



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B9/67C

21 December 2021

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Enhanced Measures on Real-Time Fund Transfers Made by Customers

I am writing to set out enhanced measures that authorized institutions (AIs) should adopt in respect of real-time fund transfers made by customers.

Faster Payment System (FPS) and intra-bank fund transfer systems of some AIs enable fund transfers to be effected on a real-time basis. This offers greater convenience and better efficiency of fund transfers to bank customers. However, from time to time, some bank customers make errors when they input their transfer instructions in Internet banking platforms and mobile applications. In particular, there are situations where a bank customer (the “payer”) erroneously inputs the bank account number of the intended recipient (the “payee”), which is used as the identifier for effecting the fund transfer. Once the erroneous fund transfer is effected, it is not likely that the payer can stop the fund transfer.

While bank customers have their part to play in ensuring correct inputs of their fund transfer instructions, for better customer protection, the Hong Kong Monetary Authority (HKMA) expects AIs to adopt enhanced measures to reduce chances of incorrect fund transfers made by customers as outlined in the ensuing paragraphs.

Coverage

The enhanced measures are applicable to fund transfers effected on a **real-time basis** through “**Type C1 credit transfers¹**” of FPS and **intra-bank fund transfers of similar nature**, in situations where a payer inputs the payee’s bank account number which is used as the identifier for effecting the fund transfer. For the avoidance of doubt, the enhanced measures are not applicable to “Type C2 and C3 credit transfers²” and other fund transfer types of FPS.

Enhanced Measures

AIs acting as payee institutions are required to conduct mandatory name matching process on the fund transfer types set out in the “Coverage” section above. Transfer instructions that cannot pass the mandatory name matching process will be rejected by the payee institutions, and the payer institutions should inform the payer that the transfer instruction is unsuccessful or rejected. For the avoidance of doubt, AIs can adopt a risk-based approach for and design their own matching logics / algorithms (which may not necessarily mean exact matching) of the mandatory name matching process.

To strike a balance between customer protection and operational efficiency on fund transfers, fund transfers (of the in-scope types set out in the “Coverage” section) of **HK\$10,000** (or other currencies of an equivalent amount) **or above** are required to be subject to mandatory name matching process. For fund transfers below HK\$10,000 (or other currencies of an equivalent amount), while name matching process is not mandatory, individual AIs acting as payee institutions may opt to also conduct name matching process taking into account various factors (such as customer needs and risk appetite) specific to the AIs.

For intra-bank fund transfers, instead of name matching process, AIs may choose to adopt similarly effective measures, such as displaying partially-masked payee name of the inputted bank account to the payer before the fund transfer is confirmed, to achieve the same purpose.

¹ According to the “Operating Procedures for FPS Core Services” issued by the Hong Kong Interbank Clearing Limited (HKICL), “Type C1 credit transfer” is a real-time credit transfer service. It is designed for high priority payment services where the payee needs to confirm receipt of funds in a very short time, such as P2P payment via mobile applications.

² “Type C2 credit transfer” is a general purpose “as soon as possible” credit transfer service, where there is no urgency for payee to confirm receipts of funds in a very short time but still prefers the payment to be handled as soon as practicable. “Type C3 credit transfer” is a bulk credit transfer service. It is most suitable for low priority payment that are not time critical such as monthly salary payments.

Customer Reminder

After payers have inputted the payment instructions in Internet banking platforms or mobile applications, AIs acting as the payer institutions should display the following reminder ³ to the payers in a clear and prominent manner before a fund transfer is confirmed:

“Name checking may not be conducted in the fund transfer. Please carefully verify the payee’s account number and other payment details.”

“轉帳時，收款人名稱或不會被覆核。請小心核對收款人戶口號碼及其他付款資料。”

AIs should implement the above measures **by end-December 2022**.

Upon the implementation of the enhanced measures, AIs are encouraged to conduct appropriate customer communication to facilitate customers’ understanding on the name-matching process adopted by the industry on the relevant fund transfers, including the following:

- (a) When a payer makes a real-time fund transfer through FPS, the payer should carefully verify the payment details, including, among others, the payee’s name and account number, etc. It is not likely that the payer can stop a transfer after it has been effected.
- (b) Where (i) a payer inputs the payee’s bank account number as the identifier and (ii) the payee institution is a retail bank, fund transfers of HK\$10,000 or above (or other currencies of an equivalent amount) will generally be subject to AIs’ own name checking process.
- (c) In other cases such as fund transfers of less than HK\$10,000 (or other currencies of an equivalent amount) or the payee institution is not a retail bank, name checking process may not be conducted.

³ For intra-bank fund transfers, AIs adopting similarly effective measures as the alternative for name matching (such as displaying partially-masked payee name of the inputted bank account to the payer before the fund transfer is confirmed) may suitably adapt their message to remind customers to carefully verify the payment details.

Should you have any questions regarding this circular, please feel free to contact Ms Stella Ma on 2878-8601 or Ms Teresa Chu on 2878-1563.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)