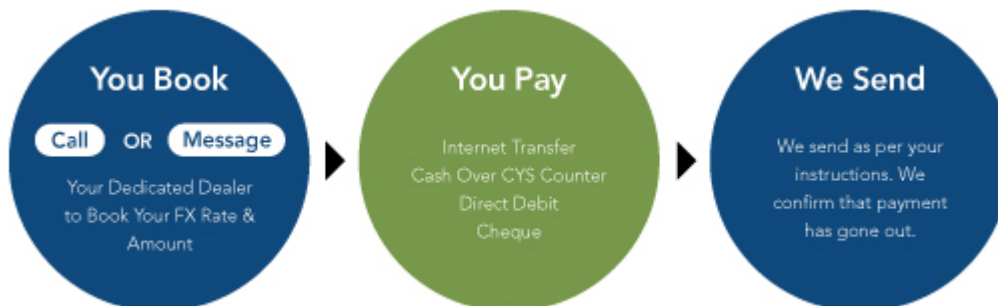


Protecting yourself when sending money through a remittance company

Description

This one's for anyone who deals with suppliers overseas – whether for your business, material sourcing, or even as simple as getting cheap raw materials on a regular basis.



I have a few friends who have started their own businesses selling products, and out of curiosity, I once asked them how they managed to keep their operating costs low while coping with the large manufacturing volumes. Their answers didn't surprise me on bit – most of them look to overseas suppliers who offer cheaper rates than their Singapore counterparts.

However, given the extra charges for overseas bank transfers or credit card payments, it doesn't quite make sense to pay through such means especially if you're buying from overseas on a regular basis. My friends who rely on China manufacturers to produce their goods constantly complain of how the payments can be quite a headache, due to forex exchange rates and timings of transfers. When it comes to stocking up on our organic ingredients from the U.S., I nearly get a heart attack each time the final bill comes because it is *almost always* substantially more than what I budgeted for.

I've been there and I know how tiring it can be to constantly check your invoices just to make sure you're not being overcharged by your bank, or credit card company, for such overseas remittances.



So when I came to know about CYS Global and their remittance services, I immediately sent their contact to my entrepreneur friends who might find it useful. Although the brand isn't a familiar household name, they're actually a Singaporean company which has been around for over 30 years and ranked among the top remittance companies here.

With so many remittance scams and victims in Singapore, I sourced around for tips on how to protect ourselves while dealing with remittance companies, and here's what I came up with:

1. Check if they're licensed by MAS.

There are many fraudsters who prey on folks here who need to transfer money overseas, but are yet physically unable to do so. Just last year, an illegal remittance business operating in Dunlop Street, which collected money from Indian nationals working in Singapore who wanted to remit to their families in India, was officially busted by the police. Last December, CNA reported that over 200 people in Singapore had lost more than \$3 million in an alleged remittance scam where victims were offered a higher exchange rate to transfer money to China.



Remittance Scam in Singapore

To avoid becoming a victim of such remittance scams, make sure you only entrust your money in the hands of a legitimate company recognized by MAS.

2. Try to only use agents who have a track record of transferring large funds.

Call me “kiasu”, but I’m always wary of working with remittance agencies who only serve retail customers i.e. individual workers, such as Filipino domestic helpers or Bangladeshi construction workers. Individuals have little power in influencing remittance agencies – they need the agencies more than the other way round – so even if there are little red flags here and there, individual customers are more likely to tolerate it (or at the worst, change to another remittance agent).



However, the same can’t be said of remittance companies who serve businesses and corporations, because they could potentially risk being sued if they mess up or try to cheat on the rates in any way. Thus, another way to make sure you’re well protected is to work with a reputable remittance company which is already used by businesses and corporations to transfer money to their overseas suppliers. Also, most decent companies tend to conduct due diligence on the third parties they work with, especially on agents who are handling finances on their behalf, so problematic remittance companies will certainly face difficulty getting such businesses than good ones. Such a scale of money transfers will therefore mean the funds they handle are huge. I reckon such agents will thus be less inclined to cheat you since your money is nothing compared to the big boys, and they’ve got a reputation to protect as well.

