At the counter of a Funds Transfer Service Provider

On the Internet

By your mobile phone

At the counter of a travel agency or a convenience store

How to Use the New Fund Transfer Service

Japan Payment Service Association
Exchange transactions, such as transfers and remittances, are now more convenient and accessible.

Before

**For transfers and remittances**

There was no other way but the bank or post office counter or an ATM of financial institutions.

- Transfer request at the counter of a financial institution
- Transfer via ATM

However, there were complaints such as:

- “There is no financial institution or ATM nearby.”
- “The counter service of a financial institution closes early.”
- “The fee of transfers and remittances is expensive.”

From now on

- At the counter of a travel agency or a convenience store
- By your mobile phone
- On the Internet
- At the counter of a Funds Transfer Service Provider

The Payment Services Act has enabled you to transfer or send money (as long as the amount is one million yen or less and only through registered Fund Transfer Service Providers) domestically and internationally via the counter of a travel agency or convenience store, the Internet, mobile phone, and other ways.

- Business trips
- Overseas travel
- Remittances to your parents
- Remittances to your children
- Remittances to your family in their home country
- Payment for shopping
Exchange transactions, such as transfers and remittances, are now more convenient and accessible.

Fund Transfer Service
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However, there were complaints such as:
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  - "There is no financial institution or ATM nearby."
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Business trips
On the Internet
Overseas travel
Remittances for studying abroad
Remittances to your family in their home country
Payment for shopping
At the counter of a Funds Transfer Service Provider
By your mobile phone

Remittances,

remittances,
Three general types of Fund Transfer

- **Sales store type**
  - A sender requests remittance at a store and a recipient receives it at another store.

- **Internet/mobile terminal type**
  - A sender opens a remittance-dedicated account and transfers money via the Internet or mobile terminal.

- **Card/certificate type**
  - **Card** (Dedicated card)
    - Transfer money (Remittance) by using a card or a certificate.
  - **Certificate** (Money order)
Three general types of Fund Transfer Services

1. Request remittance at store A.
2. Inform the recipient of important information such as the remittance amount and receiving point.
3. The recipient receives the money at designated store B by presenting necessary information and documents.

1. Open a remittance-dedicated account in advance.
2. Transfer money to the account via the Internet, mobile terminal, or an affiliated convenience store.
3. The recipient receives the money in the designated account.

1. Open a remittance-dedicated account and a card in advance. Put money to the remittance-dedicated account to charge the card.
2. Travel with the card.
3. Withdraw local currency at a store or an ATM of an affiliated bank. Use the card as a debit card for shopping at affiliated stores.

1. Purchase a certificate at store A.
2. Send the certificate to the recipient.
3. The recipient receives money by presenting the certificate to store B.
Let’s understand the basics by answering quizzes.

**Fund Transfer**

**A**

“Where are you going in such a hurry?”

“A bank to remit money. The counter closes at 3 pm, right?”

“You can remit money only at banks.”

**B**

“This happened to me as well at a bank.”

“I was asked to present my driver’s license when sending money.”

“Your ID needs to be presented when sending cash exceeding 100,000 yen.”

**C**

“I exchanged because I’m going to the U.S.”

“Why do you have U.S. dollars?”

“If you deposit money on to the dedicated card and carry it with you, you can exchange it for cash once there.”

---

Confirm the actual fees for each bank and each Funds Transfer Service Provider.

F: True. The money is secure during the transfer by Security Deposits in Providing Funds Transfer Services. See the answer to Q12 on p.13 for details.

E: True. Remittance fees are usually lower than those of a Funds Transfer Service Provider. See the answer to Q6 on p.10 for details.

D: False. The amount of remittance by Funds Transfer Service Providers is limited. See the answer to Q2 on p.8 for details.

* Confirm the actual fees for each bank and each Funds Transfer Service Provider.
Service: Which is wrong?

D

"Two million yen. Can I send it using a Funds Transfer Service Provider?"

"Sure, you can send as much as you want."

"How much money are you going to send?"

