



Monetary Authority of Singapore

Consultation Paper
[P004-2024] – August 2024

Consultation Paper on Proposed Measures in Relation to the Provision of Cross-Border Money Transfer Services to the People's Republic of China



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1. Preface

- 1.1. The Monetary Authority of Singapore (MAS) issued MAS Notice¹ PSN11 – Notice on Temporary Restrictions in Relation to the Provision of Cross-Border Money Transfer Services to the People’s Republic of China on 18 December 2023, requiring licensed payment service providers providing cross-border money transfer services (“remittance companies”) to suspend the use of channels that are not specifically permitted (“non-specified channels”) when transmitting money to persons in the People’s Republic of China (PRC). The suspension was initially for a three-month period from 1 January 2024 to 31 March 2024, and extended for a further six months to 30 September 2024.
- 1.2. The suspension was instituted following reports of remittances to the PRC made by individuals (mostly PRC nationals working here) through remittance companies in Singapore where subsequently, the beneficiaries’ bank accounts in PRC were frozen or monies forfeited.
- 1.3. MAS has reviewed the suspension and proposes to continue to suspend the use of non-specified channels set out in MAS Notice PSN11 until further notice. MAS also proposes to expand the scope to all customers of the remittance companies, including corporates and legal persons. In its review, MAS has considered the level of risks arising from the use of non-specified channels, availability of alternative options, as well as the potential impact both to remittance companies providing remittance services to the PRC and customers using such services.
- 1.4. MAS invites comments from all licensed remittance companies and any other interested parties on the proposals.
- 1.5. Please note that all submissions received will be published and attributed to the respective respondent unless they expressly request MAS not to do so. As such, if respondents would like:
 - (a) their whole submission or part of it (but not their identity); or
 - (b) their identity along with their whole submission,to be kept confidential, please expressly state so in the submission to MAS. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libelous or offensive.
- 1.6. Please submit written comments by 6 September 2024 via the link provided here: <https://form.gov.sg/669f44d7999b6e4e5fd9424c>

¹ <https://www.mas.gov.sg/regulation/notices/notice-psn11>



- 1.7. Should you encounter any technical difficulties in your submission, please send your enquiry or feedback to payment_services@mas.gov.sg



2. To continue the suspension of non-specified channels for remittances to the PRC until further notice

- 2.1. In offering remittance services from Singapore to the PRC, one channel employed by remittance companies is to engage the services of overseas third-party agents, rather than banks, to complete the remittance from Singapore to the accounts of beneficiaries in China. Consumers sometimes prefer to remit monies using this channel, as the transaction costs are typically lower or exchange rates more favourable.
- 2.2. In the months leading up to 2024, MAS received an increased number of reports that beneficiaries' bank accounts in which the monies had been deposited were subsequently frozen or the monies forfeited by the PRC law enforcement agencies on suspicion that these monies were linked to illicit activity in the PRC.
- 2.3. To minimise risks to consumers remitting funds to the PRC, MAS suspended the use of non-specified channels by remittance companies for money transfers to the PRC from 1 January 2024 to 31 March 2024. The suspension was later extended to 30 September 2024. While the cases affected make up a very small proportion of such remittances, the suspension was necessary for the immediate protection of consumers, and to stem the number of reported new cases of beneficiaries' accounts in China being frozen.
- 2.4. Specifically, in providing cross-border money transfer services to PRC to individuals, remittance companies in Singapore may only engage specified entities as set out below, to assist in the transmission of money:
 - (a) a bank
 - (b) an operator of a card payment system;
 - (c) a non-bank payment institution that is licensed under any law administered by an authority in the PRC to carry on a business of providing an equivalent of a payment service in the PRC;
 - (d) a financial institution or a related corporation of the licensee, that directly engages any person specified in sub-paragraphs (a), (b), or (c) above to assist the licensee in the provision of the cross-border money transfer service; or
 - (e) a licensee that directly, or through another licensee, engages any person specified in sub-paragraphs (a), (b), (c), or (d) above.



- 2.5. Since the implementation of MAS Notice PSN11 on 1 January 2024, MAS noted that the number of reports relating to beneficiaries' accounts being frozen or monies being forfeited after conducting remittances to PRC had decreased significantly. However, the number of reported cases is influenced by factors outside of MAS' jurisdiction, such as actions taken by the PRC law enforcement agencies, and it remains unclear if such cases might occur again.
- 2.6. To continue minimising risks to consumers remitting monies to PRC through the non-specified channels until there is greater clarity on the situation, MAS proposes to continue the suspension of non-specified channels for remittances to PRC until further notice.
- 2.7. Based on information obtained through supervisory engagements and feedback from consumers, MAS assesses that the suspension would not create disruptions to the remitters. Across remittance companies, a number of options for remittances to the PRC via the specified channels are available. Remittance companies have also, since the implementation of MAS Notice PSN11, established alternative specified channels to help consumers remit monies to the PRC.

Question 1. MAS seeks comments on the proposal to continue the suspension of non-specified channels for remittances to PRC until further notice.



3. To expand the scope of the restriction to all customers sending monies to the PRC

- 3.1. MAS Notice PSN11 restricted the use of non-specified channels when remittance companies in Singapore are providing individuals cross-border money transfer services to PRC. At present, the restrictions do not apply to the provision of cross-border money transfer services to PRC to non-individuals such as corporates and legal persons, as the number of reports relating to beneficiaries' accounts being frozen or monies being forfeited after conducting remittances to PRC were largely made by individual remitters.
- 3.2. Non-specified channels may be used to remit monies for both individual and non-individual remitters. Accordingly, either group of remitters face similar risk of monies potentially frozen by agencies in the PRC. Although the suspension was instituted following reports of frozen monies sent by individuals, MAS has noted some reports made by non-individual remitters regarding beneficiaries' accounts being frozen or monies being forfeited after the monies were remitted to PRC.
- 3.3. Therefore, for the protection of all consumer groups, MAS proposes to expand the suspension on use of non-specified channels for remittances to the PRC, to all customers sending monies to China, including corporates and legal person.

