Racing against the clock

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Making international payments requires specialist local knowledge and a proactive approach to transaction processing and customer communication. In most cases, a payment failure or delay is not an option?

A complex setting

A mid-cap European company acquired a privately-owned enterprise in China, with the transaction settled in RMB. In addition to receiving regulatory approval for the transaction, RMB payments had to be made to the three company owners based in mainland China from an offshore RMB account in Europe.

A well-controlled process

The company successfully received approval for the acquisition. The following step was to make RMB payments to the private owners of the target company. To do this, RMB held offshore in Europe had to be transferred to the beneficiaries? onshore RMB capital accounts in China. This involved making a transfer from the company?s offshore RMB account to BNP Paribas? account in Hong Kong.

Full compliance

Transferring RMB from an offshore to an onshore account involved proving that the payments were permitted by FDI rules. As the payments needed to be made to three private individuals for relatively large amounts (transfers of RMB offshore funds to individuals are not permitted), this could have been deemed in breach of PBOC rules, with the risk of substantial penalties if the whole process was not completed correctly.

Mission accomplished

The transaction was completed on time and in compliance with the regulations, despite a tight deadline. This was largely the result of BNP Paribas' advisory and its ability to support a complex transaction at each point: Europe, Hong Kong and mainland China. The bank tracked the transaction at each stage of the payment cycle to ensure that it progressed smoothly, and was able to communicate regularly with the customer, confirming the delivery of the funds to the beneficiaries.

Netherlands Antilles