A Business Guide to

ASEAN and Beyond

Market insights on the region and key trade corridors

HSBC

Foreword


Surendra Rosha and David Liao

As supply chains and investment flows shift, the international business community is increasingly looking to Southeast Asia to help drive global growth. Executives, attracted by the community's expanding workforce and 600 million-strong consumer market, are betting on the region, turning it into one of the world's fastest-growing manufacturing hubs.

Straddling some of Asia's busiest trade corridors, the ASEAN bloc is also becoming a creative powerhouse, as local companies seek to leapfrog old technologies and deliver financial inclusion, digitisation and decarbonisation. Member governments are intensifying their integration through agreements like the Regional Comprehensive Economic Partnership, which covers around 30% of world GDP and population. China now trades more with ASEAN than with Europe. And new opportunities are developing between ASEAN, India and the Middle East.

Digital business activity is projected to grow to nearly USD1 trillion by 2030, driven by one of the world's most dynamic internet economies, with more residents coming online each year than anywhere else. In addition, the net zero transition is also creating new opportunities to energise growth while reducing emissions. New supply chains are forming across the region as a result, from batteries to modern manufacturing.

Our Business Guide to ASEAN is a first step in connecting to these opportunities. HSBC is here to support you on your journey with our local expertise, product capability and knowledge, and global connectivity.

David Liao and Surendra Rosha
Co-Chief Executives for Asia Pacific, HSBC

Contents

Thailand at a glance

Vietnam at a glance

ASEAN corridor partner: China at a glance

ASEAN corridor partner: India at a glance

ASEAN corridor partner: MENAT at a glance

Thrive regionally, grow confidently

Businesses across the globe are finding the ASEAN opportunity increasingly compelling. Why? Because it is built on multiple pillars, each reinforcing another, rather than relying on a single mega-trend. A combination of factors – demographic, technological, geopolitical and regulatory – is driving this diverse and dynamic region to new and self-sustaining heights.

There's a caveat of course. When its economy becomes the world's fourth largest, as is expected by 2030[1], ASEAN won't be any less complex. But by then, early-mover advantage in its burgeoning industries will have been grasped by those who acted quickly to take the uncertainty out of ASEAN's expansion opportunity.

The leaders will be firms whose CFOs and treasurers have also built a holistic vision from multiple sources of strength, while drawing on and catering to the individual characteristics of ASEAN's fast-evolving – and rapidly digitising – economies. In particular, they will be the businesses that have positioned themselves for success by prioritising treasury innovation, embracing the new economy, and integrating sustainability into their financial strategies. In short, ASEAN's leading firms will have aligned themselves with the future.

The leaders will be businesses that have positioned themselves for success by prioritising treasury innovation, embracing the new economy, and integrating sustainability into their financial strategies.

Optimism, dynamism, futurism

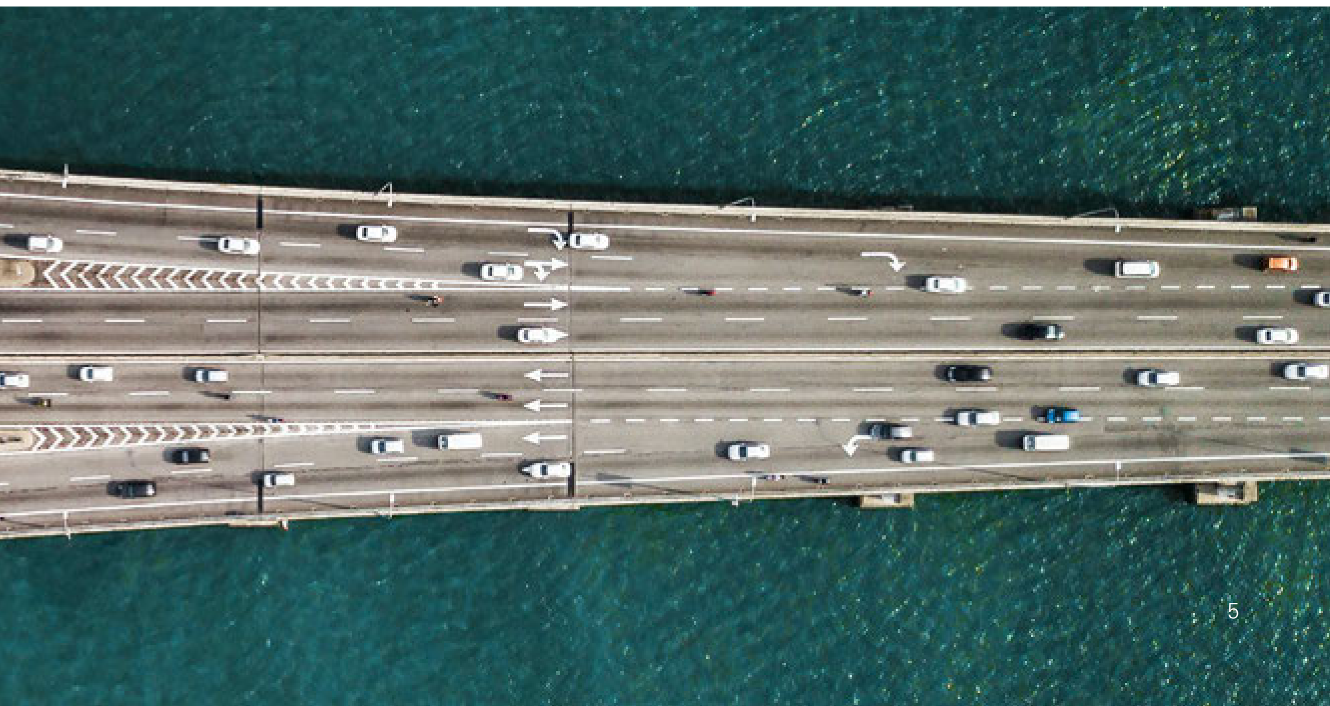
With a population that will reach 700 million by 2030 – 61% of which is currently under the age of 35[2] – ASEAN's expanding and tech-literate middle class is expected to double domestic consumption by the end of the decade. Much of this demand will be digital, with healthcare, biotech and education among the new economy sectors that are likely to benefit.

Unsurprisingly perhaps, the region's businesses are also among the most optimistic in the world. More than 90% are more upbeat about the region's prospects than they were a year ago, according to an HSBC survey of decision-makers in its six biggest economies[3].

But consumer and business energy does not exist in a vacuum. In recent decades, at least part of ASEAN's appeal has been its proximity to neighbouring giants; however, ASEAN's largest export market is now itself, with intra-community trade reaching historic levels. According to a survey of 600 businesses in ASEAN's six core economies, 57% of firms expect their intra-ASEAN trade to increase by up to 30% this year, while a further third foresaw a higher uptick[4]. Inflows still matter. Foreign direct investment rose 5.5% to a new high of USD224 billion in 2022, surpassing China, as global levels fell[5].

The Regional Comprehensive Economic Partnership ensures strong ties with ASEAN's five main regional trading partners – China, Japan, South Korea, Australia and New Zealand – via the world's largest free trade agreement, accounting for around 30% of the world's GDP and over a quarter of global trade[6].

In combination, these factors are set to drive the ASEAN economy to 5% of GDP growth per annum on average up to at least 2030[7], offering opportunities to local and global businesses alike.



Visibility, flexibility, liquidity

To capture these exciting and evolving opportunities across ASEAN's strongest markets, CFOs and treasurers will need to reimagine their existing processes and practices, while adhering to first principles. In a varied and sometimes volatile business environment, it will remain important to exert control over multiple risk factors and cash flows, to establish visibility over subsidiaries, business partners and supply chains, and to maintain flexibility to account for local regulations, practices and preferences.

To this end, treasurers are turning to digital platforms for real-time cash visibility, automated payments and streamlined treasury operations, with cloud-based treasury management systems becoming indispensable for managing liquidity and risks across diverse markets.

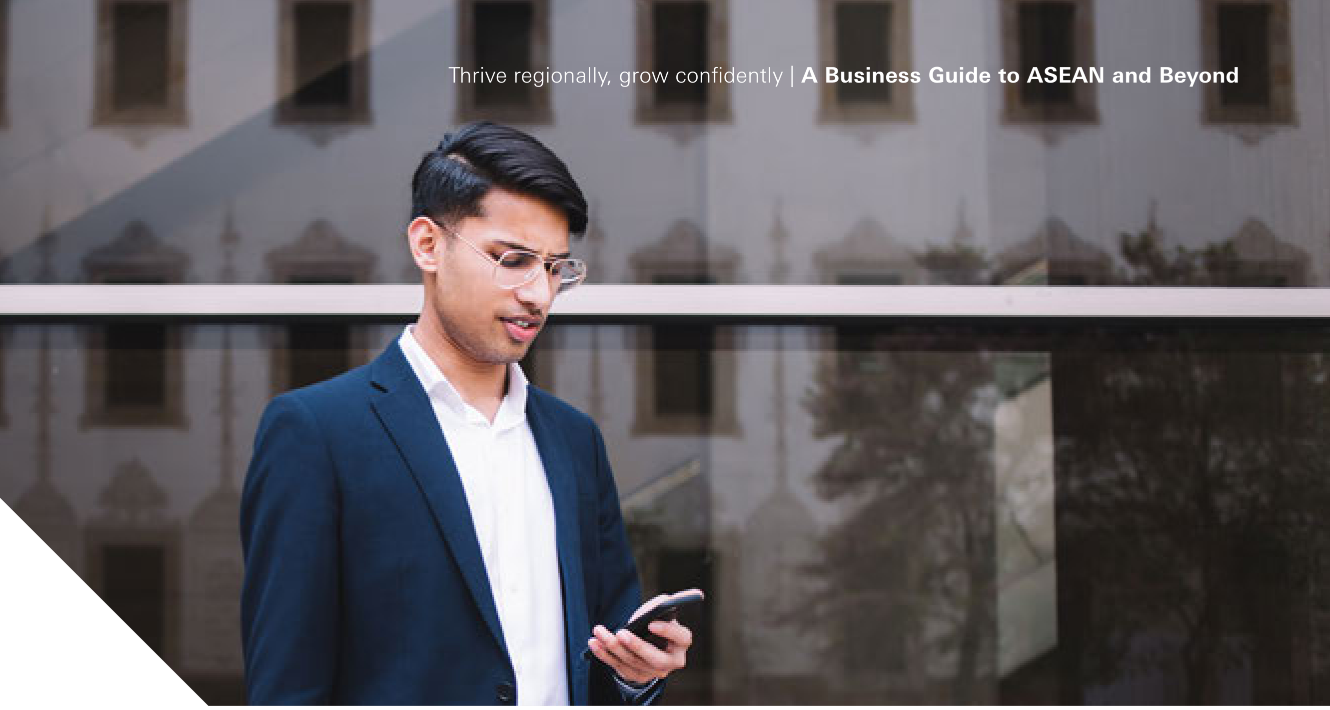
Firms appreciating the benefits of digitised control and visibility across their ASEAN operations include IHH Healthcare, one of Asia's largest private healthcare groups. Having grown rapidly through acquisition, the firm has adopted a centralised treasury model based on group-level policies and processes, host-to-host connectivity between banks and in-house payroll and accounting systems, and a multi-currency notional pooling structure to optimise liquidity, funding and investments. Its sharp improvements in visibility and flexibility can be measured in tangible terms, with a halving of bank accounts and an extra USD74 million to pay down debt and boost investments.

Critically, firms are looking to treasury solutions that serve multiple needs and specific contexts, such as streamlined collections services that offer a smooth customer experience as well as internal process efficiencies, by leveraging connectivity to real-time payments networks in key markets.

Digitisation, transformation, solutions

Building on a vibrant ecosystem of tech startups, e-commerce platforms and digital payment solutions, ASEAN's rapid digital transformation is reshaping traditional industries and creating new opportunities. The extent of these is reflected in the fact that Southeast Asia's digital economy is set to double to USD340 billion by 2025, on the road to surpassing USD1 trillion in 2030[8].

Governments and regulators are creating an enabling environment for e-commerce in response to the mobile-first preferences of middle-class consumers. The authorities in Singapore and Malaysia have awarded digital banking licences, as infrastructure and regulatory roadmaps are rolled out in all major ASEAN markets to encourage digital transformation and prompt the emergence of the next Grab, Ovo or GoTo.



The rise of FinTech innovation presents both challenges and opportunities for treasurers, who must be able to evaluate the value of emerging digital technologies to company-wide e-commerce strategies as well as more specific treasury-focused tasks.

Foodpanda, a Singapore-based food and grocery delivery company operating in 11 Asian markets, has done both, implementing technology-led solutions which streamlined its bank account structure, improved liquidity visibility, control and yield, saved cost and effort through automated processing of high payment volumes, and enhanced the digital experience of clients and partners.

Key elements included the bulk execution of payments on real-time payment rails, virtual accounts that automated the identification of incoming payments from merchants, and an ongoing expansion of supported digital payment methods. Whether one considers the seamless customer experience or the USD1 million generated through the interest enhancement solution, integration of treasury and business priorities underpinned an award-winning digitisation initiative.

An online delivery platform might be a suitable poster child for the new economy, but firms from a much wider range of sectors are realising treasury efficiencies and business benefits. These include DKSH, a market expansion services provider for companies looking to grow their business in new or existing markets in Asia and beyond, in consumer goods, healthcare, performance materials and technology.

