

Date: 20 Nov 2002

To Chief Executive Officers of All Banks

Dear Sir/Madam

## **OUTSOURCING OF CASH AND CHEQUE-RELATED TRANSACTIONAL SERVICES TO ANOTHER BANK**

MAS has received feedback from banks which lack scale in front office transactional services that it may be more efficient and beneficial for them to outsource these activities to another bank. However, banks which are limited to only one place of business in Singapore are not able to outsource these services as to do so would effectively mean the setting up of a second place of business. MAS has therefore decided to allow requests by such banks to outsource their cash and cheque-related transactional services to another bank.

2 With effect from the date of this circular, banks which are allowed to operate from only one place of business in Singapore may apply to MAS to outsource cash and cheque-related transactional services to another bank in Singapore, provided that the outsourced services are not at the same time offered at the premises of the outsourcing bank. If approved, the third-party bank premises at which the outsourced services are provided will be deemed a limited purpose branch of the outsourcing bank. Licence fees as stipulated in Banking (Licence Fees) Notifications 2001 will apply to the limited purpose branch.

3 If you have any queries, please contact Ms Sim Min at 6229 9001.

Yours faithfully

LOW KWOK MUN  
EXECUTIVE DIRECTOR  
PRUDENTIAL POLICY DEPARTMENT  
PRUDENTIAL SUPERVISION GROUP

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