3. Work with agents who have secure technology systems to reduce chances of your money being lost.

There are remittance agents who still rely on manual processes to make money transfers. For instance, the remittance agents who were sentenced last December had made use of a “Hawala” system – an informal channel where they would collect remittance funds in Singapore dollars from Indian nationals who came from the same town or village in India, and subsequently transmit the money to India by arranging for their representatives there to disburse the equivalent amount in rupees to intended recipients.



Another shady remittance business caught in Singapore

If a remittance company doesn’t even have money to invest in proper technology and security measures, then I certainly wouldn’t want to hand my money over to them either!

It might also be worth asking your remittance agent what their policy is for funds that are lost or misplaced, just in case. Reputable agents should offer to pay you back (since there’s barely any chance of it happening anyway).

Thankfully, CYS Global has a bespoke remittance software platform as well as a forex feed from Thomson Reuters that monitors real-time exchange rates.

4. Look out for those with a wide network overseas.

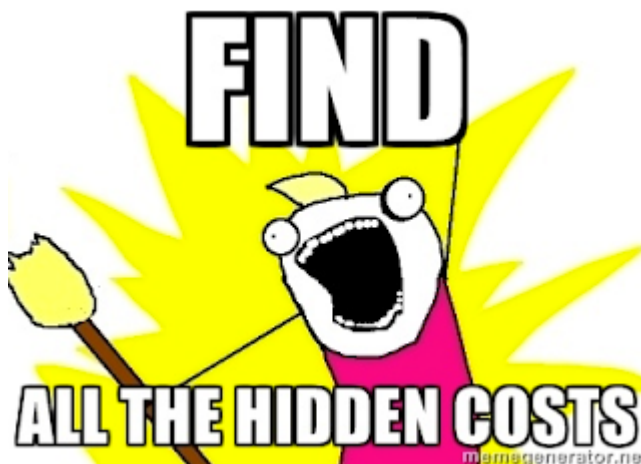
When I was working with CFOs (chief financial officers) of large corporations previously, one important similarity I realized they all had in common was their preference to transfer money between their local branches through the SWIFT network, which essentially provides a standardized and secure environment for most financial institutions to communicate in. If you've ever dealt with payments abroad, you should have come across the term "bank's SWIFT code" – that's the same thing.



When it comes to remitting money, you want to make sure your agent has a strong network of licensed remittance agents and banks so that your funds can reach within the shortest time possible. With better agents, your funds can even reach within the same day. For greater transparency, CYS Global also offers a FX Forwards facility to minimize currency fluctuation risk.

5. Check for real value – how much are the rates and hidden costs?

Even so, there's no escaping less-than-ideal currency exchange rates whenever you're transferring money overseas, so it is important to work with a remittance agent who will give you the best value for your money. However, other than exchange rates, you should also look out for include commissions and transfer fees (usually charged by banks).



Many companies may claim to have "no charges or commissions", but could give you a significantly worse exchange rate. In the same vein, there are also companies who give good exchange rates but yet charge higher commissions so they can earn there.

A good question to ask is "how much (international currency) will I get for my (local currency) after deductions of all fees and charges?" Use this to compare between remittance agents instead and go with the one with the best value.

Tip: Banks don't always provide the best value for overseas money transfers.



Since 1981, CYS Global has been serving SMEs and large corporations, handling more than 50,000 transactions yearly and funds in excess of S\$2 billion dollars. They specialize in business, corporate remittance, currency exchange, FX forwards and hedging.

I did a quick comparison of the rates and they indeed seemed to be generally lower than most of the major banks.

However, what really sets them apart is the personalized level of service they provide, where customers no longer need to deal with frustrating telephone menus. Instead, a dedicated dealer will be assigned to each customer and can even communicate via email, Whatsapp, or other means. Just make a simple phone call and your dealer will inquire about your remittance needs so that he can offer advice on how you can save the most on your transaction. By combining professional services with technology to ensure ultimate security and real-time data, this has helped them to come out tops among many other remittance companies in Singapore.

They have a RemitRewards program, which rewards members as they earn points for every remittance made. If you or your business has frequently been purchasing from overseas suppliers or third parties, CYS Global could be an option as they offer greater cost savings, personalized service and rewards, on top of everything else!

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With love,

Budget Babe

Category

1. Family

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