The service provider has streamlined collections by accepting payments via a QR code scanned into a mobile device. Thanks to API connectivity, DKSH receives real-time notification of each payment while payer details and other transaction information are also embedded into the code to automate and accelerate reconciliation, which frees up customer credit lines more quickly for reinvestment into the business.

Sustainable, achievable, buildable

Whether driven by regulation, access to finance or access to markets, sustainability is emerging as a force of value creation in ASEAN.

With 11% of ASEAN GDP loss expected by 2100 if climate change is left unaddressed and having five out of 20 countries most impacted by climate change being from ASEAN[9], the region's politicians and regulators have established the ASEAN climate vision 2050[10] to ensure business and finance support the Paris Agreement, the Global Biodiversity Framework and the UN Sustainable Development Goals (SDGs).

But they're also alive to opportunity: the pursuit of carbon neutrality in ASEAN is expected to increase its GDP by up to USD5.3 trillion, attract green investments of up to USD6.7 trillion, and create up to 66 million additional jobs across the region by 2050[11].

The ASEAN regulators are putting in place an array of standards, strategies, plans and guidance to accelerate climate actions across the region. For example, the latest version of the annually updated ASEAN Taxonomy for Sustainable Finance was unveiled in April, setting sustainable financing and investment criteria for three out of the six focus sectors. Additionally, the ASEAN Climate Change Strategic Action Plan 2025–2030 is currently being developed, which will provide clear prioritised actions, timelines and implementation agencies to sustainably transform ASEAN as a region[12].

Aligning business models with sustainability goals will thus present CFOs and treasurers with multiple opportunities to add value to the wider organisation over the coming decades, not only on the funding and investment side, but also in terms of reporting performance to stakeholders, and liaising with customers along the supply chain to collaborate on common sustainability objectives.

With lenders and investors expecting sustainability as well as financial performance, there are increasing funding opportunities across ASEAN for firms that can meet climate- or nature-related KPIs. Similarly, corporates can develop stronger relationships with customers and suppliers through programmes that provide financial incentives for better sustainability performance, such as sustainable supply chain financing.

From a cash and payments perspective, firms in the region are already combining customer convenience and process efficiency with sustainability. These include Malaysia's Sunway Property, which has replaced a highly labour-intensive and paper-driven process with a solution developed by HSBC that digitises the processing of multiple documents regularly exchanged by property developers and buyers.

This not only improves operational efficiency, but is a major step toward the alignment of Malaysia's real estate sector with SDG 12 on responsible consumption and production of resources.

Challenging, compelling, connecting

Alongside the opportunities outlined earlier, ASEAN offers its fair share of challenges to treasurers and CFOs. Many risks lie in its divergent regulatory and tax regimes, while geopolitical tensions, trade disputes and other sources of disruption can never be discounted in a region of such scale and contrast.

To negotiate these hurdles and align with the future, firms should seek established, knowledgeable and innovative partners, both at the local and regional level, with a deep understanding of the dynamics of each market and a broad-based experience of connecting businesses across individual economies to connect.

> To negotiate these hurdles and align with the future, firms should seek established, knowledgeable and innovative partners, both at the local and regional level.

1. World Economic Forum, 2024
2. World Economic Forum, 2019
3. HSBC
4. HSBC
5. ASEAN Investment Report 2023
6. ASEAN, 2022
7. ASEAN, 2023
8. Temasek in collaboration with World Economic Forum and AlphaBeta, 2021
9. ASEAN.org, August 2023
10. ASEAN.org, June 2022
11. ASEAN.org, August 2023
12. The ASEAN Capital Markets Forum, April 2024; Institute for Global Environmental Strategies (IGES), April 2024

For the latest ASEAN Perspectives by our economists, click here to access HSBC Global Research.

Trade triangulation: ASEAN's complementary corridors

Having driven global growth for decades, trade is now under increasing threat. An era of geopolitical risk is forcing firms to reappraise their approach, reevaluating their supply chains and reconsidering the resilience of their operations and relationships. Against an uncertain and shifting backdrop, it pays dividends to understand how headwinds and tailwinds are reshaping global trade patterns for future decades. Even in the midst of rising protectionism, there remain channels or corridors that can fast-track firms from across the ASEAN region to new markets.

In the 30 years[1] since the World Trade Organisation was established, global trade has increased fivefold, propelling average worldwide GDP growth to 4.4% per annum, pulling a billion out of extreme poverty while increasing the interconnectedness of economies, as tariffs and trade costs ticked down.

But, as noted by the World Bank[2], expansion of trade in goods and services slowed to its lowest levels in 50 years in 2023, battered by the aftermath of the Global Financial Crisis and a global pandemic, and distorted

by rising political tensions between superpowers. With five times[3] more trade restrictions imposed last year than in 2015, importers and exporters are understandably concerned about the future. Fewer bilateral and regional trade agreements are being signed, despite being proven platforms for growth and collaboration.

ASEAN is increasingly buoyed by dynamic demographics and strong trade growth between its own members[4]. But vibrant trading relationships with major global powers have always been a critical element of its enduring appeal. This is set to continue, with three very different yet complementary trade corridors offering opportunities to be carefully assessed and efficiently explored by the region's companies and investors.

Sustained in recent decades by a range of factors, ASEAN's channels to China, India and the Middle East are set to evolve again in the coming years, widened and deepened by the forces of the new global economy, and supported by common goals and shared agreements.

The powerhouse to the north

Forty years of unprecedented Chinese economic expansion has had multiple impacts on its ASEAN neighbours, which have evolved over this period to create today's complex and shifting web of manufacturing hubs and supply chain relationships. ASEAN's businesses have benefitted substantially – bilateral trade has increased a staggering 85-fold in 30 years, exceeding USD950 billion in 2022 – and will continue to do so as it evolves again, with activity projected to double by 2035.[5]

Built in no small measure on the Belt and Road Initiative, ASEAN's links with its largest trading partner have been further boosted via the Regional Comprehensive Economic Partnership (RCEP), effective since 2022, providing certainty for the smooth passage of goods and services.

But this is not a story of 'more of the same': As China attempts to transform its economy into one driven by innovation, clean energy, digitisation and smart manufacturing, opportunities for synergies with ASEAN are increasing.

Key planks of this new approach are sustainability and digitisation, both areas in which ASEAN is already investing heavily.

China's leading role in climate change diplomacy and the Global Biodiversity Framework are reflected in extensive investment in clean technologies, notably solar panels and electric vehicles, but also rules requiring green transition and sustainable resourcing across key industries.

At the same time, efforts to beef up China's technology industries are being ramped up, propelling innovations in robotics, artificial intelligence, the Internet of Things and blockchain. And a new generation of entrepreneurs are being encouraged to make their mark in these innovative industries, which offer new opportunities to the ASEAN businesses with most synergies.

These mega-trends are also transforming existing ones, from manufacturing to logistics, transport and beyond. ASEAN partners will have a key role to play, with existing supply chain and natural resource-based business relationships augmented by increasingly trading in sectors including machinery and electricity, and electronic equipment.

The rising tiger

ASEAN's burgeoning digital economy, forecast to exceed USD1 trillion in value by 2030[6], is already transforming sectors such as consumer goods, travel, media and financial services in the region, and is widely expected to have similarly disruptive impacts in healthcare and education, among others. This means the region's tech-savvy businesses are well-placed to partner with firms in India, given the striking parallels in how creative and innovative companies are leveraging demand, particularly from young and aspirational consumers.

There is, of course, much more to India's rapid economic growth in recent years. Structural reforms and infrastructure investment have lifted many sectors, contributing to overall Indian GDP of USD3.3 trillion in 2022, the fifth largest in the world, and comparable with ASEAN's own USD3 trillion[7].

The steadily rising incomes of two billion consumers have boosted demand in both India and ASEAN, albeit with intriguing nuances. Although similar to its neighbours, India's digital boom also offers particular opportunities in the software-as-a-service and fintech sectors, notably payments, lending, investment and insurance, which are expected to fuel growth over the decade, by the end of which digital business could represent 12–13% of the overall economy[8].

A key aspect of India's 'Digital Decade' has been the infrastructure investment which underpins penetration to smaller towns and cities. This has enabled the provision of a wide range of public and private goods to businesses and citizens, not just to India's thriving urban population, but also further afield where health, education and agricultural services are being delivered digitally.

The popularity, convenience, cost and sustainability of digital services has been grasped by India firms large and small, as well as newly-formed unicorns, multiplying the opportunities and relationships for ASEAN firms to explore. Such companies should not underestimate the lingering bureaucracy and protectionism that can pose challenges when doing business in India. But, as demonstrated by its participation in the Indo-Pacific Economic Framework (IPEF) and India-Middle East-Europe Economic Corridor (IMEC), the country's direction of travel is more outward-looking than ever, built in partnerships of mutual interest.

A bridge between continents

The digital dynamism that makes ASEAN countries ideal partners for growth in India, positions them ideally to support the accelerating diversification of the Middle East. For many reasons – including the transition to a low carbon global economy – countries across the region recognise the need for a broader-based economy.

As they introduce reforms to boost competitiveness and productivity – and align with global megatrends – Middle East countries are looking to work with established trading partners with strong relationships built on energy demand and supply, but with appetite for expansion. ASEAN-Middle East links have long supported the flow of finance, workers, energy and industrial goods; the commitment at COP28 for "transitioning away from fossil fuels in energy systems"[9] represents as much of an opportunity as a challenge.

Existing channels make ASEAN an attractive destination, particularly given its openness to trade and strong demographically-driven demand drivers, as companies from the Middle East take further steps toward exploring export markets. The pace of integration will only accelerate, driven by the rising tide of bilateral trade agreements, the investment in digitisation, and the shift away from fossil fuels already transforming both regions, against an evolving backdrop of natural resource challenges.

The International Trade Centre (ITC) has identified[10] export potential of USD53 billion by 2027 between the five biggest ASEAN economies and the QUEST-5 countries – Qatar, the UAE, Egypt, Saudi Arabia and Türkiye – which make up 70% of the Middle East's GDP and 44% of its population.

In parallel, there is much that companies and industries can learn from ASEAN's digital transformation as it embarks on its own, with Saudi Arabia and the UAE exhibiting most demand and investment at present.

Triangulating growth

Through its participation in RCEP and IPEF, ASEAN is at the centre of global trading frameworks that cover one third and 40% of global GDP respectively. According to the ITC[11], there are USD1 trillion of export opportunities for businesses across China, India and ASEAN's five largest economies alone.

Added to the potential offered by a Middle East in transition, it is all but irresistible to see the three trade corridors outlined in this article offer a beacon of light to its businesses and their investors in an uncertain future.

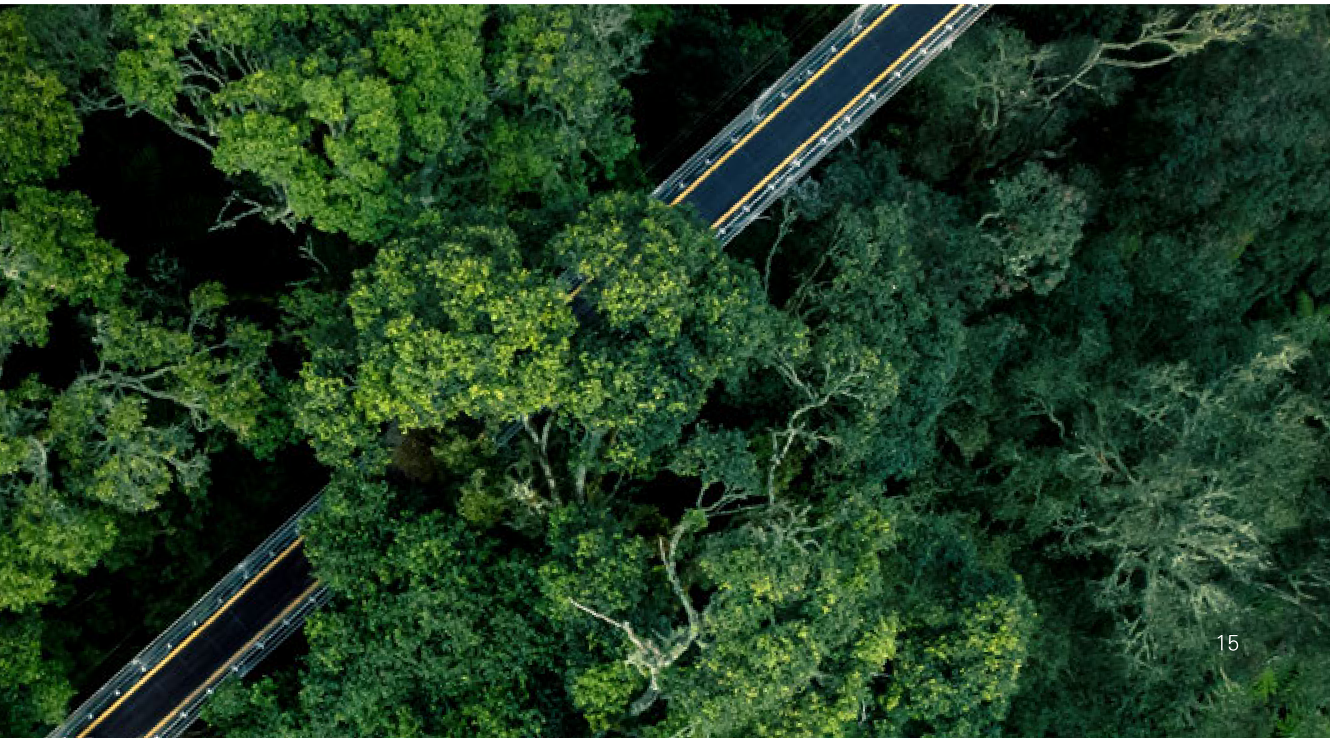
At HSBC, we know that turning opportunity into reality takes time, effort and experience. For this reason, our broad suite of flexible solutions is designed to support the flow of finance and information to support sustainable trading relationships in multiple jurisdictions.