E

"The fee for using a Funds Transfer Service Provider is usually less than using a bank."

"I guess it costs as much as using a bank."

"How much is the fee for using a Funds Transfer Service Provider?"

F

"Your money is securely protected during the transfer."

"I'm worried about the money. I just sent it using a Funds Transfer Service Provider."

"What's the matter?"
Q1

“I thought I can only send money from a bank. Are other service providers reliable to send money? Are just any companies allowed to provide the fund transfer service?”

A

‘Fund transfer service’ can only be provided by registered companies according to the Payment Services Act.

What is a fund transfer service?
When you want to send money to people in distant places, such as to your parents or children living apart from you, we usually go to banks or post offices, or use ATMs. In this case, the cash you sent is not flowed in the same way as cash registration, because the recipient receives the deposited money from their account. These services are called ‘exchange transactions’.
The ‘Payment Services Act’ broadened the possibility of exchange transactions to other services providers, which was previously restricted only to banks. The exchange transactions operated by other companies are called ‘Funds Transfer Services’.

How companies get a registration as a Funds Transfer Service Provider
Can any company start Funds Transfer Service? The answer is no: The Payment Services Act requires companies to have a prior inspection before they are registered by the prime minister in order to start Funds Transfer Service.
To be registered, companies need to meet specific requirements such as protection of deposited money (refer to Q12), business structure, financial ability, and compliance in order to ensure the provision of safe and stable Funds Transfer Service.
Only joint-stock companies or Foreign Funds Transfer Service Providers, who are registered abroad according to a law equivalent to the Payment Services Act, can be registered in Japan. Personal business entities are not able to start Funds Transfer Service.

How can I make sure that the company is registered?
You can confirm by checking the website of the Financial Service Agency of the Japanese government.

Make sure the company is registered before using the service.
Although it is quite easy to recognize banks, registered Funds Transfer Service Providers may not be as easy to recognize since they are available in various companies (go to Q4 for the difference between banks and Funds Transfer Service Providers). Before using the service, make sure that the Funds Transfer Service Provider is registered by going to the website of the Financial Service Agency. Funds Transfer Service is also available from agents such as convenience stores but make sure that the agent is in cooperation with a registered company by going to the Funds Transfer Service Provider’s website.

The website of the Financial Service Agency, the government of Japan (Japanese only).
http://www.fsa.go.jp/menkyo/menkyo.html
“Is there a limit to the amount I can send by Funds Transfer Service Provider?”

You can send up to 1,000,000 JPY at a time.

There is a limit to the amount of money you can send at a time.

You may want to send money for various reasons: several thousand yen for Internet shopping or several million yen to support your child in buying a new house. You can send as much money as you want through banks, but how about through Funds Transfer Service? According to the Payment Services Act, you can only send up to 1,000,000 JPY in one transaction, excluding any remittance fee and other related charges. If you would like to send money in a foreign currency, the limit will be an amount equivalent to 1,000,000 JPY (go to Q8 for transferring foreign currency). However, verify the actual limit that each Funds Transfer Service Providers offers as it may vary by company. The limitation of amount is for each time but there is no official regulation limiting the number of times you can transfer money each day or month, but also verify with your chosen provider because other limitations may exist at each Funds Transfer Service Provider.

“Can anybody use Funds Transfer Service? Can I use Funds Transfer Service in the evening or at night?”

Yes, anybody can. You can also use Funds Transfer Service anytime if the service is through the Internet or mobile phone.”

Easy and low cost service for anybody, anytime, anywhere

There is a limit on the amount of money you can send (refer to Q2), but are there any restrictions on who can use a Funds Transfer Service? The answer is no: any individual or corporation can use a Funds Transfer Service. This enables not only sending money between individuals and between corporations, but also sending money by an individual to a corporation for its payment, and vice versa. Since people from abroad can also use a Funds Transfer Service, this service is often used by foreign workers in Japan to remit money to their family in their country.

