Regulations on the Supervision and Administration of Non-Bank Payment Institutions

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purpose of regulating the business conduct of non-bank payment institutions, preventing risks in the payment business, protecting the lawful rights and interests of the parties concerned, and promoting the healthy and sustainable development of the payment business.

Article 2 — For purposes of these Regulations, "non-bank payment institutions" shall mean limited liability companies or joint stock limited companies that are lawfully established within the territory of the People's Republic of China and have obtained a payment business license to engage in payment business.

Article 3 — Non-bank payment institutions shall adhere to the principles of honesty, trustworthiness, and law-abiding operation, and shall not harm the interests of the State or the public interest. Non-bank payment institutions shall establish and improve internal control systems and risk management frameworks to ensure the security of payment business.

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Article 4 — The People's Bank of China shall be responsible for the supervision and administration of non-bank payment institutions in accordance with law.

Article 5 — The State shall encourage and support the innovation and standardized development of the payment business, and shall promote the deep integration of payment business and the real economy.

Chapter II — Establishment, Change, and Termination

Article 6 — The establishment of a non-bank payment institution shall be subject to the examination and approval of the People's Bank of China. No entity or individual may engage in payment business without the approval of the People's Bank of China.

Article 7 — To establish a non-bank payment institution, the following conditions shall be met:

(1) having a corporate governance structure and internal control mechanisms that comply with the provisions of these Regulations and the Company Law of the People's Republic of China;

(2) having the registered capital, the main contributor, and the actual controller meeting the requirements of these Regulations;

(3) having business premises, security measures, and technical means appropriate to the business carried out;

(4) having a compliance officer and senior management personnel meeting the qualifications prescribed by the People's Bank of China; and

(5) other prudential conditions prescribed by the People's Bank of China.

Article 8 — The minimum registered capital of a non-bank payment institution shall be RMB 100 million, and it shall be paid-in monetary capital.

The People's Bank of China may, in accordance with the type of payment business and the scale of business operations of non-bank payment institutions, raise the minimum registered capital limit. The registered capital of a non-bank payment institution shall be commensurate with the scale of its business operations.

Article 9 — The main contributor of a non-bank payment institution shall meet the following conditions:

(1) having a good corporate governance structure and a clear equity structure;

(2) having a good social reputation and credit record, with no record of major violations of laws or regulations in the last three years;

(3) having sustained profitability and a sound financial position; and

(4) other prudential conditions prescribed by the People's Bank of China.

Article 10 — A non-bank payment institution shall undergo change of registration formalities with the company registration authority within 30 days from the date of obtaining the payment business license.

Article 11 — Where a non-bank payment institution changes any of the following items, it shall be subject to the approval of the People's Bank of China:

(1) change of name or registered capital;

(2) change of major contributor or actual controller;

(3) change of the scope or type of payment business; or

(4) merger or division.

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Article 12 — Where a non-bank payment institution is dissolved or declared bankrupt due to division, merger, or revocation of its business license in accordance with law, it shall apply to the People's Bank of China for cancellation of its payment business license.

Chapter III — Payment Business Rules

Article 13 — Non-bank payment institutions shall engage in payment business in accordance with the scope of business and geographical coverage specified in the payment business license, and shall not engage in payment business outside the licensed scope without authorization.

Article 14 — Non-bank payment institutions shall sign payment service agreements with their customers, specifying the rights and obligations of both parties, the liability for breach of contract, and the dispute resolution methods.

The standard terms of the payment service agreement shall not contain contents that violate mandatory provisions of laws and regulations. Non-bank payment institutions shall publicly announce the fee items and fee standards for payment services and shall not charge fees in disguised forms.

Article 15 — Non-bank payment institutions shall, in accordance with the provisions of the relevant laws and regulations, fulfill their customer identification obligations, keep customer identity information and transaction records, and report large-value transactions and suspicious transactions in accordance with regulations.

Article 16 — Non-bank payment institutions shall open a reserve fund account with the People's Bank of China or a commercial bank meeting the prescribed conditions for depositing the customers' reserve funds. The reserve funds of customers shall be deposited in full and managed exclusively for the designated purpose.

No entity or individual may misappropriate, misappropriate in disguised form, occupy, or borrow the customers' reserve funds, or use the customers' reserve funds to provide security for others without authorization.