A deep understanding of the existing landscape and the trends that are shaping the future is needed to tailor knowledge to specific situations in order to realise potential. As we have seen around the world, trade corridors are subject to multiple pressures, but investment in them over time gives us all the best chance to thrive together.

1. WTO
2. World Bank
3. World Bank
4. ASEAN.org, ASEAN Investment Report 2023
5. XinhuaNet, July 2021
6. ASEAN.org, ASEAN Investment Report 2023
7. HSBC
8. Bain, June 2023
9. The UNFCCC secretariat (UN Climate Change), December 2023
10. HSBC
11. HSBC

Please click below for more information about the ASEAN corridors partner countries:

- China at a glance
- India at a glance
- MENAT at a glance



ASEAN's international bank

With over 135 years supporting businesses in six ASEAN countries, and an extensive network across Asia and the rest of the world, HSBC provides clients with an in-depth understanding of local market dynamics, tailored advice and international connectivity.

> Businesses can harness HSBC's extensive regional experience, and benefit from local insights, dedicated support and comprehensive market research for a competitive advantage in ASEAN markets.

HSBC's network across ASEAN

200
locations

15k
staff

2.5m
retail clients

10k
corporate clients

20k
SME clients

Captures **over 93%** of ASEAN GDP and international trade

Our services

With a deep understanding of the region's markets and businesses, HSBC provides comprehensive financial services to support companies operating in ASEAN.

Trade finance

Treasury management

Cash management

Capital markets

Advisory services

Source: HSBC Commercial Banking

Global expertise for global businesses

Expectations of, and demands on, corporate treasurers and their teams are high. As well as all the traditional functions of overseeing and being responsible for payment methods and technologies, cash visibility and optimisation, they must also be aware of changing regulatory environments and the increasing demands of ESG compliance and standards.

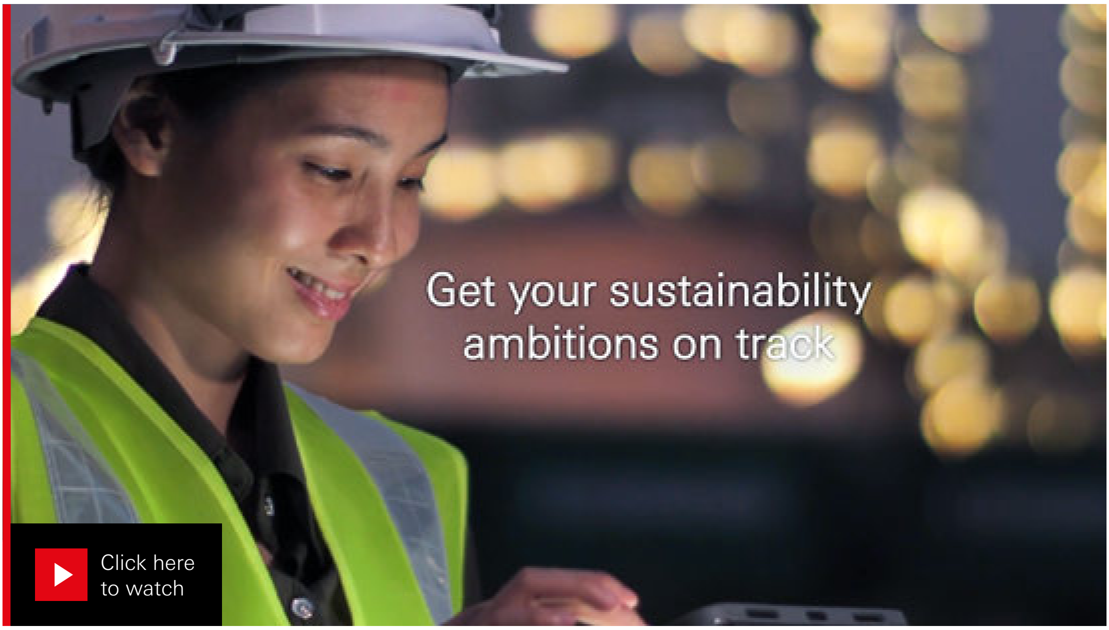
HSBC's broad and deep international networks connect clients to experienced, on-the-ground specialists and solutions. This extensive network helps businesses scale up, with a full suite of tailored services including access to capital, easy cross-border transactions, advisory services and more.

As the world's number one trade bank, HSBC facilitated USD850 billion in trade in 2023[1]. Businesses looking for a banking partner to support international growth and enable them to explore new opportunities can rest assured that HSBC understands individual markets and how to navigate the dynamics between them.

HSBC's extensive banking network facilitates cross-border transactions. With specialist knowledge, dedicated Southeast Asia desks and ASEAN specialists in other countries, and local RMs, HSBC is an invaluable guide to assisting businesses through regulatory, cultural and economic nuances to achieve their growth potential.

HSBC's ASEAN Desk Network comprises individual specialists who provide valuable insights into local business practices, cultures and legal environments. It can also help clients identify growth opportunities and support their entry to new markets in ASEAN. These desks are available for major corridors, including China, Germany, France, the UK and the Middle East – all offering support in local languages.

Treasury cannot work alone, which is why HSBC has a suite of interconnected regional solutions for working capital, trade, liquidity and risk management, and specialist teams across Real Estate, Commodities & Structured Trade, Private Equity, Leveraged Finance and Debt Origination.



Watch the video to find out more about the HSBC Sustainability Tracker

Leading transition pathways

ASEAN countries have seen an increase in the development of policies, standards and initiatives that aim to support greater deployment of sustainable finance. In turn, there is an increased expectation for corporates to be more transparent on their sustainability targets and performance in order to enhance their access to capital.

In six key ASEAN markets, mandatory sustainability disclosure requirements have been implemented for listed companies, with some countries looking to further enhance these requirements to align with global developments. For example, the Singapore Exchange (SGX) announced in February 2024 that all listed issuers and large non-listed companies will be required to report climate-related disclosures from 2025 and 2027, respectively, in line with the International Sustainability Standards Board (ISSB) standards[2].

HSBC offers a range of products, services and tools to support clients on their sustainability journey. For businesses involved in carbon-intensive industries, HSBC's Transition Pathways provides insights and solutions to help guide companies towards net zero. HSBC's Sustainability Tracker offers tailored suggestions and tangible actions that companies can implement to create a more sustainable business across their operations, energy use and products. HSBC's global network of analysts actively support dedicated coverage teams in providing key insights into the increasingly broad and fast-moving world of ESG.

Innovating for growth

HSBC gives clients the ability to trade and invest confidently, securely and efficiently all around the world, through the development of innovative new business models and the digitisation of companies' business and financial operations.

Management of the supply chain and quick responses to disruptions can impact cash flow, particularly if businesses face seasonal working capital challenges due to the cyclical nature of purchasing inventory from several suppliers. Across ASEAN, HSBC offers innovative trade finance solutions that help treasurers effectively manage and mitigate risks, improve cash flow and optimise their trade operations, through services including supply chain finance, receivables finance, trade loans, guarantees and letters of credit. In Singapore and Indonesia, HSBC TradePay, a simplified digital trade finance solution, means companies can draw down on their loan and make just-in-time payments to suppliers.

Managing transactions across markets needs simple solutions for complex trades. HSBC Omni Collect simplifies digital payment collections for in-store and e-commerce companies. Multiple payment methods become available to customers, and the business receives a comprehensive overview of all sales receipts.

> Businesses can access six ASEAN accounts through HSBCnet with one login, increasing efficiency.

Access to capital is critical for business expansion, as it provides the financial resources necessary to fund growth initiatives, scale operations, penetrate new markets, innovate, mitigate risks, and attract investors and strategic partnerships. HSBC's dedicated ASEAN Growth Fund holds USD1 billion to accommodate debt financing for new economy businesses across the region that are looking to scale up[3]. In addition, the New Economy Fund (available in Singapore and Malaysia) provides early-stage funding to new economy businesses, while Singapore's Venture Debt offering provides debt financing to high-growth companies that are backed by venture capital or private equity investors.

Ultimately, the key to unlocking growth in ASEAN is understanding the dynamics of each market and grasping how businesses across individual economies can connect and work together. To find out more about how HSBC's network could help you to grow your business in ASEAN, please visit https://www.business.hsbc.com/asean.

1. HSBC
2. SGX
3. HSBC

Clients across ASEAN have benefited from HSBC's global expertise, transition pathways and innovations for growth

Vietnam

HSBC's delivery of a green loan helped finance the purchase of equipment for Vietnam's first plastics recycling factory. Duy Tan Plastics Recycling Factory will recondition used plastic bottles for further use in packaging – a step forward in Vietnam's battle against ocean pollution.

Thailand

J&T Express (J&T) is one of Thailand's top express delivery companies, delivering up to two million parcels every day. HSBC's dynamic solutions helped J&T modernise its end-to-end collections and payments processes, with a PromptPay QR solution that leverages Thailand's real time payment network. Improved user experiences for employees, customers and partners have reinforced J&T's position in a competitive market.

Singapore

When Multiplier, a global employment platform, rapidly expanded, it needed a banking partner that could help with streamlined account opening across multiple sites, timely collections, straight-through payment processing and FX hedging solutions, and that's where HSBC stepped in to provide holistic solutions to support its business growth.

Source: HSBC

The Philippines

Manila-based Prime Infrastructure Capital Inc. is addressing the country's waste disposal problem, with a broader strategy to support sustainable development. Its subsidiary PWS turned to HSBC for a USD24.5 million Green Loan to finance a sustainable waste management facility in Cebu. Not only will the facility recover more reusable material and reduce landfill-generated emissions by doubling the daily waste processing capacity of the plant, it will also produce a lower emission fuel alternative derived from refuse and biowaste.

Malaysia

HSBC provided Malaysia's Guan Chong Cocoa Manufacturer with its first green trade financing facility in support of sustainable cocoa sourcing. Its parent company, Guan Chong Berhad, is the fourth-largest cocoa grinder in the world and has committed to making its cocoa supply chain sustainable by supporting growers, minimising environmental impact and producing sustainable cocoa. This bespoke financing arrangement helps the business to source certified cocoa beans from farms that do not contribute to cocoa-related deforestation.

Indonesia

Digitalisation has been a game-changer for businesses with global expansion plans. However, expanding into foreign countries can be challenging because of varying regulations and cultures. Indonesia-based aquaculture company eFishery partnered with HSBC because of the bank's knowledge of different regulations and cultures, facilitating the business's expansion into India, Singapore and the United States.

Singapore
at a glance

Executive message: Welcome to Singapore

Wong Kee Joo
Chief Executive Officer,
HSBC Singapore

Head office address:
HSBC, 10 Marina Boulevard,
Marina Bay Financial Centre
Tower 2 #48–01,
Singapore 018983

Singapore ranks as one of the top financial centres in the world, and a centre of excellence for digitalisation and sustainable finance. With an extensive network of free trade agreements, a stable socio-economic environment and a highly skilled workforce, it offers a world-class business environment with a global reputation.

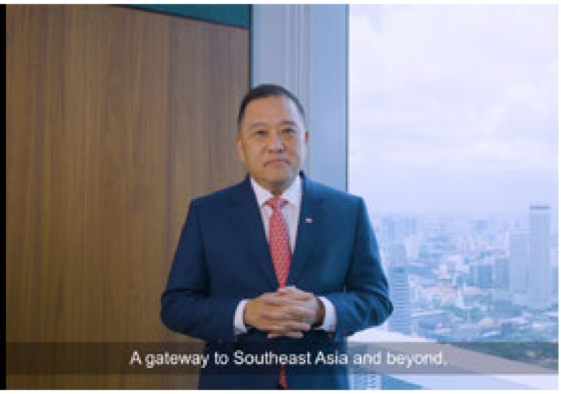
As the largest intra-regional investor in ASEAN and home to over 4,200 Regional Treasury Centres and Regional Headquarters, Singapore is recognised as a global hub for regional businesses, from home-grown SMEs to large multinational conglomerates, and is a connector to business opportunities in ASEAN. Singapore also has a strong reputation as a leading wealth hub for the region, supporting the rising affluence in ASEAN and the growing wealth needs of individuals, family offices and asset managers. Singapore is currently rated as the second-easiest place in the world to do business by the World Bank.

HSBC's history in Singapore dates back to 1877 when The Hongkong and Shanghai Banking Corporation Limited opened its first branch on the island. One of the earliest banks to set up in Singapore, HSBC is today a prominent player in the financial services sector. HSBC's long-established heritage and global network positions us well to help businesses navigate the opportunities which have emerged from the exciting ASEAN economies. Singapore provides the perfect gateway to capture growth in the region.