As there is no restriction on the form of the transaction, Funds Transfer Service Providers tend to provide various types of services and transaction channels. Other than directly going to a branch or an agent of Funds Transfer Service Providers, you may use the Internet, mobile phones, and terminals in convenience stores for transferring money, which enables the service to be available anytime, anywhere. The diversification of ways to transfer money also makes the transaction fees cheaper.

Using a Funds Transfer Service, you can send money anytime to anywhere, easily and with reasonable cost!

User of Funds Transfer Service and remittance channel---
Q4

“What are the differences between remittance services of banks and Funds Transfer Service Providers?”

Besides the amount of money being sent, there is a difference in customer protection as well as in other areas.

Similar but still different

How is a Funds Transfer Service different from the original currency transfer services of banks? As already mentioned, one example is that you can only send up to 1,000,000 JPY at a time using a Funds Transfer Service. Another difference is that Funds Transfer Service Providers can engage in other businesses as well. This enables various industries such as travel agencies and IT companies to enter into the Funds Transfer Service business, and also provide their original services, which increases convenience for customers.

There is also a difference in customer protection. If a bank goes bankrupt, deposit insurance would cover all the money which was in the process of remittances. If a Funds Transfer Service Provider goes bankrupt, the customers will need to claim for a return from the ‘Security Deposits for Providing Funds Transfer Services’ (see Q12 for details).

Besides these examples, there are also other differences, such as the Funds Transfer Service is more reasonable and convenient since it is available 24 hours, anytime, anywhere, with lower remittance fees.

Differences compared to remittance services by banks---

<table>
<thead>
<tr>
<th></th>
<th>Funds Transfer Service</th>
<th>Remittance service by banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limitation on the amount</td>
<td>1 million yen or less</td>
<td>None</td>
</tr>
<tr>
<td>Side job regulation</td>
<td>Possible</td>
<td>Not possible</td>
</tr>
<tr>
<td>User protection</td>
<td>Security Deposits for Providing Funds Transfer Services system</td>
<td>Deposit insurance system</td>
</tr>
</tbody>
</table>

Q5

“Can I send money from one Funds Transfer Service Provider to another? How about sending it to a bank account?”

It depends on the Funds Transfer Service Provider. Ask each company for the details.

A fund transfer between Funds Transfer Service Providers or between a Funds Transfer Service Provider and a bank

When transferring money between bank accounts, the sender and the recipient do not necessarily use accounts from the same bank. They can each choose the bank which is the most convenient for them, and people often send money to banks with which they do not have accounts when they make their payment. Although this is very common in the case of transferring money using banks, how about using Funds Transfer Service Providers?

Generally speaking, the networks among Funds Transfer Service Providers are much weaker than those between banks, and it is more common to transfer money between branches of the same Funds Transfer Service Provider. However, there are some Funds Transfer Service Providers which form a business tie-up with other Funds Transfer Service Providers, and transactions of money between them are likely to be possible. Visit the websites of Funds Transfer Service Providers or contact them directly for information on a business tie-up and the contacts.

Although it is more likely that you can send money from a Funds Transfer Service Provider to a bank account, ask your Funds Transfer Service Provider for their policy, as each of them may have different policies.

Money transfer to other Funds Transfer Service Providers or bank accounts

Business tie-up

Money transfer

Funds Transfer Service Provider A

Funds Transfer Service Provider B

Bank C
Q6

“Will I get charged remittance fees?”

Yes, you do get charged. However, Funds Transfer Service Providers generally charge lower fees than banks.

**Funds Transfer Service fee is attractive**

When you send money to your child’s bank account or when you make a payment to any bank account, banks will charge you remittance fees and other related fees. Withdrawing money from an ATM after-hours or using ATMs of a bank with which you do not have an account also costs you some charges. This is not only for banks, but any kind of service tends to charge service fees. Although price is not everything, it is certainly something that you consider when deciding which service to use.

