

# Payment Arrangements for Property Transactions ("PAPT")



## Payment Arrangements for Property Transactions (PAPT)

To embrace the digital payment age and enhance customer protection in property transactions, the banking industry has introduced PAPT to provide customers with an additional payment arrangement through bank-to-bank electronic fund transfer as an alternative to the existing arrangement. PAPT is fully supported by the Hong Kong Monetary Authority and the Hong Kong Association of Banks, and its scope has been expanded from refinancing transactions to include the sale and purchase (S&P) of residential properties in Hong Kong's secondary market.

### Benefits of PAPT to Customers



#### Enhance payment efficiency

PAPT streamlines the fund flow of mortgage loan in property transactions, thereby saving time.



#### Improve payment security

PAPT reduces payment-related risks through direct bank-to-bank electronic fund transfer.



#### Same-day settlement of funds

Vendors can expect to receive the balance of sale proceeds by the end of the completion day.

### Key Eligible Criteria for using PAPT

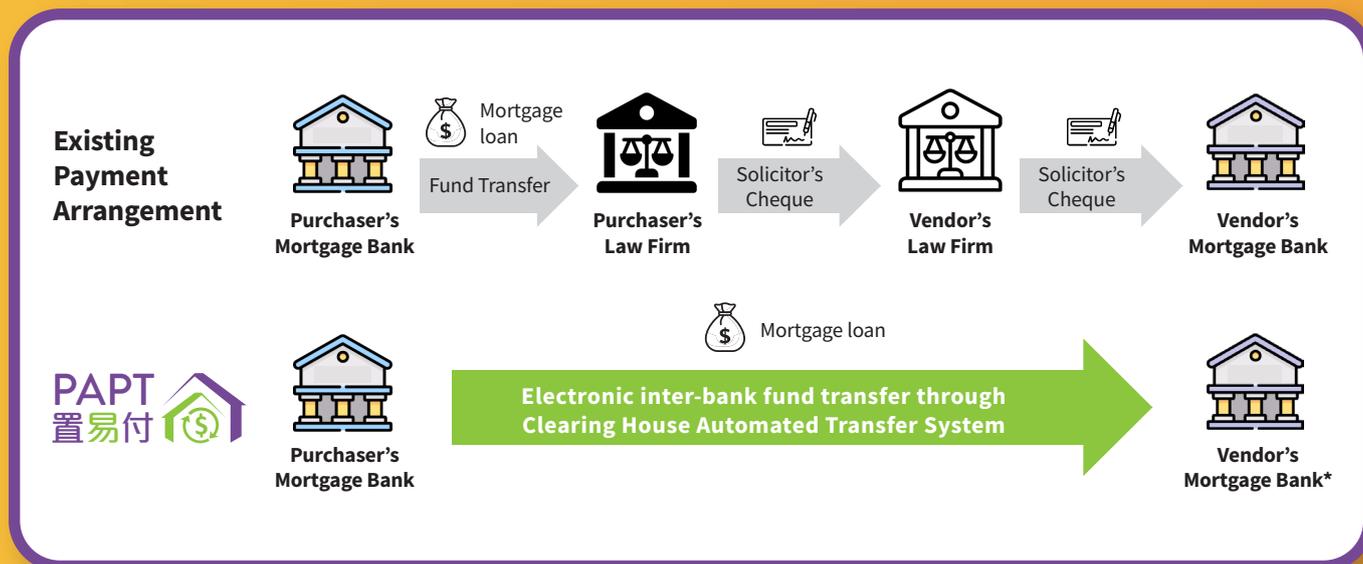
- ✓ S&P transactions of residential properties in Hong Kong's secondary market (including car parking spaces in residential buildings whether independently or together with residential units) with cash consideration only;
- ✓ The Purchaser will obtain a mortgage loan in HKD with a bank in Hong Kong that provides PAPT service;
- ✓ The Vendor has a HKD bank account in Hong Kong with a bank that provides PAPT service;
- ✓ The property is subject to no more than one mortgage, and is not subject to restrictions on alienation; and
- ✓ The Purchaser and the Vendor must either be an individual or a body corporate incorporated in Hong Kong. A Purchaser which is a body corporate must be a property-holding company.

**For further details of the eligibility criteria, please contact your bank or solicitor.**

#### Examples of Out-of-scope S&P Transactions

- Primary market and commercial property S&P transactions;
- The property is under subsidised housing schemes where the restriction on alienation has not been lifted;
- Conveyancing involving any element of non-cash consideration; and
- The property is subject to charging order(s) or encumbrances (other than a first mortgage).

## Comparison of Mortgage Fund Flow between Existing Payment Arrangement and PAPT



The simplified flowchart is for illustrative purposes of typical scenario only. It does not represent all possible factual scenarios for mortgage fund flow in conveyancing transactions.

**\*PAPT can be used when the Vendor and Purchaser use different mortgage banks, the same mortgage bank, or when the Vendor has no existing mortgage.**

Existing Payment Arrangement	PAPT	Benefits to Purchasers and Vendors
Settlement via law firms' bank accounts	Direct electronic transfer between designated accounts of banks	✓ More secure payment
Settlement by physical cheque / cashier's order. Same-day settlement may not be possible	Electronic fund transfer via CHATS. Same-day settlement at the earliest	✓ Enhance payment efficiency
Vendor to deposit cheque	Vendor's Mortgage Bank provides settlement proof	✓ Real-time checking of credited funds through online banking

## Your Choice

You can adopt PAPT for your S&P transaction by indicating your choice to your estate agent prior to signing the provisional sale and purchase agreement so that relevant PAPT clauses will be included. The solicitor and the bank appointed by you to process the new mortgage (as the Purchaser), or mortgage redemption / receipt of electronic transfer of funds (as the Vendor) will then act accordingly.

## Enquiries

If you wish to learn more about PAPT and its benefits, please contact your bank or solicitor for further details.



HONG KONG MONETARY AUTHORITY  
香港金融管理局

More Information: <https://www.hkab.org.hk/en/useful-information/papt>