Please get in touch to find out how HSBC can help your business capture opportunities in this exciting region.

Watch the video to learn more about the growth opportunities Singapore offers to your business.

Click here to watch



Overview

Population
5.7 million (2024 est.)

Total area
734 sq km

Capital
N/A

Major language(s)
English, Malay, Mandarin and Tamil

Central bank
Monetary Authority of Singapore (MAS)

Time zone
UTC +8

Currency
Singapore Dollar (SGD)

Gross domestic product (GDP)
USD673 billion (2023);
1.1% growth rate (2023);
USD84,724 per capita (2023)

Consumer price index, average
6.1% (2022);
5.0% (2023 est.);
3.5% (2024 est.)

Exchange rate vs. USD
1.35
(as of 30 June 2024)

Banking system and bank accounts

The Monetary Authority of Singapore (MAS) is Singapore's central bank. Its key objective is to ensure medium-term price stability that supports the sustainable growth of the economy. Unlike most countries that manage inflation through interest rate policy, MAS does so through its exchange rate policy as it is more effective in very open economies such as Singapore.

The MAS has designated seven domestic systemically important banks (D-SIBs), of which HSBC is one. D-SIBs are banks that are assessed to have a significant impact on the stability of the financial system and proper functioning of the broader economy. In addition, MAS regulates and supervises over 150 deposit-taking institutions in Singapore, including full banks, wholesale banks, merchant banks and finance companies, with a total asset size of almost USD2 trillion.

Documentation requirements for opening bank accounts for local corporations include items such as the necessary corporate authorisations, shareholder list, memorandum and articles of association, etc. For foreign corporations there are additional requirements, including:

- certificate of incumbency issued by professional/registered agent or a director's declaration detailing particulars of the directors and principal shareholders;
- certification letter from a certified public accountant/lawyer of a European Union/Financial Action Task Force member jurisdiction certifying that the information contained in the certificate of incumbency or director's declaration is correct and accurate;
- certified true copy of certificate of good standing; and
- letter of authorisation to debit account opening fee.

The following types of bank accounts are currently available:

Account type	Local current	Local savings[1]	Foreign current	Foreign savings[1]
Resident	✓	✓	✓	✓
Non-resident	✓	✓	✓	✓

1. In Singapore, savings accounts are not offered to corporates.

Clearing systems and payment instruments

Singapore has a well-developed financial infrastructure that supports a wide range of clearing systems and payment instruments. The principal clearing systems and instruments are:

Clearing system	Comments
MEPS+ (MAS Electronic Payment System Plus)	• Operated by the Monetary Authority of Singapore (MAS). • Facilitates real-time gross settlement (RTGS) of Singapore dollar (SGD) interbank fund transfers, customer payments and the settlement of scripless Singapore Government Securities. • Also handles cross-border transactions in real-time.
FAST (Fast and Secure Transfers)	• Launched in 2014. • Provides 24/7 instant payment service that allows customers to transfer Singapore dollars from one bank to another in Singapore instantly.
GIRO (General Interbank Recurring Order)	• Used for regular, recurring payments such as utility bills, loan installments and insurance premiums. • Payments are not immediate but processed in batches.
NETS (Network for Electronic Transfers)	• An integral part of daily life in Singapore, providing innovative and diverse digital payment solutions. • Services include contactless payment, digital payments overseas, QR payment, and online and in-app payment.

Singapore's payment landscape is characterised by a strong push towards digitalisation, with significant support from the government and regulatory bodies such as the MAS. The integration of advanced technologies and infrastructures reflects Singapore's goal to become a smart nation with a less cash-dependent economy.

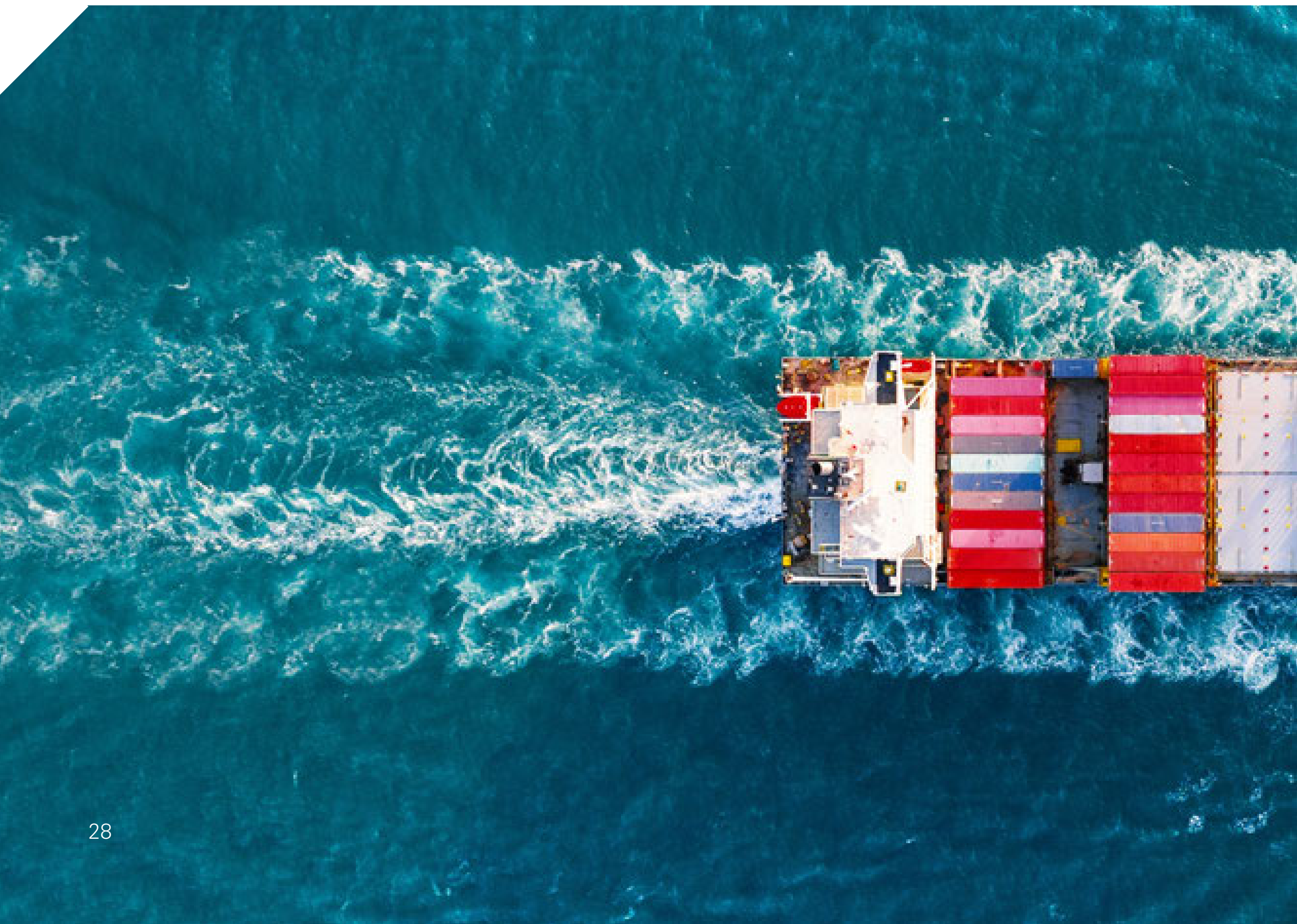
Despite the rise in digital payments, cash is still widely used, particularly for small transactions. Cheque usage is declining due to the rise of electronic payments.

Credit and debit cards are widely accepted across the country, supported by major international card networks like Visa, Mastercard and American Express, as well as domestic networks such as NETS (Network for Electronic Transfers).

NETS is a national banking payment system widely used in Singapore. It enables direct debit transactions at point-of-sale and online payments. It also supports NETS FlashPay, a contactless card solution used for small value purchases and public transport.

Singapore Quick Response Code (SGQR) is an initiative to simplify QR-based payments, consolidating multiple QR codes into a single SGQR label. It facilitates payments from various payment schemes and e-wallets.

Digital wallets and mobile payment apps like Google Pay, Apple Pay, Samsung Pay and local apps such as DBS PayLah! and OCBC Pay Anyone are prevalent. These platforms typically integrate with services like PayNow or NETS for ease of transaction.



Trade

Singapore is a strong, export-driven economy and its key sectors include oil, commodities trading, electronics and tourism. It also has one of the highest trade-to-GDP ratios in the world.

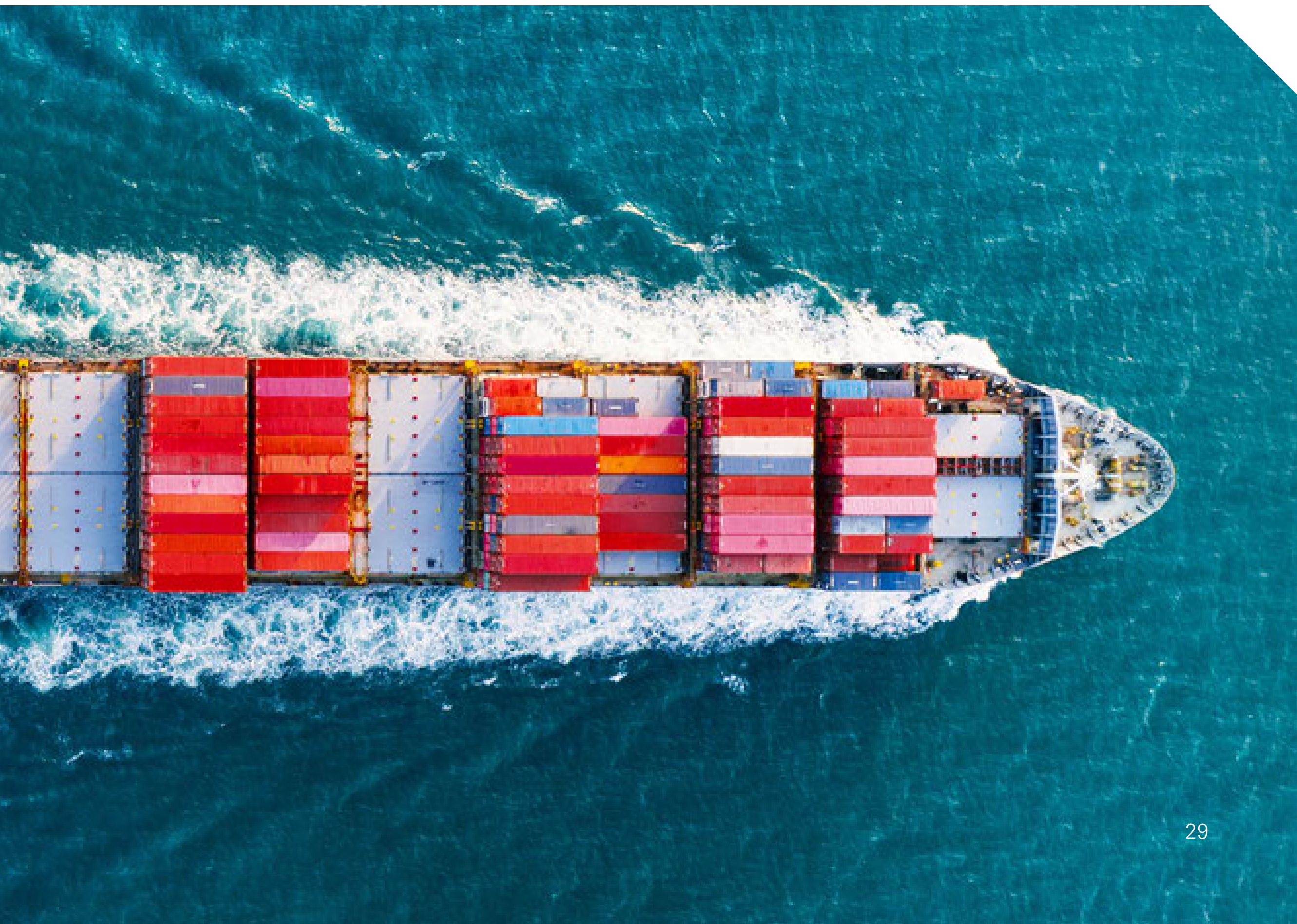
The Straits of Malacca is the world's busiest shipping lane, while annually more than 130,000 ships call at Singapore. This spot boasts the world's busiest transshipment hub with 30% of Asia's trade passing through Singapore.