Using Funds Transfer Service also costs some fees. Apart from the transaction fees, Funds Transfer Service Providers may charge you for opening and using an account. If you would like to send money abroad, they may also charge additional fees for overseas remittance currency conversion fees and/or withdrawing money from an ATM (see Q8 for details about fees related to overseas money transfer).

Although there may be various fees for using Funds Transfer Service Provider depending on the service, Funds Transfer Service Providers generally charge less than banks for money transfer in most cases. As Funds Transfer Service Providers offer diverse services, it is best to compare various options including banks and different kinds of Funds Transfer Service Providers when transferring money.

**Comparison of the fee**

In many cases, the fee is lower than at banks.

Q7

“Can I send money overseas as well? Which countries can I send money to?”

You can send money abroad using Funds Transfer Service Providers that offer overseas transfer service.

**Responding to global needs for money transfer**

The need for transferring money may not be limited to the person within a country: parents may want to send money to their children studying or staying abroad; foreign workers may want to remit money to their family back home; and travelers may want to send money to their destination. Because of economic globalization, movement of people, goods and money across borders will be more and more active, and there will be more cases where people need to send money to another country.

You can send money to a foreign country using Funds Transfer Service Providers which offer these services. Some Funds Transfer Service Providers are even in partnership with global credit card companies or major international money transfer companies. Using a partner network around the world, these Funds Transfer Service Providers are able to offer the service of sending money not only to developed countries but also to developing countries in Asia, Oceania, Latin America and Africa. Some international money transfer companies are being registered in Japan and are directly starting up Funds Transfer Service business there. The number of places where you can send money is continuing to grow.

Ask each Funds Transfer Service Provider for details about which country or region you can send money to and how to receive money there.

**Overseas remittance by Funds Transfer Service**

[Map showing remittance to overseas countries and areas and remittance within the country]
**Q8**

“Can I send money in JPY and receive it in another currency? How about sending foreign currency? In this case, will there be additional fees?”

---

**A**

You can send money in JPY and receive it in another currency. For sending foreign currency, inquire with each Funds Transfer Service Provider. You will need to pay fees for currency exchange.

- **Sending money in JPY and receiving it in another currency**
  
  A lot of people have exchanged money at the airport when traveling abroad. You need to get the local currency for your destination, as JPY cannot be used outside Japan. Wouldn’t it be convenient to send money abroad in JPY and receive it in the local currency using Funds Transfer Service Providers? All the Funds Transfer Service Providers that offer overseas Funds Transfer Service will provide this service for you. In this case, you will pay charges for remittance in addition to the transaction fee.

  One way of transferring money overseas using Funds Transfer Service Providers is using a pre-paid card service, which is particularly convenient for travelers. You buy a pre-paid card and deposit some money on it before leaving, and then use the card for shopping and withdrawing local currency from ATMs at your destination. As the Funds Transfer Service Provider exchanges currency for you when you request to deposit money onto the card, there will also be charges for remittance. Charges for remittance vary according to Funds Transfer Service Providers, and it may or may not be included in the overseas transaction fees. Ask each Funds Transfer Service Provider for details of the fees as well as which currency and what amount of money is possible to send.

  As it is more common to send JPY abroad when using Funds Transfer Service Providers, ask each Funds Transfer Service Provider about whether you can send foreign currency.

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**Flows of overseas remittance**

- **Remittance request by Yen**
- **Exchange with foreign currency to remit**
- **Receive in the foreign currency**

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<table>
<thead>
<tr>
<th>Remittance funds</th>
<th>Exchange with foreign currency to remit</th>
<th>Receive in the foreign currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥100, ¥100</td>
<td>$50, $50</td>
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<td>¥500, ¥500</td>
<td>$30, $30</td>
<td></td>
</tr>
<tr>
<td>Charges for remittance</td>
<td>Funds Transfer Service Provider that deals with overseas remittance</td>
<td></td>
</tr>
</tbody>
</table>

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**Q9**

“What else should I know about using Funds Transfer Service, and how can I know it? Are there any terms and conditions?”

---

**A**

Go to the websites of Funds Transfer Service Providers or contact them directly for further information. Make sure to read their terms and conditions as well.

