



強制性公積金計劃管理局
MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

電話號碼 Tel No : 2292 1565
傳真號碼 Fax No : 2259 8825
電郵地址 Email :
本局檔號 Our Ref : MPFA/S/TR/91/6 (C)
來函檔號 Your Ref :

By Email

20 June 2019

Circular Letter: SU/CTR/2019/003

To: All Approved Trustees

Dear Sir/Madam,

Measures to Enhance Member Protection

Playing an important role in the Mandatory Provident Fund (MPF) System, MPF trustees have the statutory duty to act in the interest of scheme members. It is of paramount importance that trustees adopt high standard of conduct and sound prudent business practices so as to protect scheme assets and act in the best interest of scheme members at all times¹. In addition, since it is anticipated that the launch of eMPF Platform in the future will bring about a set of common standards for operation, trustees are urged to align certain measures and practices in managing members' expectation for the implementation of eMPF Platform.

This circular letter serves to share with trustees some good practices and provide guidance to trustees for achieving good governance and enhancing member protection in the following areas:

- (1) Preventive measures against identity theft and fraud;
- (2) Proactive reminders to employers to make contribution arrangement early;

¹ According to Principle 1 of Governance Principles for MPF trustees, an MPF trustee should thoroughly understand its duties and at all times act in the best interest of scheme members.

- (3) Following up with employers on missing or incorrect remittance statements; and
- (4) Contribution notifications to scheme members.

(1) Preventive measures against identity theft and fraud

Recently, it has come to the attention of the Mandatory Provident Fund Schemes Authority (Authority) that there was a suspected fraud case of impersonating a scheme member to withdraw benefits from his MPF account. The Authority hereby reminds trustees of their fiduciary obligation to safeguard scheme members' assets.

Based on the information available, the Authority noted that the perpetrator might have performed, among others, the following fraudulent acts which trustees should pay attention to. Trustees are advised to put in place adequate control measures to mitigate the relevant fraud risks:

- (a) Requesting re-issuance of login password for a scheme member's online account and enquiring about the member's last employment date via trustee's hotline.

Good practice

- **More stringent security questions** – asking basic information (e.g. HKID number, date of birth) may not be adequate to authenticate a member's identity when receiving telephone enquiry about sensitive member's information. More stringent questions such as the employer name or email address should be considered.
- (b) Amending the correspondence address, email address, mobile phone number, residential phone number and office phone number via the member's online account.

Good practices

- **Two-factor authentication** – robust authentication mechanism should be implemented for accessing trustees' online platforms and changing member's personal particulars or contact information.

- **Notifications to alert members** – trustees are encouraged to send notifications (e.g. SMS, email or letter) to scheme member's new and last known residential address/ mobile phone number/ email address after updating the member's contact information.
- (c) Submitting a claim form together with other supporting documents to withdraw benefits from a member's MPF account on the grounds of permanent departure from Hong Kong.

Good practices

- **Verifying member's signature** – trustees should verify the signature appended on the claim form against member's signature specimen records.
- **Additional identity verification in suspicious situations** – if irregularities or dubious situations are noted when handling benefits claims, such as unmatched signature and recent change of member's contact information or signature specimen, trustees are encouraged to take additional steps to verify the member's identity, including but not limited to:
 - (i) requesting scheme member to present the identification proof and other supporting documents in person;
 - (ii) calling the scheme member to verify his identity and withdrawal request (both the new and last known contact numbers if recently changed);
 - (iii) requesting a copy of identity documents apart from HKID card (e.g. passport); and
 - (iv) requesting a recent valid address proof before releasing payment of benefits.
- **Notifications to alert members** – trustees are encouraged to send notifications (e.g. SMS, email) to scheme member to acknowledge receipt of withdrawal request.

(2) Proactive reminders to employers to make contribution arrangement early

Employers are reminded to always reserve sufficient time to make contributions to their trustees on or before the contribution day (i.e. usually the 10th day

of each month) to avoid surcharge imposed for default contribution (DC). However, the Authority noted that more payment notices were issued by the Authority to employers in months with fewer business days during the period from the 1st day of the month to the contribution day.

Due to the three days of Lunar New Year public holiday in early February 2019, employers only had four business days to arrange contributions before the contribution day on 11 February 2019. In this regard, some trustees took proactive steps to send a reminder to employers urging them to arrange contributions early. The Authority noted that the number of payment notices issued for that contribution period was reduced when compared with similar situations in the past. This shows that sending reminders to employers is effective in avoiding DC.

In light of the above, to prevent late payment due to fewer business days for arranging contributions, trustees are advised to remind employers through various means for the months where, during the period from the 1st day of the month to the contribution day, there are (i) five or fewer business days or (ii) six business days with public holidays resting on Monday to Friday.

(3) Following up with employers on missing or incorrect remittance statements

The Authority would like to draw trustees' attention to the handling of missing or incorrect remittance statement (RS). Even if trustees have received payments from the employers on time, the contributions cannot be timely allocated into member's MPF account due to missing or incorrect RS. Member's interests are at stake and cannot be well protected.

In order to avoid delay of contribution allocation due to missing or incorrect RS, trustees should provide assistance to employers as soon as practicable upon receipt of payment but with missing or incorrect RS. Moreover, trustees should enhance publicity to educate employers on the importance of submitting a complete and correct RS, and issue reminder through various means (e.g. newsletter, website, Direct Digital Marketing) with warning on non-compliance. Trustees should also take this opportunity to promote electronic submission of RS which can enhance accuracy and timeliness of submission.

(4) Contribution notifications to scheme members

Employers are required to provide their employees with a pay-record within seven working days after payment of contributions. Despite this arrangement, employees are also concerned whether the contributions have been paid and allocated into their MPF accounts on a timely basis. It is observed that some trustees will send e-alert (e.g. SMS, email) to scheme members when the contributions have been duly allocated. To this end, trustees are advised to adopt this good practice or explore other ways for members to receive timely contribution notifications.

Following the issuance of this circular letter, trustees are given **2 months** to review their existing operational procedures for adopting the good practices or formulating alternative measures which best suit their operating model. Trustees should provide their review result and the implementation plan to adopt the good practices or alternative measures to your supervisory manager in the Authority **on or before 20 August 2019**.

If you have any questions, please do not hesitate to contact your supervisory manager in the Authority.

Yours faithfully,



Ginni Wong
Director
Supervision Division