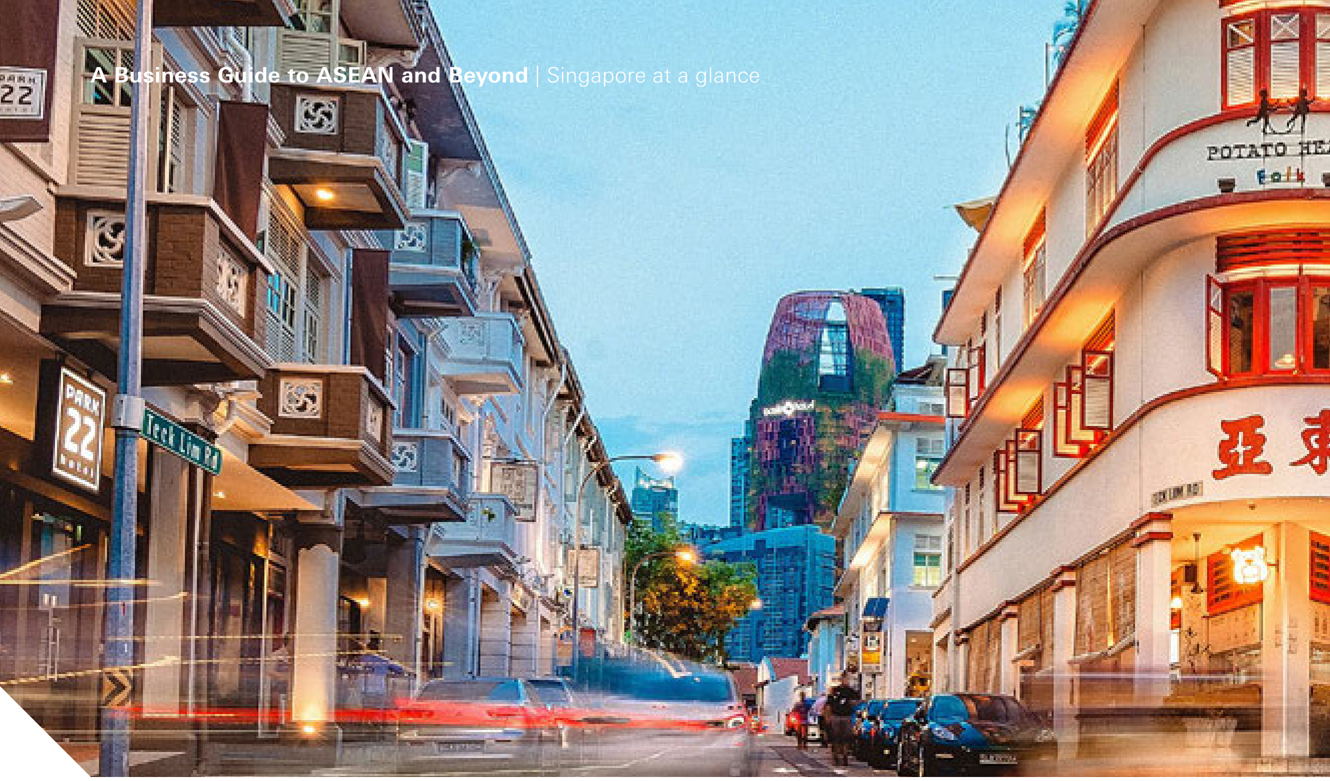
In 2023, Singapore exported USD474.64 billion worth of goods. In 2023, Mainland China, the US and Malaysia were Singapore's top trading partners.

Singapore's exports to Mainland China exceeded Singapore's imports from Mainland China, while Singapore's imports from Malaysia and US exceeded exports to these trading partners.

The trade-reliant city-state has been enjoying an upturn in exports because of a global trade rebound.

	Exports	Imports
Value (2023)	**USD474.64 billion**	**USD420.89 billion**
% of GDP (2023)	**70%**	**62%**



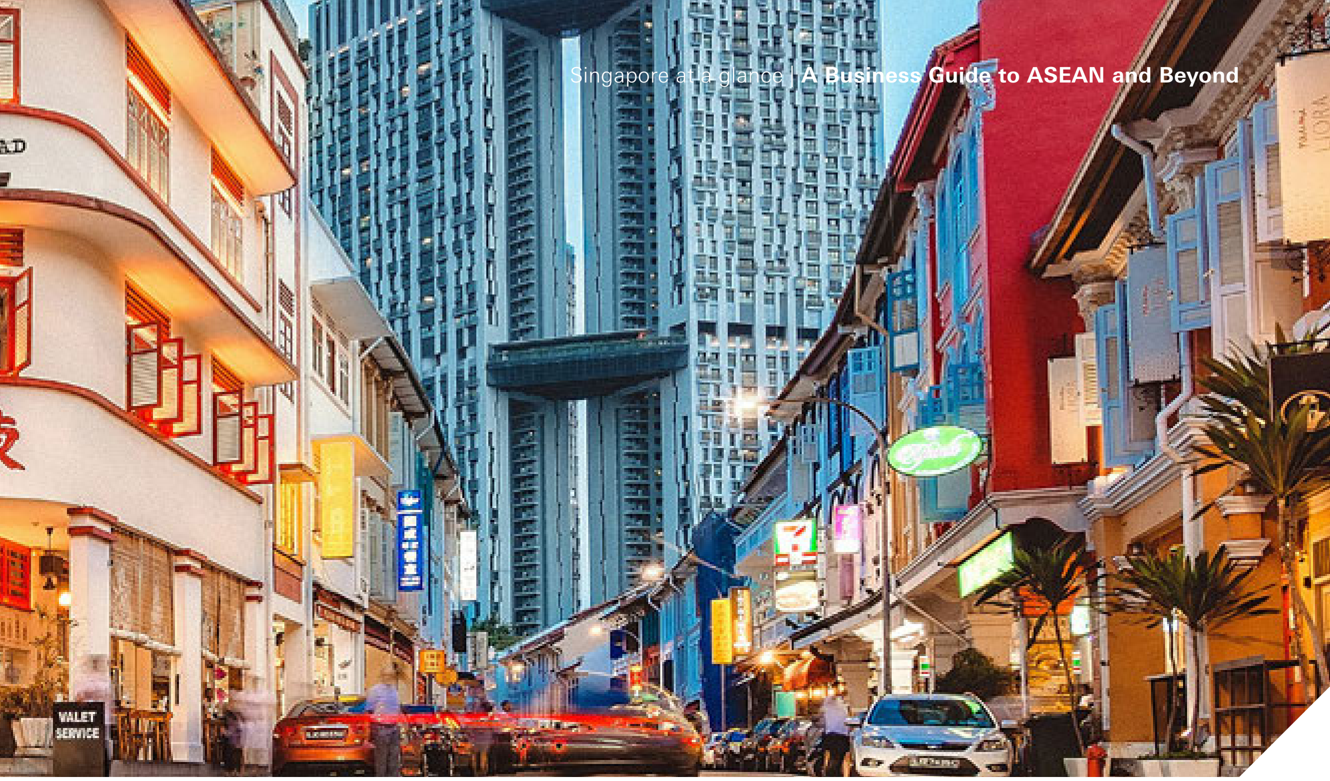


Foreign exchange

Singapore stands as a global financial hub with a highly developed FX market. Ranked among the top three FX centres globally, Singapore's strategic location, robust regulatory framework and advanced financial infrastructure make it an attractive destination for corporates looking to establish or expand operations in ASEAN. The MAS oversees the FX market, ensuring stability and fostering innovation.

For corporates planning to expand in Singapore, understanding the nuances of the FX market is crucial. Here are some important factors to consider:

- FX risk management: Volatility in FX rates can significantly impact business profitability. Developing robust risk management strategies via accessible hedging instruments is vital for mitigating exposure.
- Liquidity and access to markets: Singapore offers deep liquidity and access to a wide range of currencies, making it easier for corporates to execute large transactions efficiently. Understanding market dynamics and liquidity conditions is important for effective planning.
- Technological integration: Leveraging advanced trading platforms and APIs can enhance operational efficiency. Corporates should invest in technology that integrates seamlessly with their existing systems to streamline FX operations.



Taxation

Resident/non-resident

- A company is a tax resident in Singapore for a particular Year of Assessment if the management and control of its business is exercised in Singapore in the preceding calendar year.
- In general, the place of residence refers to the place where the company's directors meet to make strategic decisions concerning the company's business. The tax authority, however, may consider other facts in practice.
- Resident companies are subject to tax on any income accrued in or derived from Singapore or foreign-sourced income received or deemed received in Singapore.
- Non-resident companies which are not operating in Singapore and have no presence in Singapore should only be taxed on Singapore-sourced income unless exempted.

Financial instruments

- Generally, for a company which has adopted Financial Reporting Standards 109, any fair value gain or loss on a financial asset/liability on revenue account recognised in the profit and loss accounts is taxable or deductible.
- For a financial asset/liability on capital account, any fair value gain or loss from such an asset/liability is non-taxable or non-deductible.

Interest and financing costs

- Interest expenses and the related prescribed borrowing costs incurred are generally tax deductible, to the extent that the underlying loans or borrowings were taken to finance income-producing assets.

Foreign exchange
- Any FX gains/losses that are capital in nature, are not taxable/not deductible.
- FX gains/losses that are revenue in nature, are generally taxable/deductible.

Advance tax ruling availability
- Taxpayers can request for advance rulings in respect of the interpretation of the tax law.

Capital gains tax
- Capital gains are generally not taxable.
- Exemption under safe harbour rules on gains from disposal of ordinary shares of an investee company, where the divesting company owned at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months, subject to certain exclusions.
- From 1 January 2024, gains received/ deemed received in Singapore by an entity of a relevant group from the sale of foreign assets may be subject to tax under specific circumstances. This applies even if the gains are capital in nature or exempted under the Singapore Income Tax Act (SITA).

Withholding tax
- Payments made to Singapore tax residents are not subject to Singapore withholding tax.
- Singapore does not impose dividend withholding tax.
- Certain payments (e.g. interests on loans, royalties and rent for the use of moveable properties) to non-Singapore tax residents are subject to Singapore withholding tax at 10%, 15%, or prevailing tax rate (currently at 17%). Such Singapore withholding tax could be exempted or reduced under the SITA or a relevant double taxation agreement (DTA) concluded with Singapore.

Tax treaties
- A foreign tax credit (FTC) is granted under Singapore's DTA. The credit is limited to the lower of (1) the actual foreign tax paid, and (2) the Singapore tax payable on that foreign income.
- A unilateral FTC could be granted in respect of foreign tax paid on income derived from countries that have not concluded DTA with Singapore.
- DTA provisions generally take precedence over the domestic law.

Thin capitalisation
- There are no thin capitalisation rules in Singapore.

Transfer pricing
- Certain provisions in the tax law operate to require related-party transactions (RPTs) to be on arm's-length terms, i.e. being carried out as if the parties were unrelated and independent.
- Where pricing of the RPTs is not at arm's length, the tax authority may impose transfer pricing (TP) adjustments to increase income, reduce deductions or losses of a taxpayer. Surcharges may be imposed on the TP adjustments, regardless of whether there is tax payable on the adjustments.

Cash pooling
- General tax deduction rules and transfer pricing principles apply to cash pooling arrangements.

Banking services tax
- There are no specific tax rules relating to banking services in Singapore.

Corporate Income Tax (Rate)	**17%**
Personal Income Tax (Rate)	**Progressively up to 24%**
Value Added Tax (Rate)	**9%**
IMD World Competitiveness Ranking number	**04**

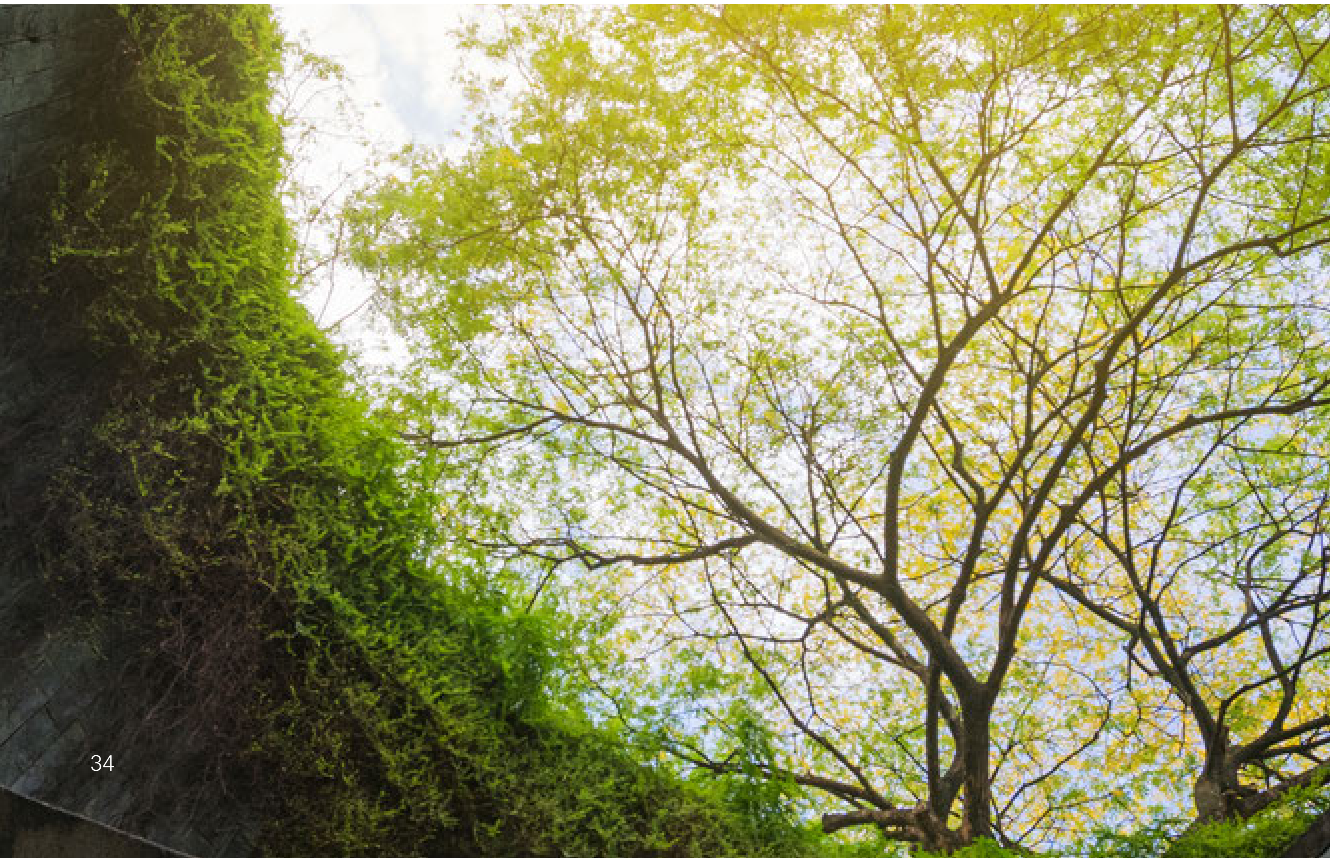
Environmental, social, and governance

Singapore has committed to peaking its emissions before 2030 and achieving net zero emissions by 2050. To realise this ambition, the Singapore Government has launched various initiatives to accelerate the low-carbon transition for industry, economy and society, such as the Singapore Green Plan 2030, the Finance for Net Zero Action Plan and the Sustainable Finance Jobs Transformation Map, to name a few.

