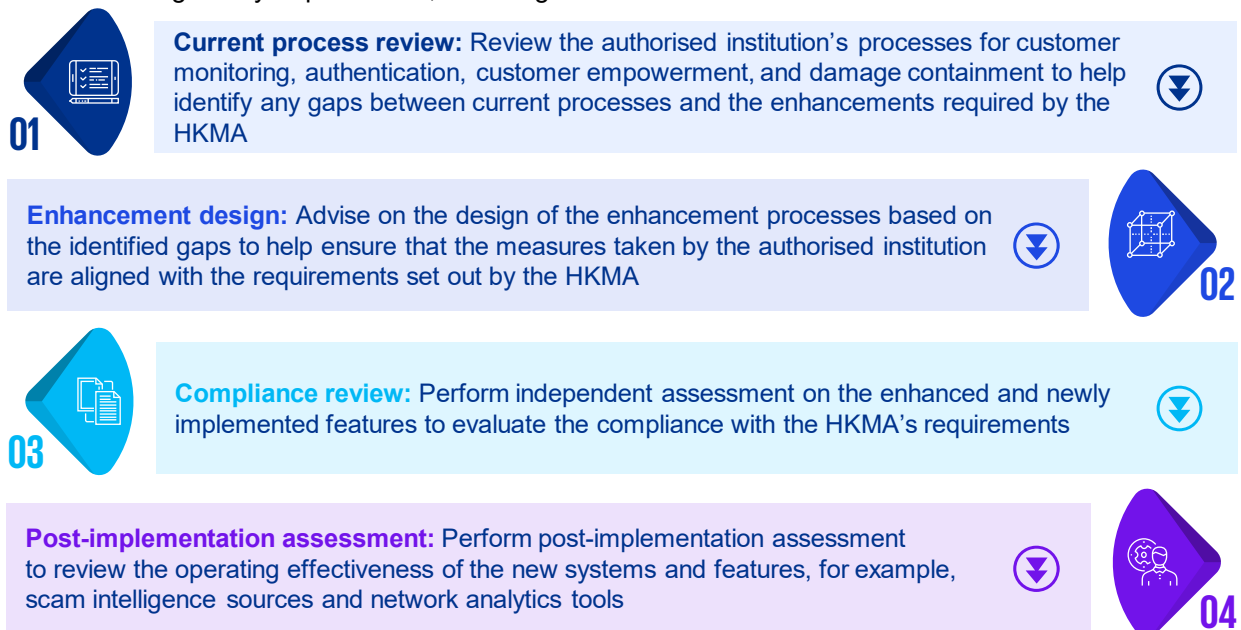
## Data governance and privacy:

The enhancement measures require authorised institutions to analyse large amounts of customer data and connect with external sources for potential fraud detection. This may require enhancements to the bank's current data governance and privacy practices.



# How we can help

KPMG provides a range of services to help organisations address concerns and facilitate compliance with the relevant regulatory requirements, including:



# Contact us



**Henry Shek**  
Partner, Cybersecurity  
KPMG China  
T: +852 2143 8799  
E: henry.shek@kpmg.com



**Lanis Lam**  
Partner, Cybersecurity  
KPMG China  
T: +852 2143 8803  
E: lanis.lam@kpmg.com



**Brian Cheung**  
Partner, Cybersecurity  
KPMG China  
T: +852 2847 5026  
E: brian.cheung@kpmg.com



**Lilian Sin**  
Partner, AML and Sanctions  
KPMG China  
T: +852 2826 7174  
E: lilian.sin@kpmg.com



[kpmg.com/cn/socialmedia](https://kpmg.com/cn/socialmedia)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG Advisory (Hong Kong) Limited, a Hong Kong (SAR) limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Hong Kong (SAR).

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.