- **Visiting websites is not enough: go through the terms and conditions.**
  
  “How long does it take to receive money?“ “Can I cancel a transaction?” “I need some help, but who should I ask?” These are possible questions you may have when you would like to use a Funds Transfer Service. Funds Transfer Service Providers offer various types of services; one-time transaction, repeated remittance with a dedicated account, transactions using bonds and pre-paid cards, and others. Since each Funds Transfer Service Provider has different policies depending on their services, make sure that you fully understand the service by visiting their website and/or contacting them directly.

  It is also important to read the ‘terms and conditions’ of the service, as your contract with the Funds Transfer Service Provider will be based on this. Some Funds Transfer Service Providers may have different rules and regulations depending on their services, so make sure to have a look at all the terms.

  When you transfer money, also make sure to keep the receipt. If there is no receipt, keep relevant documents provided by the Funds Transfer Service Provider regarding the remittances. If the Funds Transfer Service Provider goes bankrupt, the receipt is needed to reclaim the money (go to Q12 for how to reclaim money in case of Funds Transfer Service Provider’s bankruptcy).
**Q10**

“Do I need my identification (ID) information when transferring money?”

**A**

You need your ID information when transferring more than 100,000 JPY by cash or when opening an account dedicated to repeated remittances.

### ID information is required by law.

When you send more than 100,000 JPY by cash from a bank, you will be required to present your ID such as a driver’s license. This is to make sure that the person who requested the remittance is really who he or she claims to be.

Although carrying your ID may be inconvenient, this is required by law so that financial institutions are not used for criminal remittances.

The same will be applied to the Funds Transfer Service. If you would like to do a one-time remittance, an ID will be required when transferring more than 100,000 JPY by cash. An ID will also be required when opening an account dedicated to repeated remittances, or getting an identification number and/or passwords. You will only need to present your ID once when transferring money using this account.

A valid ID should contain your name, address, and date of birth. Some examples are a driver’s license, health insurance card, passport, pension handbook, maternal handbook, identification booklet for the physically disabled, residence card, special permanent resident certificate, and basic resident register card. Follow the instructions of Funds Transfer Service Providers about how to present your ID and other needed information.

### Cases where identification is required

- **When the amount of remittance exceeds 100,000 yen in cash**
- **When opening a remittance-dedicated account**

```text
ID: xxxxxxxxxxxxxxx
Password: xxxx
```

---

**Q11**

“What should I do when I have trouble with a Funds Transfer Service Provider?”

**A**

You may use the ‘Financial Alternative Dispute Resolution (ADR) System’, which aims at resolving disputes without going to court, but using arbitration of a neutral third-party organization.

### Resolve your problem immediately.

“The fee was higher than what I was told.” “The money did not reach the recipient on the due date.” These are possible problems you may run into when using Funds Transfer Service. What should you do when these happen?

When you have questions or problems, contact the inquiry desk of the Funds Transfer Service Provider first. We (Japan Payment Service Association [JPSA]) also have a customer inquiry desk which can provide advice from a neutral perspective and can also talk to the Funds Transfer Service Provider when needed.

If you cannot resolve the problem by talking to the Funds Transfer Service Provider, what can you do? Bringing the dispute into a court is one option, but you may not want to spend as much money and time as that. You also have the option to use the financial ADR service. If you use this system, a neutral third-party organization will arbitrate and help you resolve the problem with the Funds Transfer Service Provider. This costs less than going to court and will also take less time.

JPSA has connections with three bar (lawyer) associations, which can be introduced to customers when they need to use the financial ADR system. Customers can also approach their preferred bar associations by themselves.