The Singapore Green Plan charts concrete targets to be achieved by 2030 for five key pillars: City in Nature, Energy Reset, Green Economy, Resilient Future, and Sustainable Living. One key target under the Green Economy pillar is for Singapore to be both a leading sustainable finance centre and a carbon services hub in Asia and globally.

Targeted incentives introduced to accelerate Singapore's net-zero transition include, but are not limited to:

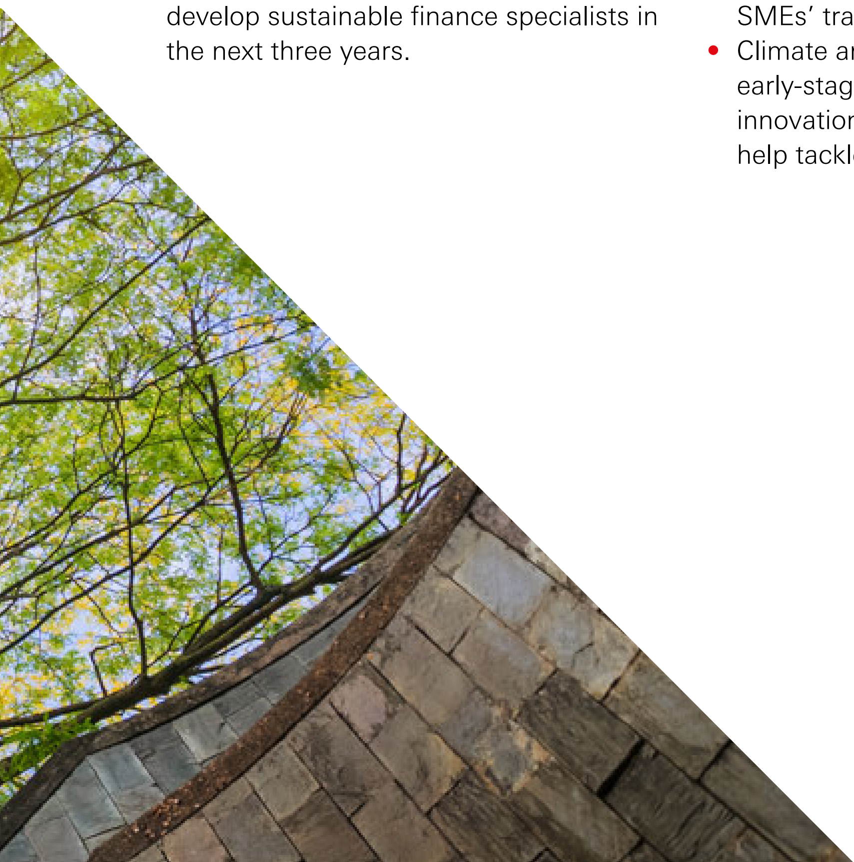
- Carbon pricing: Singapore's carbon tax was raised from SGD5/tCO2e to SGD25/tCO2e in 2024. It will be raised to SGD45/tCO2e in 2026 and 2027, with a view to reaching SGD50-80/tCO2e by 2030.
- Energy efficiency: The government has introduced the Energy Efficiency Grant, Resource Efficiency Grant for Emissions and the Investment Allowance for Emissions Reduction to support businesses in improving their energy efficiency.
- Green transport: The Land Transport Authority has implemented the EV Early Adoption Incentive (EEAI) and Vehicular Emissions Scheme (VES) to encourage EV adoption.



- Small- and medium-sized enterprises (SMEs) transition: Enterprise Singapore launched the Enterprise Sustainability Programme to support SMEs on their sustainability initiatives, including the Enterprise Financing Scheme – Green, which enhances access to green financing for green solution developers, enablers and adapters. HSBC is the first international bank to participate in the scheme.
- Sustainable financing solutions: MAS has introduced its Sustainable Bond & Loan Grant Scheme to incentivise issuances from corporates, including the SMEs, by defraying the expenses of engaging independent service providers to validate the green and sustainability credentials of an issuance.
- Sustainable talent ecosystem: MAS has allocated SGD35 million in 2024 to support upskilling and reskilling efforts to develop sustainable finance specialists in the next three years.

HSBC offers various sustainable finance and investment solutions for our clients, ranging from corporate, institutional to personal clients. For example, HSBC has a dedicated commercial banking frontline team in Singapore to support its clients on sustainable finance-related arrangements. HSBC plans to provide sectoral-themed thought leadership and assessment tools that will help advance the Singapore business community's low-carbon transition journey, particularly within these three key areas:

- Energy and infrastructure: Providing financing support to renewable energy and energy transition projects that will help reduce Singapore's reliance on fossil fuels.
- SME Transition: With SMEs playing an important role in Singapore's economy, HSBC aims to provide support including knowledge-sharing to encourage local SMEs' transition.
- Climate and social innovation: Funding early-stage companies that provide innovation and new technology that can help tackle climate and social issues.



Clearing systems holidays 2024

Holiday	Date
New Year's Day	1 January, Monday
Chinese New Year	10 February, Saturday 11 February, Sunday[1]
Good Friday	29 March, Friday
Hari Raya Puasa	10 April, Wednesday
Labour Day	1 May, Wednesday
Vesak Day	22 May, Wednesday
Hari Raya Haji	17 June, Monday
National Day	9 August, Friday
Deepavali	31 October, Thursday
Christmas Day	25 December, Wednesday

1. Monday, 12 February 2024, is a public holiday.

Sources: CEIC; Climate Bonds Initiative; Department of Statistics, Singapore; ESG Investor; Global Payments Report 2024 by WorldPay; HSBC; IMF; KPMG (Taxation); Ministry Of Manpower, Singapore; OECD; Monetary Authority of Singapore; Trading Economics; Singstat; US Department of the Treasury; World Bank

The destination of choice for regional headquarters in Asia Pacific

Asia is in the middle of an historic transformation. By 2030, the region is expected to contribute roughly 60% of global growth. It will also make up more than half of the world's middle-class population and form the bulk of demand for consumer goods, according to Asian Development Bank forecasts. For global businesses seeking to make the most of the enormous opportunities that Asia's growth presents, finding the optimum location for a regional headquarters (RHQ) is key.

The diversity of Asia, even just within the ASEAN countries, makes it an exciting place to do business – but it is not without its challenges. Differences in regulatory regimes mix with alternate business conventions, languages and cultures; but these challenges also explain why Singapore remains a compelling choice for an RHQ. As one of the world's leading trade centres, with proximity to some of the fastest-growing markets – including China and India – enhancing its status as a financial centre, Singapore's open and export-oriented economy is incredibly well-connected, both physically and by trading agreements.

Singapore is a trusted and leading gateway to the region. It has the highest number of regional headquarters in the past 10 years in Asia Pacific[1].

An ideal RHQ location

Some 4,200 subsidiaries across a wide spectrum of industries – from technology and commodities to logistics and more – are already taking advantage of Singapore's stable political, tax, and legal and regulatory systems, and business-friendly environment, to set up their RHQs – the highest number in Asia[2].

For businesses considering a 'China Plus One' strategy, where China remains the main supply source or consumer market, but the company diversifies some activities to other countries, Singapore is an attractive gateway to ASEAN for all the hard financial and legal reasons, as well as the cultural and language closeness the countries share. More international firms in China, for example, are now seeking to set up Singapore-based 'control towers' – hubs of operational and technical expertise that can help them capture growth opportunities and manage their expansion in the region[3].

From a treasury perspective, navigating regulation in ASEAN economies can be a greater challenge than the more established treasurer-related issues such as foreign exchange (FX) volatility, capital controls and liquidity visibility. Singapore's regulatory environment is among the least restrictive in the world, and is complemented by one of the most globally competitive tax environments.

Tax incentives are available to businesses that use Singapore as a regional or global headquarters; in particular, the Finance & Treasury Center (FTC) Incentive, administered by the Singapore Economic Development Board, encourages businesses to grow treasury management capabilities and use Singapore as a base for conducting strategic finance and treasury management activities[4].

A focal point for Asian trade

27 **Free trade agreements**

39 **Trading partners**

100 **Double taxation agreements**

Shipping:
- One of the world's busiest transshipment hubs with 30% of Asia's trade passing through Singapore.

Air:
- In close proximity to key countries in ASEAN, all reachable within six hours by plane from Singapore.
- Asia's top air travel hub, serving over 62 million passengers annually.

Source: Singapore Economic Development Board; Inland Revenue of Singapore; Financial Times, 2023

Watch why IFFCO Group decided to set up its regional hub in Singapore

A leading financial ecosystem with political stability

A politically stable nation with a strong legal framework, Singapore is the only country in Asia rated AAA/A+ by Fitch, Moody's and S&P[5]. The city-state also has a thriving financial ecosystem. As Asia's largest FX trading hub and the world's third-largest FX market, it offers full capital convertibility, with no liquidity restrictions or FX controls, supporting optimal liquidity solutions, including RMB.

A sophisticated innovation hub

Singapore is ASEAN's most innovative city and hosts a vibrant technology ecosystem consisting of businesses and organisations across sectors that are experimenting with new ways to solve challenging problems[6]. Businesses seeking to create, test and export innovative solutions to Asia and beyond are able to tap into a diverse pool of talent, draw on cutting-edge research from top universities and connect with thought leaders in their industries.

A diverse talent pool

The country's highly skilled multinational workforce is another strong drawcard for international corporations looking to set up a regional base. Singapore's bilingual education policy means that the local talent pool is proficient in English and at least one other language, such as Mandarin, Bahasa Melayu or Tamil. The lifestyle and business environment also mean that Singapore can attract top global talent; ranked number 1 in Asia for attracting and growing talent, and as the second-most attractive destination for global talent[7].

A catalytic sustainable finance centre

Among countries in Southeast Asia, Singapore leads the way when it comes to advancing sustainable finance. Its government has taken considerable steps to mobilise financing to catalyse Asia's net-zero transition and support the growth of the green economy in Singapore and Asia. Singapore is ASEAN's largest sustainable debt market; from 2017 to 2022, Singapore accounted for 63% of the cumulative sustainable debt issuances in the region[8].

HSBC is uniquely placed to help corporates leverage Asian growth opportunities, thanks to its wide presence across the region. Operating as a full bank, it is also a participating bank in Singapore's clearing and settlement systems, which enables it to take full advantage of the nation's status as the largest FX centre in the Asia Pacific region.

Through our ASEAN Desk network, we support our clients by identifying growth opportunities in Asia Pacific's varied markets. We already serve many regional headquarters in Singapore, providing customised solutions that cover treasury and process optimisation, risk and working capital.

> The international business community is clear on where it wants to call home in Asia: Singapore[9].

1. Singapore Economic Development Board
2. Bloomberg, 2023
3. HSBC
4. Singapore Economic Development Board
5. HSBC
6. Innovation Cities Index 2022-2023: ASEAN – Most Developed Cities
7. Global Talent Competitiveness Index, INSEAD, 2022
8. HSBC Insights, May 2023
9. Bloomberg, 2024

Case study:

Foodpanda

Implementing innovative solutions to support rapid growth

The challenge

Online food and grocery delivery platform Foodpanda is owned by Berlin-based Delivery Hero. Headquartered in Singapore, Foodpanda is currently the largest food and grocery delivery platform in Asia (excluding China), operating in more than 400 cities across 11 Asian markets.

A pioneer of quick commerce, the company handles hundreds of thousands of orders a day. Its rapid expansion across Asia required a reworking of treasury operations.

Foodpanda wanted to centralise and streamline operations; get a better view of its cash position across the region; address a lack of automation on key processes; achieve cash efficiency; and reduce the number of banking relationships and accounts it had to manage.

Find out how Foodpanda fostered innovation and growth in Asia with HSBC

The solution

HSBC worked with Foodpanda's regional headquarters in Singapore to implement a centralised treasury and cash management structure to serve all its regional markets. The structure covers payment and collection solutions, such as omni-channel payments to deliver greater convenience and flexibility to customers.

