

WAGES PROTECTION SYSTEM (WPS) IN THE UAE



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What is a WPS **WAGES PROTECTION PROGRAM?**

The Wages Protection System (WPS) is an electronic salary transfer system developed by the Central Bank of the UAE. It allows institutions to pay workers' wages through banks, currency exchanges, and financial institutions which are approved and authorized to provide the service.

The system allows the Ministry of Labour to make a database that holds records of wage payments in the private sector. This is to ensure that employees will receive the full payment of agreed-upon wages in a timely manner.

The WPS is applied to all institutions registered with the Ministry across all sectors and industries and will benefit different categories of labour.





The WPS reflects the UAE's commitment in creating labour market stability and protection with the best international standards. This system will allow the country to be a model worth emulating in the following areas:

- Restate commitment to protect workers' wages;
- Provide creative solutions that will help employers protect their own interests and reduce the time and effort needed to pay workers' wages;
- Take serious moves to improve job security in order to build strong work relationships in the UAE and safeguard the rights of all parties involved;
- Entrench transparency and competitiveness;
- Ensure that the UAE Ministry of Labour is regularly and consistently updated on wages data in the private sector in order to guarantee that employers accomplish their salary obligations;
- Take protective and proactive measures to lessen labour disputes pertaining to wages.

What are the **target parties** of WPS?

WORKERS are the individuals who work in the private sector in return for agreed-upon wages and who has a labour card issued by the Ministry.



EMPLOYERS are the owner of a company or institution which is registered with the Ministry. They hire one or more workers in return for agreed-upon wages.



BANKS are the financial institution which the employer has opened a bank account which is used to transfer the wages amount through WPS to the appointed agent to distribute to the labours.



AGENT is a bank, bureau de change, or financial institution which is approved and authorized by the Central Bank of the UAE to offer wages payment services via WPS. The Central Bank of the UAE regularly issues an updated list showing names of approved and authorized agents.



What are the **requirements** to join WPS?



The company is required to be registered with the Ministry of Labour.



The company should open a bank account with one of the banks operating in the UAE.



The company must enter into a contract with any bank, bureau de change or financial institution approved and authorized by the Central Bank of the UAE to provide the service. Both parties shall agree on any service fees and charges.



The wages of the workers will be transferred through WPS on the specified deadlines in the Ministerial Resolution No. 788 of 2009.



The company needs to transfer workers' wages via WPS within two weeks of their due date, or on the dates specified in the work contract, that is if wages are paid than once monthly.



The employer is responsible for all expenses incurred upon joining WPS, including bank fees, service provider charges, and all other costs. They are not allowed to share any costs with employees by any means, including direct or indirect deduction from their wages.

How to apply the **WPS mechanism**?



1

The company should open an account with one of the banks operating in the country if it doesn't have one upon joining the WPS system.

2

To provide this service, the company should enter into a contract with a WPS agent that is approved and authorized by the Central Bank of the UAE, be it a bank, a financial institution or a bureau de change.

3

The employer must provide instructions to its bank to transfer wages to workers. Instructions include a detailed wages list and a copy of the list shall be sent to the agent.

4

WPS will send the details and wages of the workers' as well as the salary transfer instructions electronically to the Central Bank of the UAE, who will then forward those details to the Ministry of Labour database in order to ensure that the details received agree with those registered with the Ministry.

5

The WPS will forward the approved information to the appointed agent in order to start paying the wages.

What are the **consequences** of failing to join WPS?

Business institutions who will fail to transfer workers' wages by the deadlines specified will be denied the right to have new work permits. This ban will only be lifted a month after the institution transferred the workers' wages in full.

Business Institutions that delay wages' payment for more than one month of the due date will be denied the right to have new work permits. All institutions owned by the owner of the violating institution will also be banned, together with all those responsible for the violation to the court, in accordance with Ministerial Resolution No. 788 of 2009.

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 10zone.ae

 +97142676200

 connect@10zone.ae

 18th Floor, One by Omniyat, Business Bay, Dubai, United Arab Emirates

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