### Counters for Complaint resolution

- **Consumer service counters of Funds Transfer Service Provider**
- **JPSA Consumer service**
  Tel +81-3-3556-6261 (Japanese Only)

### Counters for Dispute resolution

The following Arbitration Centers are available for the financial ADR system of Fund transfer services:

- **Tokyo Bar Association**
  Tel +81-3-3581-0031  http://www.toben.or.jp/english/
- **Daiichi Tokyo Bar Association**
  Tel +81-3-3595-8588  http://www.ichiben.or.jp/english/
- **Daini Tokyo Bar Association**
  Tel +81-3-3581-2249  http://niben.jp/english/
If a Funds Transfer Service Provider goes bankrupt, the money under remittance can be returned if you reclaim it within a certain period.

- **Funds Transfer Service Providers deposit ‘Security Deposits for Providing Funds Transfer Services’ to protect customers**

  What happens to the money if a Funds Transfer Service Provider goes bankrupt after you sent money but the recipient has not yet received it, or when you still have money in your Funds Transfer Service Provider account? Will you be able to get the money back? How are customers’ money protected in these cases?

  The Payment Services Act of Funds requires Funds Transfer Service Providers to deposit more money than the total amount of money in the middle of remittances as ‘Security Deposits for Providing Funds Transfer Services’. These bonds are kept safe by using means such as depositing them with the Ministry of Justice.

  If a Funds Transfer Service Provider goes bankrupt, customers will be prioritized to claim their money back from these Security Deposits for Providing Funds Transfer Services. This system of customer protection is called “return of Security Deposits for Providing Funds Transfer Services.”

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**Return proceeding and distribution**

The procedure of return is as follows:

If a Funds Transfer Service Provider goes bankrupt, there will be an official gazette (announcement from the government) about the return proceeding. Customers will be required to apply for a return within a certain period, usually around 60 days at least.

Within this period, customers should apply and prove their right to reclaim their money by presenting documents such as the receipts of the remittance. It is important to keep your receipt until the remittance you requested is complete (see also Q9 about receipts).

If you do not apply for a return within the due period, you will NOT be able to get a return.

After the application, customers will then receive a certain dividend from the Security Deposits for Providing Funds Transfer Services, which is decided based on the amount of the total money that is reclaimed and the fees for the return procedure.

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**Customer protection in a case where a Funds Transfer Service Provider goes bankrupt**

Bankruptcy of an Funds Transfer Service Provider

Notice on Gazette

Deposit

Security Deposits for Providing Funds Transfer Services

Proposal

Return

Customer

Funds Transfer Service Provider
“How can the recipient receive transferred money?”

There are various ways of receiving money. You may use an ATM or go to the desk of a Funds Transfer Service Provider, its agents, or a bank.

- **Various ways of receiving money depending on the types of service**

  Aside from lower fees, the convenience of receiving money is another advantage of using Funds Transfer Service Providers. The money transferred by Funds Transfer Service Providers are able to be received using ATMs and at the desks of the same Funds Transfer Service Provider, their agents, or banks. As Q9 discusses, each Funds Transfer Service Provider has different services and policies and therefore ask them for the details.

- **How to receive funds**

“Will my personal information be kept safe?”

Funds Transfer Service Providers follow the Act on the Protection of Personal Information.

- **Funds Transfer Service Providers are obliged to protect their customers’ personal information.**

  You provide your personal information such as your name, address, and date of birth when using Funds Transfer Service Providers. Will this information be kept safe? Funds Transfer Service Providers are obliged to follow the Act on the Protection of Personal Information and the guidelines on the protection of personal information in order to ensure that customers’ information will not be leaked. Details of the Funds Transfer Service Provider’s policy on protection of personal information can be found on their websites.

- **Protection of personal information by Funds Transfer Service Providers**

“How are Funds Transfer Service Providers and their agents different? Is it really safe to use their agents for sending money?”

The subcontracted agents are supervised by Funds Transfer Service Providers.

- **The agents provide the same service as Funds Transfer Service Providers.**

  Funds Transfer Service Providers have the authority to outsource their business to their agents. The use of agents improves accessibility for users. Funds Transfer Service Providers regularly check if their agents properly conduct business and protection of customers’ personal information. They also get reports from their agents and take necessary measures. Customers will receive the same service using Funds Transfer Service Providers as when using their agents.