A range of regional and domestic solutions were deployed:

- Bulk execution of payments via real-time payment (RTP) rails by uploading payment files to HSBC directly from its SAP system, which allows Foodpanda's partners to receive funds in seconds.
- An automated withholding tax generation and direct issuance process, which reduces manual effort for Foodpanda's finance team.
- Virtual accounts (VA), which help automate identification of incoming payments from merchants and reduce the overall number of physical collections accounts.
- Expanding the number of supported digital payment methods in Foodpanda's markets of operation, which enhance customer experience and improve reach.
- A highly efficient ticket management solution, which has significantly reduced time spent on resolving payment incidents, and allows analysis on the tickets, trends and solutions.

HSBC solutions and capabilities

- Payments
- Receivables
- Channels: Application Programming Interface (API)
- Service & implementation

The benefits

With the creation of a future-proof solution, there have been several benefits, including cost savings, process efficiencies, increased automation, mitigation of risk, improved visibility and a reduction in manual intervention and errors.

Foodpanda is one of the first food delivery companies to enable payouts via RTP in Malaysia and Thailand. Up to 100,000 payments are now executed via this method in these two markets, showing the commercial viability of using RTPs to support large daily payment volumes.

USD1 million has been generated through the interest enhancement solution, enhancing yield on balances in both free and restricted currencies across the company's various markets of operation.

The expansion of supported payment options has been appreciated by customers across the region.

In 2023, Foodpanda was named Highly Commended Winner, Best in Class Treasury Solution in ASEAN at the Adam Smith Awards ASIA.

> "Throughout ASEAN, the pace of economic growth, supply chain integration and regional connectivity is accelerating – driving increased optimism and ambition for the future. Sitting at the heart of ASEAN, Singapore has a unique role to play, attracting globally ambitious businesses such as Foodpanda.
>
> To unlock these regional opportunities, companies need seamless transaction banking across multiple sites – so we are proud of having worked with Foodpanda to implement first-of-their-kind solutions in each of its markets."
>
> **Priya Kini**
> Head of Commercial Banking, Singapore, HSBC

Case study:

Glife Technologies

Financing that supports a more sustainable food ecosystem in Southeast Asia

The challenge

The food industry has suffered major supply chain disruptions in recent years amid the Covid pandemic, conflict in Europe and the impact of climate change. Food security has become more of a focus for governments and businesses, and consumers and wholesale buyers are taking more interest in how and where their fruit, vegetables and meat are produced.

Glife Technologies is a business-to-business food-sourcing platform, set up in 2017. Part of a new wave of food tech ventures, the firm provides a reliable link between the hospitality industry and the agricultural sector, using its own distribution network and a platform that works by aggregating orders from multiple restaurants and sourcing in bulk directly from farmers, reducing the number of times produce changes hands. Having fewer intermediaries involved makes it easier to impose consistent food standards and control costs, and reduces the risk of mishandling, damage and contamination.

More than 2,000 food and beverage merchants are currently using the app, which connects them to over 1,000 farmers, to view the flow of their ingredients through the supply chain. It sources food from marginalised communities in Southeast Asia – such as ethnic minority groups, which are among the poorest sections of the regional population – with a particular focus on farmers who lack immediate access to end-buyers. Glife has ambitious expansion plans, aiming to be the market leader in digital food sourcing in Southeast Asia.

> "HSBC's international footprint and global network makes it a very effective partner to help us grow our business internationally."
>
> **Justin Chou**
> Co-Founder and CEO,
> Glife Technologies

The solution

Glife has been building its regional business by expanding from its Singapore base into Indonesia, Malaysia and Vietnam. It has invested in Koina, a Vietnamese start-up that provides farmers with tech solutions, acquired a controlling stake in PanenID, an Indonesian start-up that connects farmers with restaurant and hotel buyers in Bali, and took a majority share in Yolek, which distributes plant-based foods to food service businesses across Malaysia.

To provide working capital for its expansion into new markets, Glife took out a loan in 2023, arranged by HSBC. The proceeds from this loan are designed to help finance social projects – in this case, with the aim of improving food security and creating more sustainable food systems while driving socio-economic advancement.

HSBC solutions and capabilities

- **New economy**
- **Sustainable finance**
- **Trade**
- **Working capital support loan**
- **Service & implementation**

The benefits

Glife's financing reflects the strength of HSBC's support for new economy companies in Asia. For example, the bank has a USD200 million fund it can draw on to support high-growth, pre-profit new economy businesses in Singapore. HSBC was delighted to arrange this facility for Glife, one of the first 'new economy' clients of the Singapore Business Banking division to take on a loan. This deal highlights the kind of opportunities there are for HSBC to work with new economy players on sustainable finance transactions.

The deal helped Glife reach more beneficiaries by enabling more farmers to improve their earnings and increasing food security for the communities that source produce from its origins. Justin Chou, Glife's Co-Founder and CEO, says the company's HSBC's relationship manager in Singapore connected Glife with the bank's teams in Malaysia and Indonesia to discuss establishing new relationships in those markets and more potential mergers and acquisitions.

As the momentum behind sustainable and socially responsible food sourcing grows, Glife is accelerating its growth and showing how the food tech sector in Asia can make supply chains more efficient and sustainable, while also helping integrate local communities.

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✓
Notional pooling – balance compensation	✓
Notional pooling – interest optimisation	✓
Liquidity Management Dashboard	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via Fast and Secure Transfers (FAST) & Paynow Alias	✓
Commercial cards	✓
Virtual cards	
International outgoing transfers	✓
SWIFT GPI	✓
Card issuing	✓

Collections

Over-the-counter deposit (cash)	✓
Inward telegraphic transfers	✓
Inwards Fast and Secure Transfers (FAST)	✓
Inward domestic transfers	✓
QR code SGQR (Singapore Quick Response code) E-labels	✓
FAST Direct Debit Collections	✓
ACH Direct Debit Collections	
Virtual Accounts for Payor Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Local e-banking	✓
Global e-banking – HSBCnet	✓
SWIFT/ host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Shipping guarantees	✓
Bank guarantees – domestic and re-issuances through HSBC's network	✓
Standby documentary credits	✓

Working capital optimisation

Trade loans	✓
Receivables finance	✓
Supply chain finance	✓
Asset-based lending	✓

Real-time updates

Trade Transaction Tracker via HSBCnet Mobile App	✓
Transaction alerts and advices – instant email notifications	✓

Trade channels

SWIFTNet for Corporates	✓
HSBCnet for Trade	✓
Host to host	✓
Trade finance APIs	✓

Markets and securities services

HSBC's Markets and Securities Services business is one of the largest amongst financial institutions globally. We are active in about 70 countries and territories worldwide.

The Corporate Sales team in Singapore is well equipped in multi-asset and cross-border capabilities to facilitate dialogues with customers from both local and global perspectives. We have an established Regional Treasury Centre (RTC) desk acting as the central point of contact for clients across the globe.

FX and precious metals capabilities

- Spot
- Forwards, swaps and non-deliverable forwards
- Comprehensive range of FX option strategies and structuring solutions
- Precious metals loans, forwards, swaps

Interest rates and thought leadership capabilities

- Asset and liability management.
- Full range of swap and interest rate option strategies covering G10 and emerging market currencies.
- Bespoke models used to simulate clients' exposures to various market risks.
- Derivation of optimal hedging policy to maximise risk mitigation and minimise cost.

HSBC foreign exchange capabilities

Trading platform

Spot	✓
Forward	✓
Swap	✓
NDF	✓
Time option forwards	✓
Multi deals	✓
Orders	✓
Algorithmic	✓

Transactional FX

FX API	✓
Dynamic currency conversion	✓
Real-time FX rates	✓

Post trade portal

View, confirm, dispute trades online	✓
Historical trade data	✓
Trade reporting	✓

Expand your international business into ASEAN | HSBC Singapore

Indonesia
at a glance

Executive message: Welcome to Indonesia

François De Maricourt
President Director,
PT Bank HSBC Indonesia

Head office address:
World Trade Centre 3, 9th Floor,
Jl. Jendral Sudirman Kav. 29-31,
Jakarta 12920

Indonesia's vast archipelago comprises of over 17,000 islands. Rich in heritage, culturally diverse, innovative and progressive, it provides incredible opportunities for international businesses and it's the largest market in ASEAN.

Indonesia has the fourth-largest population in the world and has a high-performing, fast-growing economy that is expected to become one of the top five economies in the world by 2045.

HSBC has a long and diverse history in the country, and is celebrating its 140th anniversary in Indonesia, with the Hongkong and Shanghai Banking Corporation Limited opening its first branch in Jakarta in 1884.

The extensive footprint of PT Bank HSBC Indonesia in the country has allowed us to contribute directly to the growth of the Indonesian economy, connecting customers to opportunities through our expanded capabilities and geographical reach, both locally and globally.

With award-winning solutions, we believe we have much to offer you and your business to soar and capture every opportunity that Indonesia has to offer.

We look forward to working with you!

Watch the video to learn more about the growth opportunities Indonesia offers to your business.

Click here to watch

Overview

Indonesia

Population
277.5 million (2024 est.)

Total area
1.90 million sq km

Capital
Jakarta[1]

Major language(s)
Bahasa Indonesia, English

Central bank
Bank Indonesia

Gross domestic product (GDP)
USD1,371 billion (2023);
5% growth rate (2023);
USD5,116 per capita (2023)

Time zone
UTC +7 (West);
UTC +8 (Central);
UTC +9 (East)

Currency
Indonesia Rupiah (IDR)

Consumer price index, average
4.2% (2022);
3.7% (2023 est.);
3.2% (2024 est.)

Exchange rate vs. USD
16,333.3
(as of 30 June 2024)

Banking system and bank accounts

Bank Indonesia (BI) is Indonesia's central bank. BI aims to maintain the stability of the currency by targeting inflation within a +1% to -1% corridor; the inflation target is 1.5% to 3.5% in 2024.

To achieve its inflation target, BI sets the policy rate (the 7-day reverse repo rate) on a monthly basis. As loans generally don't directly reference the policy rate, the transmission-to-loan yields and bank NIMs depend on market dynamics, such as competition and liquidity.

In addition to the policy rate, BI also sets the reserve requirement ratio (RRR), which influences liquidity. Banks that lend to priority sectors are permitted to use a lower RRR.

Three out of four of the largest banks in the country are state-owned, with Bank Central Asia the largest privately-owned bank.

Foreign banks also participate in the middle market. After that, there is a long tail of around 100 banks.

In 2020, Indonesia's financial services authority raised minimum capital requirements to spur consolidation.

Documentation requirements for opening bank accounts for local corporations include:

- Deed of Establishment (Akta Pendirian) including its approval from Ministry of Law and Human Rights
- Tax Identification Number (Nomor Pokok Wajib Pajak or NPWP)
- Business Identification Number (Nomor Induk Berusaha or NIB)
- Ministry of Investment/BKPM Investment Registration Letter (SIUP)
- A copy of the ID card of all board of directors, shareholders and authorized signers
- A copy of KITAS (an Indonesian limited-stay permit) for foreigners
- Minimum deposit amount of IDR1,000,000 or USD100 depending upon bank and account currency

There are no minimum turnover requirements to open a corporate bank account in Indonesia. However, some banks have minimum monthly balance requirements that you should also consider before opening your account.

The following types of bank accounts are currently available:

Type of corporate entity		Resident	Non-resident
Non-interest bearing current account	IDR	✓	✓
	Foreign currency	✓	✓
Interest-bearing current account	IDR	✓	✓
	Foreign currency	✓	✓
Savings account		N/A	N/A
Credit facility		✓	×

Foreign companies can open IDR current accounts.

Clearing systems and payment instruments

BI has the following clearing systems which support different types of transfer modes:

Clearing system	Comments
High-value funds transfer via the real-time gross settlement (RTGS)	• BI has developed an RTGS system, which allows real-time high-value IDR domestic funds transfer between banks in Indonesia. • BI has set a policy that funds transfers above IDR100 million should be defaulted via RTGS. • RTGS is only available at BI's headquarters in Jakarta. Banks located in Jakarta have the option of registering as direct members of RTGS. For banks located outside Jakarta, access to RTGS is via a correspondent bank with direct membership of RTGS. • BI operates RTGS for the electronic real-time transfer of cash funds in Indonesia on a gross basis for amounts above IDR100 million. The system is open to banks, non-bank financial institutions, other entities that transfer funds and switching companies. To access RTGS, market participants are required to maintain accounts at BI. • Cash payments may only be made if funds exist on the payer's account at the central bank. Payments are considered final and irreversible upon the book-entry crediting of the receiver's account. Backvalue payments are not possible via the RTGS.
Bank Indonesia National Clearing System – Sistem Kliring Nasional (SKN)	• A paperless clearing system used to clear funds transfers for amounts up to IDR1 billion. • Under the SKN, same-day transfers can be executed through the issuance of a physical credit note for interbank payments and via cheque for payments between banks and non-bank entities. • Introduced by the BI, SKN runs on a net settlement system basis with two daily settlement cycles carried out by the central bank. • SKN enables voucherless or electronic clearing by connecting all 151 clearing operators in Indonesia with BI's headquarters. • SKN is designed for low-value domestic payments (below IDR100 million). • To date, BI has successfully completed the implementation of SKN nationwide.

