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Payments in Chinese currency

The official name of the Chinese currency is the renminbi (RMB) while the currency unit is the Yuan. It is split into two markets which are expected to merge into one over time.

- The onshore RMB is known as CNY (CNY is a valid ISO 4217 currency code and used in SWIFT).
- The offshore RMB is known as CNH.

Payments to China

If your business makes payments denominated in yuan, they can be ordered in CNY and CNH.

Which currency code should you choose?

- The CNH can be used for all payment purposes outside China and for approved purposes to mainland China (for qualified transactions with underlying documentation) where it will be settled into CNY accounts as CNY. For payments to China purpose code shall be used. The beneficiary in China must be a business with CNY account held in China.
- The CNY is still not freely convertible. The CNY payments are only allowed directly to mainland China and only for specific purposes with underlying documentation (there are fewer allowed purposes than for CNH payments to China). Each purpose has a payment purpose code. The beneficiary must be a business with a CNY account held in China.

You can get help to find out which currency is most appropriate to use in your business under Rules for CNH payments and Rules for CNY payments.

Facts

China is in a development phase with a gradual opening of the local financial markets and currency, the so-called onshore market where the currency code CNY is applied. For example, previous restrictions on the yuan are in the process of being lifted to promote the use of the currency in global trade. However, a hybrid market for payments in yuan, the offshore market, has also been created. It is called offshore because the market is located outside China. The currency code applied here is CNH.

The CNH is not subject to any restrictions in terms of conversion since it is off-shore currency trading, neither in terms of payments when executed outside of China. Offshore yuan is traded freely and used for yuan payments to and from businesses inside and outside of China. When CNH payment is destined to China, it needs to have the underlying commercial background.

When your business orders a transfer in CNH the conversion is automatically made at the current exchange rate. Nordea will send the payment via its correspondent bank in Hong Kong. When routed to mainland China, the Chinese beneficiary would receive the same amount in CNY as the CNH amount sent out of Nordics.

While the CNH exchange rate is determined by supply and demand in international currency markets, the CNY exchange rate is primarily determined by the Chinese authorities.

If your business is to make a transfer in CNY, please reach out to your contact person at Nordea Markets to obtain the exchange rate and an exchange rate reference. These must be entered in Corporate Netbank (or other payment platform) when the transfer is ordered for Nordea to execute the payment. Nordea will send the payment via its correspondent bank in mainland China.

Rules for CNH payments

- Payments can be made to all countries, including China.
- Payments can be executed irrespective of purpose.
- However, in case of payments to China, the following applies:

- The payment purpose code must be entered in the first line of Message to the beneficiary, see under Payment purpose codes.
- Payments can only be made to businesses (payments to private individuals are not allowed) and need to have a commercial background.
- The CNAPS code (a 12-digit bank code), if any, must be entered in the bank code field.
- Transfers from all accounts are possible irrespective of the currency the account is held in (but transfers from CNY accounts are not possible). It is not necessary to contact Nordea Markets beforehand.

CNH account

- To open a CNH account with Nordea contact your relationship manager at Nordea.
- Please note the following as the status of the account is a "settlement account":
 - Overdrafts are not allowed.
 - We recommend that the account balance is kept close to zero.
 - Interest rate applies on positive balance.

Rules for CNY payments

- Only direct payments to China.
- Only for approved transactions, including imports/exports as well as selected capital transactions approved in advance.
- The payment purpose code must be entered in the first line of Message to the beneficiary. See under Payment purpose codes.
- Payments can only be made to businesses (payments to private individuals are not allowed).
- CNY payments can be executed from foreign currency accounts (except for CNH accounts) where the exchange rate is provided by Nordea Markets. Reach out to your contact person at Nordea Markets to obtain this rate and reference. Nordea does not offer CNY accounts.
- The CNAPS code (a 12-digit bank code), if any, must be entered in the bank code field.

Payment purpose codes

As the approved payment purpose codes are designated by Chinese banks, the text is in English.

When your business orders a transfer in yuan, the payment purpose code must be entered in the first line of the Message to the beneficiary field. The code must be written in the same way as in the form – that is, surrounded by slashes.

The Message to the beneficiary field should also contain additional information such as invoice number. See payment purpose codes (in English). Please note, that CNY payment codes differ from CNH payment codes.

Payments from China

For Renminbi payments to Nordea, it is crucial that the Renminbi is routed to Nordea via the correct correspondent banks, see below. The remitter holds the responsibility for correct routing of funds. If failed, payment will be rejected and returned to remitting bank. In order to receive renminbi into CNY account, the payment shall be routed via Bank of China, Shanghai, and to receive renminbi to CNH account it shall be routed via Standard Chartered Bank, Hong Kong.

Nordea's correspondent banks for Chinese Renminbi:

For onshore CNY:

Bank of China, Shanghai
 Swift: BKCHCNBJS00
 CNAPS: 104290000362
 Nordea Bank Abp acc 453359213218

For offshore CNH:

Standard Chartered Bank, Hong Kong
 Swift: SCBLHKHHXXX
 CNAPS: 989584000304
 Nordea Bank Abp acc 44709440084

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