Article 17 — Non-bank payment institutions shall establish and improve systems for handling errors and customer complaints in payment business, shall disclose the complaint channels, and shall improve their service quality.

Article 18 — Non-bank payment institutions shall establish security protection systems in accordance with the relevant State provisions, formulate emergency response plans, and guarantee the safe and stable operation of payment business.

Article 19 — Non-bank payment institutions shall strengthen the protection of customer information and shall properly keep customer information obtained in their business operations. No non-bank payment institution may collect customer information beyond the scope of business necessity, or illegally use, process, or transmit customer information, or illegally trade in, provide, or disclose customer information.

Chapter IV — Supervision and Administration

Article 20 — The People's Bank of China shall supervise and administer non-bank payment institutions in accordance with law and may take the following measures:

(1) conducting on-site inspections of non-bank payment institutions;

(2) requiring non-bank payment institutions to submit financial and accounting statements, operation reports, and other relevant materials;

(3) interviewing the directors, supervisors, and senior management personnel of non-bank payment institutions; and

(4) other measures prescribed by laws and administrative regulations.

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Article 21 — Non-bank payment institutions shall regularly submit financial and accounting statements, operation reports, statistical statements, and other materials to the People's Bank of China, and shall report major events in a timely manner.

Article 22 — The People's Bank of China shall, in accordance with law, conduct annual rating and evaluation of non-bank payment institutions, and implement different regulatory measures based on the rating and evaluation results.

Article 23 — Where a non-bank payment institution falls under any of the following circumstances, the People's Bank of China may order it to suspend part or all of its payment business for a specified period:

(1) major hidden dangers exist in its payment business facilities that are insufficient to support the safe and stable operation of the payment business;

(2) it violates the provisions on the management of customers' reserve funds, posing risks to the security of customers' reserve funds;

(3) the business license of the non-bank payment institution is revoked in accordance with law; or

(4) other circumstances where suspension of payment business is necessary.

Chapter V — Legal Liability

Article 24 — Where an entity engages in payment business without authorization and without approval, the People's Bank of China shall order it to cease the illegal business activities, confiscate the illegal gains, and impose a fine of not less than one time and not more than five times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 and not more than RMB 2,000,000 shall be imposed.

Article 25 — Where a non-bank payment institution violates the provisions on the management of customers' reserve funds by misappropriating, misappropriating in disguised form, occupying, or borrowing the customers' reserve funds, or using the customers' reserve funds to provide security for others without authorization, the People's Bank of China shall order it to make corrections, confiscate the illegal gains, and impose a fine of not less than one time and not more than five times the amount of the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 500,000, a fine of not less than RMB 500,000 and not more than RMB 2,000,000 shall be imposed; where the circumstances are serious, the payment business license may be revoked.

Article 26 — Where a non-bank payment institution commits any of the following acts, the People's Bank of China shall order it to make corrections, confiscate the illegal gains, and impose a fine of not less than RMB 100,000 and not more than RMB 500,000; where the circumstances are serious, a fine of not less than RMB 500,000 and not more than RMB 2,000,000 shall be imposed, and the payment business license may be revoked:

(1) failing to fulfill customer identification obligations;

(2) failing to keep customer identity information and transaction records in accordance with provisions;

(3) failing to report large-value transactions or suspicious transactions;

(4) failing to protect customer information in accordance with provisions, or illegally providing or disclosing customer information; or

(5) refusing or obstructing the lawful supervision and inspection by the People's Bank of China.

Article 27 — Where the directly responsible person-in-charge or other directly responsible personnel of a non-bank payment institution engage in illegal acts, the People's Bank of China may impose a warning and a fine of not less than RMB 50,000 and not more than RMB 500,000; where the circumstances are serious,

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they may be disqualified from holding the position of director, supervisor, or senior management personnel for a specified period or for life.

Chapter VI — Supplementary Provisions

Article 28 — The People's Bank of China shall, in accordance with these Regulations, formulate specific measures for implementation.

Article 29 — Non-bank payment institutions established before the entry into force of these Regulations shall make rectifications in accordance with the provisions of these Regulations within the time limit prescribed by the People's Bank of China; those that fail to make rectifications within the time limit shall not continue to engage in payment business.

Article 30 — These Regulations shall enter into force on May 1, 2024.

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