Question 2. MAS seeks comments on the proposal to expand the application of MAS Notice PSN11 to all remittances to the PRC, regardless of the customer type.



4. Annex – Draft amended MAS Notice PSN11 – Notice on Temporary Restrictions in Relation to the Provision of Cross-Border Money Transfer Services to the PRC

MAS Notice No.: PSN11

**Notice to licensees providing a cross-border money transfer service
Payment Services Act 2019**

Issue Date: 29 December 2023

(MAS Notice No.: PSN11 dated 18 December 2023 is cancelled with effect from 1 January 2024.)

~~Last revised on 27 March 2024~~

Last revised on XX September 2024

~~TEMPORARY~~ RESTRICTIONS IN RELATION TO THE PROVISION OF CROSS-BORDER MONEY TRANSFER
SERVICES TO PERSONS IN THE PEOPLE’S REPUBLIC OF CHINA

[MAS Notice No. PSN11 (Amendment No. 2) 2024]

Introduction

1. This Notice is issued pursuant to section 102(1) of the Payment Services Act 2019 (the “Act”) and applies to all licensees that carry on a business of providing cross-border money transfer services (“licensees”)².

Definitions

2. For the purpose of this Notice –

“bank” means –

- (a) any company which holds a valid bank licence under section 7 or 79 of the Banking Act 1970;
- or

² This Notice is issued in connection with the police reports and complaints received in relation to frozen bank accounts or forfeiture of monies in the People’s Republic of China. For more information, please refer to the Authority’s website at <http://www.mas.gov.sg>



- (b) any entity established or incorporated in a foreign country or jurisdiction which is licensed, approved, registered or regulated under any law administered by an authority in a foreign country or jurisdiction (the functions of which correspond to the functions of the Authority) to carry on any banking business in that country or jurisdiction;

“card payment system” means a payment system that enables a payer to make payment transactions through the use of a debit card, credit card or charge card;

“correspondent account services” and “similar services” have the same meanings as in paragraph (b) of their respective definitions in paragraph 13.2 of MAS Notice PSN01 on the Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Specified Payment Services), save that a reference in the definitions to payment service provider is a reference to a licensee;

“correspondent financial institution” has the same meaning as in paragraph 13.2 of MAS Notice PSN01 on the Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Specified Payment Services), save that a reference in the definition to –

- (a) payment service provider is a reference to a licensee; and
- (b) correspondent account services and similar services is a reference to correspondent account services and similar services respectively as defined in paragraph 2 of this Notice;

“financial institution” means any person that –

- (a) is licensed, approved, registered or regulated by the Authority under any written law; or
- (b) is licensed, approved, registered or regulated under any law administered by an authority in a foreign country or jurisdiction (the functions of which correspond to the functions of the Authority) to carry on any financial activity in that country or jurisdiction.

To avoid doubt, “financial institution” excludes any person that is exempt from being licensed, approved, registered or regulated (a) by the Authority under any written law; or (b) under any law administered by an authority in a foreign country or jurisdiction (the functions of which correspond to the functions of the Authority) to carry on any financial activity in that country or jurisdiction.

“payment service” in paragraph 4(c) of this Notice refers to any of the following payment services as defined in Part 3 of the First Schedule to the Act:

- (a) account issuance service;
- (b) domestic money transfer service;
- (c) cross-border money transfer service;
- (d) e-money issuance service; and
- (e) merchant acquisition service.

“related corporation” has the meaning given by section 4(1) of the Companies Act 1967.



3. The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act.

Temporary Restrictions relating to the use of agents and correspondent financial institutions

[\[MAS Notice No. PSN11 \(Amendment No. 2\) 2024\]](#)

4. ~~For the duration specified in paragraph 5, w~~Where a licensee accepts money from a customer, ~~who is an individual,~~ for the purpose of transmitting, or arranging for the transmission of, the money to any person in the People's Republic of China, the licensee must not engage any person to assist in the transmission or arrangement of the transmission of the money other than an agent or a correspondent financial institution that is:
- (a) a bank;
 - (b) an operator of a card payment system;
 - (c) a non-bank payment institution that is licensed under any law administered by an authority in the People's Republic of China to carry on a business of providing an equivalent of a payment service in the People's Republic of China;
 - (d) a financial institution or a related corporation of the licensee, that directly engages any person specified in sub-paragraphs (a), (b), or (c) above to assist the licensee in the provision of the cross-border money transfer service; or
 - (e) a licensee that directly, or through another licensee, engages any person specified in sub-paragraphs (a), (b), (c), or (d) above.

[\[MAS Notice No. PSN11 \(Amendment No. 2\) 2024\]](#)

Effective Date

5. This Notice shall take effect from ~~1 October~~January 2024 ~~until further notice to 30 September 2024 (both dates inclusive). The Authority may extend this Notice for such further period(s) by notice in writing.~~

[\[MAS Notice No. PSN11 \(Amendment\) 2024\]](#)

[\[MAS Notice No. PSN11 \(Amendment No. 2\) 2024\]](#)

*** Endnotes of History of Amendments:**

1. MAS Notice No. PSN11 (Amendment) 2024 dated 27 March 2024 with effect from 29 March 2024.

[2. MAS Notice No. PSN11 \(Amendment No. 2\) 2024 dated XX September 2024 with effect from 1 October 2024.](#)