

HKMA & SFC

2026

FIT AND PROPER

REQUIREMENTS


Background Screening Guide for Financial Institutions

Banks · Asset Managers · Securities Firms · Insurers · Payment Institutions · Fintech

WHAT HR, COMPLIANCE & RISK LEADERS NEED TO KNOW

Fit and proper assessments should not be viewed as a one-time regulatory exercise. Organizations should consider integrity, financial soundness, competence, professional conduct, regulatory history, employment history, and ongoing workforce risk.

Fit and Proper Area	Why It Matters
Integrity	Helps assess honesty, reliability, and professional conduct.
Financial Soundness	May be relevant for roles involving client assets, funds, financial controls, or fiduciary responsibilities.
Competence	Supports assessment of qualifications, experience, regulatory knowledge, and technical capability.
Professional Conduct	Helps identify conduct-related concerns, disciplinary history, or integrity-related issues.
Regulatory History	Important for licensed personnel, regulated functions, senior managers, and control roles.

 *Key point: A fit and proper framework is most effective when supported by structured background screening, clear governance processes, and risk-based hiring controls.*

WHAT DOES "FIT AND PROPER" MEAN?

Definition

Whether an individual possesses the necessary:

- Integrity & honesty
- Reputation & reliability
- Competence & capability
- Financial soundness

...to perform a regulated or risk-sensitive role.

The Five Pillars

1. Integrity

2. Financial Soundness

3. Competence

4. Professional Conduct

5. Regulatory History

HONG KONG: KEY REVIEW AREAS

Employment History

Confirms career history and identifies material discrepancies

Professional Qualifications

Supports competence and eligibility assessments

Credit Reports

May support financial soundness reviews for relevant roles

Bankruptcy Records

Relevant for finance, fiduciary, senior, and regulated positions

Directorship Records

Helps identify governance risks and potential conflicts of interest

Litigation Records

May provide context for risk, governance, and financial integrity

Regulatory Findings

Highly relevant for licensed or regulated roles

FINANCIAL SOUNDNESS

The objective is not to assess whether an individual has ever experienced financial difficulty, but whether any circumstances may be relevant to the role.

Bankruptcy Records

May be relevant where the role involves financial control, fiduciary duties, or regulated responsibilities.

Credit Report Findings

Should be assessed in context rather than treated as a pass-or-fail indicator.

Outstanding Judgments

May indicate circumstances requiring further review depending on severity and role relevance.

Financial Distress Indicators

Should be reviewed alongside timing, remediation, explanation, and role sensitivity.

Financial soundness does not mean financial perfection — context, timing, and role relevance are critical.

COMMON SCREENING COMPONENTS

1

Identity Verification

Foundation of the screening process; supports fraud prevention

2

Employment Verification

Confirms employment dates, job titles, and previous employers

3

Education Verification

Validates qualifications for competence and eligibility assessments

4

Reference Checks

Provides context on conduct, performance, and workplace behaviour

5

Criminal Record Screening

Identifies relevant criminal history where legally available

6

Credit Report Review

Supports financial soundness review for relevant roles

7

Bankruptcy Searches

Relevant for fiduciary, finance, and regulated roles

8

Directorship Searches

Identifies conflicts of interest and governance concerns

9

Litigation Searches

Identifies publicly available records relevant to governance

10

Regulatory Screening

Reviews disciplinary actions, enforcement, licensing issues

COMMON EMPLOYER MISTAKES & BETTER APPROACHES

✘ Common Mistake

Treating screening as pass-or-fail

Over-reliance on credit reports

Focusing only on financial soundness

Same screening for every role

Failing to validate qualifications & employment

Viewing fit-and-proper as a one-time exercise

✔ Better Approach

Use risk-based and contextual assessment

Assess credit as part of broader financial soundness review

Also consider competence, integrity, conduct, and reputation

Apply role-based screening based on risk and responsibilities

Independently verify all information relied upon

Manage workforce integrity throughout the employee lifecycle

ROLE-BASED SCREENING FRAMEWORK

Different roles carry different levels of risk. Align screening depth with role responsibilities and regulatory expectations.

1

Entry-Level Roles

- ✓ Identity Verification
- ✓ Employment Verification
- ✓ Education Verification

2

Licensed & Regulated Personnel

- ✓ Identity Verification
- ✓ Employment Verification
- ✓ Education Verification
- ✓ Criminal Record Screening
- ✓ Regulatory Screening
- ✓ Reference Checks (where appropriate)

3

Senior Management

- ✓ All of the above
- ✓ Credit Report Review
- ✓ Bankruptcy Search
- ✓ Directorship Search
- ✓ Litigation Search
- ✓ Regulatory Screening
- ✓ Reference Checks

HKMA MRC & WORKFORCE INTEGRITY

Fit and proper assessments, reference checking, and background screening are complementary components of a broader risk management strategy.

1 Employment Verification

Confirms accuracy of employment history relied upon during assessment.

2 Education Verification

Supports review of qualifications and competence for regulated roles.

3 Reference Checks

Provides supplementary conduct and performance context where appropriate.

4 Background Screening

Identifies integrity, financial soundness, litigation, and regulatory risk indicators.

5 Regulatory Review

Supports assessment of licensing, sanctions, disciplinary history, and enforcement.

6 HKMA MRC Processes

Complements screening by supporting conduct-related due diligence for covered roles.

7 Risk-Based Assessment

Ensures findings are reviewed proportionately and in context.

8 Governance Controls

Supports consistent decision-making, documentation, audit readiness, and accountability.

WHY LEADING FINANCIAL INSTITUTIONS WORK WITH eeCheck

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- ✓ Employment & Education Verification
- ✓ Criminal Record & Credit Report Reviews
- ✓ Bankruptcy & Directorship Searches
- ✓ Litigation & Regulatory Screening
- ✓ Reference Checks for Senior/Regulated Roles
- ✓ Cross-Border Verification Across Asia-Pacific