Clearing system	Comments
Domestic Cheque Clearing	• Intercity clearing: Intercity clearing was introduced by BI to shorten cheque collection times. There are 55 banks registered as direct members of the intercity clearing scheme. Intercity clearing enables registered bank members to clear cheques issued by any registered member via its headquarters, regardless of whether the cheque instrument itself was issued by one of its remote branches. Cheques issued and deposited to a bank branch that is a direct member of intercity clearing will be processed on a local clearing basis, thereby making cleared funds available to accounts more quickly. • Upcountry cheque clearing – Inkaso: Cheques issued by non-members of intercity clearing must be cleared in the same city as the issuing branch, which has been designated as an upcountry cheque collection (Inkaso) processing centre. The processing of upcountry cheques should take a maximum of 27 working days.

Cash remains a key payment method. However, usage in point-of-sale transactions fell from 77% to 53% between 2020 and 2022. Cash continues to endure as one of the payment methods preferred by Indonesians today, largely due to the unbanked population of around 180 million, or around 65% of the total. However, change is underway, backed by the government, who introduced the Quick Response Code Indonesia Standard (QRIS), which pulls together all digital payment providers (mobile wallets, digital banking) under one central QR code.

Cheque usage is declining due to the rise of electronic payments, but they are still used, especially in business transactions and by older demographics.

Cards are widely accepted across the country in both physical and online stores, supported by major international card networks like Visa and Mastercard.

Mobile and Electronic Wallets: Indonesia has the highest digital wallet adoption rates in APAC, with e-money transactions reaching USD2.1 billion from 2020 to 2021. Some of the most popular wallets are: OVO, DANA and LinkAja!

Trade

Indonesia is one of the world's largest exporters of coal and natural gas. It is surrounded by economies from China to India, South Korea and Japan that are thirsty for natural resources. The Southeast Asian nation is also part of the free trade zone of ASEAN. Many transshipments moving in and out of the country also pass through Singapore.

An export boom across Southeast Asia has been benefiting Indonesia. A significant amount of ASEAN business also gravitates around Indonesia in terms of regional economies due to its size. Its population is double that of the Philippines, the second-most populous country. Indonesia makes up 40% of the region's total population, while its economy is twice as big as the second-largest ASEAN member, Thailand. Indonesia accounts for one-third of the region's whole economic strength.

In 2017, Indonesia made exporting and importing easier by improving the customs services and document submission of the Indonesia National Single Window. Stronger global growth and rebounding international trade have spurred on exports. Both export and import volumes have registered double-digit growth for the first time since 2012.

Crude palm oil, coal, cocoa, tin and natural gas are all strong Indonesian exports. Its key imports include mobile phones, machinery and equipment, chemicals, fuels and food.

	Exports	Imports
Value (2023)	**USD259 billion**	**USD222 billion**
% of GDP (2023)	**19%**	**16%**

Taxation

Resident/non-resident

- The company is a tax resident in Indonesia if it is incorporated or domiciled in Indonesia or its place of management is in Indonesia.
- Resident companies are subject to income tax on their worldwide income.
- Non-resident companies without a permanent establishment in Indonesia are taxed only on income derived or received from Indonesia.

Financial instruments

- Realized gains and losses from financial instruments are generally taxable and deductible.

Interest and financing costs

- Interest is generally tax deductible, on the condition that the underlying loans were used in the course of ordinary business.
- If the debt-to-equity ratio was beyond reasonable level, the tax deduction may be limited and certain interest incurred may be disallowed (see the discussion in 'Thin capitalisation').
- If the loan fundings were (1) placed in interest-earning deposits, or (2) used to purchase shares in which the relevant dividends are tax-exempt, the interest paid is non-deductible.

Foreign exchange

- Foreign exchange differences are generally taxable (gains) and deductible (losses).

Advance tax ruling availability

- Advance tax rulings are available in Indonesia by submitting a letter to the Indonesia Tax Office and getting a confirmation.

Capital gains tax

- Capital gains are treated as ordinary business income and subject to normal corporate income tax. Unless for selling land and building, it will be subject to 2.5% final tax from gross proceeds.

Withholding tax

- Domestic interest and royalty payments are generally subject to withholding tax at 15%.
- Payments made for most types of domestic services and rent (non-land/building) are subject to withholding tax at 2% while land/building rent are subject to withholding tax at 10%.
- Sale of certain luxury goods is subject to withholding tax at various percentages, depending on the specific luxury goods.
- Dividends distributed to non-residents are subject to withholding tax at 20%. Withholding tax on dividends distributed to non-residents is reduced to 10% under certain administrative concessions.
- Interests and royalties paid to non-residents are subject to withholding tax at 20%.
- The withholding tax rate is lowered to 10% for interest paid on bonds.

Tax treaties

- A foreign tax credit (FTC) is granted under Indonesia's tax treaties. The credit is limited to the lowest of (1) the actual foreign tax paid, (2) the specific amount calculated under the FTC rules, and (3) the tax rate stipulated in the applicable tax treaty.
- A unilateral FTC is granted in respect of foreign tax paid on income derived from countries that have not signed double taxation agreements with Indonesia.
- It is generally accepted that the tax treaty provisions take precedence over the domestic law.

Thin capitalisation

- The company's debt-to-equity ratio must not exceed 4:1. Borrowing costs on debts in excess of such ratio is non-deductible.
- The debt-to-equity ratio does not apply to banks, financial institutions and some other specific business sectors.

Transfer pricing

- Certain provisions in the tax law operate to require related-party transactions (RPTs) to be on arm's length terms, i.e. being carried out as if the parties were unrelated and independent.
- If it is found that the pricing of the RPTs is not at arm's length, the tax authority may impose adjustments and reallocate the income and deductions between the related parties.

Cash pooling

- General tax deduction rules and transfer pricing principles apply to cash pooling arrangements.

Banking services tax

- There are no specific tax rules relating to banking services in Indonesia.

Corporate Income Tax (Rate)	**22%**
Personal Income Tax (Rate)	**5–35%**
Value Added Tax (Rate)	**11%** (There are exemptions and exceptions.)
IMD World Competitiveness Ranking number	**27**

Environmental, social and governance

Initiatives by the Financial Services Authority (OJK):

- Revised Green Taxonomy published in February 2024, which includes traffic light colour coding for alignment of activity/project with taxonomy.
- Launched guide for banks on climate risk management and scenario analysis in March 2024.
- Issued rules for carbon trading in September 2023 and signed MoU with Abu Dhabi counterpart to boost carbon market development in October 2023.
- Issued rules on sustainable debt securities in sukuk in October 2023.
- Sustainability-oriented strategy/planning of a company must be included in the sustainability report submission to the OJK. The standard format/content is not strictly regulated.

Initiatives by the Ministry of Finance:

- Launch of JETP Comprehensive Investment and Policy Plan in November 2023, following on from initial high level deal at G20 Summit.
- Launched Asia's first blue bond in May 2023.
- Issuance of ESG Framework and Manual.
- Launch of ETM Country Platform, to provide financing support to accelerate the national energy transition, by mobilizing funding sources in a sustainable manner.

Expected developments:

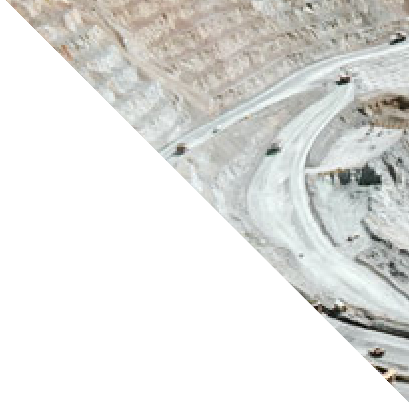
- Carbon tax expected to be in place in 2025, following initial introduction in July 2022.

Clearing systems holidays 2024

Holiday	Date
New Year's Day	1 January, Monday
Isra Mi'raj	8 February, Thursday
Chinese New Year	10 February, Saturday
Presidential Election	14 February, Wednesday
Nyepi Day	11 March, Monday
Good Friday	29 March, Friday
Eid al-Fitr	10–11 April, Wednesday, Thursday
Labour Day	1 May, Wednesday
Ascension Day of Jesus Christ	9 May, Thursday
Vesak Day	23 May, Thursday
Pancasila Day	1 June, Saturday
Eid al-Adha	17 June, Thursday
Islamic New Year	7 July, Sunday
Independence Day	17 August, Saturday
Prophet Muhammad's Birthday	16 September, Monday
Christmas Day	25 December, Monday

1. Indonesian lawmakers on 18 January 2022 approved the relocation of the country's capital from Jakarta to a site on the island of Borneo between Samarinda City and the port city of Balikpapan; The new capital, named Nusantara, is expected to be established in August 2024.
2. 2C2P

Sources: Bank Indonesia; Climate Bonds Initiative; CEIC; ESG Investor; HSBC; KPMG (Taxation); Trading Economics; US Department of the Treasury; World Bank



Case study:

Macmahon Indonesia

Game-changing liquidity solutions to fund working capital requirements

The challenge

PT Macmahon Indonesia (the "Company") is the Indonesian subsidiary of Macmahon, a publicly listed Western Australia-based mining and civil services contractor that offers services for surface and underground operations, development, engineering and site rehabilitation. In Indonesia, the Company works in the second-largest copper-gold mine in the country, the Batu Hijau mine in Sumbawa.

The Company was looking for a solution to manage its liquidity using intercompany transactions rather than a third-party loan to fulfill working capital requirements.

The Company processed its intercompany loan manually, leading to time-consuming fund transfers and cash balance calculations. As balances were scattered across accounts, this resulted in lower-tier interest rates as well.

Macmahon was looking for solutions that could create efficient balance movements, interest calculations and reporting, with an all-in-one automated solution to enhance balance returns.

> "HSBC's liquidity solutions helped us fully automate and digitalise our intercompany transactions to fully self-fund working capital requirements of the entities under the group."
>
> **Poltak Hutasoit**
> Director, PT Macmahon Indonesia

The solution

HSBC put together a domestic IDR cash concentration structure in order to help the Company meets its business demands. The cash concentration structure automatically swept funds from participating accounts to a header account held with HSBC Indonesia. In this regard, HSBC Indonesia provided an enhanced interest rate for funds swept to this header account, allowing Macmahon to enjoy higher interest yields from IDR liquidity.

The automated cash-concentration system offered by HSBC's Global Liquidity Solutions (GLS), allows funds to be pooled in a central account, offering higher interest rates and, more importantly, simplifying liquidity management. Instructions and parameters could be amended by the Company at any time on HSBC's liquidity management platform. Balances and interest return on intercompany loans were also automatically calculated and reflected on a report generated by the platform. This helped automate the management and calculation of the Company's liquidity.

HSBC solutions and capabilities

Liquidity management

Service & implementation

The benefits

The combination of the consolidated account balance in the Company's header account along with the enhanced interest rate has helped Macmahon see a boost in its profits. Accessible using a single login on HSBCnet, the GLS self-service tool provides the Company with a simple and convenient method of amending its liquidity structures to suit business needs.

The solution has also significantly reduced the manual effort spent on calculating account balances and returns on intercompany lending interest. Intraday Overdraft supports daily transactions of sub-accounts and avoids manual movement of funds during the day. Automatic settlement also helps to avoid penalty and interest incurred.

Macmahon received the 'Treasuries Client Award: Best Liquidity and Investment Solution' at The Asset's Triple A Awards in 2023.

The successful implementation of HSBC's GLS by Macmahon showcases its pragmatic uses for companies with layers of operational complexities.

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✗
Notional pooling – balance compensation	✗
Notional pooling – interest optimisation	✗
Liquidity management dashboard	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments (in-house)	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via Fast and Secure Transfers (FAST) & Paynow Alias	✓
Commercial cards	✓
Virtual cards	✗
International outgoing transfers	✓
SWIFT GPI	✓
Card issuing	✓

Collections

Over-the-counter deposit (cash)	✓
Inward telegraphic transfers	✓
Inwards Fast and Secure Transfers (FAST)	✓
Inward domestic transfers	✓
Quick Response Code Indonesian Standard (QRIS)	✗
FAST Direct Debit Collections	✗
ACH Direct Debit Collections	✗
Virtual Accounts for Payor Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Local e-banking	✗
Global e-banking – HSBCnet	✓
SWIFT/host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	✗

Trade channels

Trade finance	✓
Supply chain finance	✓
SWIFTNet Trade for Corporates	✓
HSBCnet for Trade	✓

Malaysia
at a glance

Executive message: Welcome to Malaysia

Dato' Omar Siddiq
Chief Executive Officer,
HSBC Bank Malaysia, Berhad

Head office address:
Menara IQ, Lingkaran TRX,
Tun Razak Exchange,
55188 Kuala Lumpur,
Malaysia

Malaysia continues to be a top 25 trading nation and offers great potential for investors. Its booming demography, flourishing business landscape inclusive of a vibrant manufacturing sector, along with its favourable government policies, all offer corporates unique investment prospects. Its diversified economy and connectivity to global trade networks and supply chains further add to its allure.

Located strategically in the heart of ASEAN, Malaysia has one of the highest standards of living in the region. With its superior infrastructure and the substantial investment planned over the coming years, the country makes for an ideal regional and international base for businesses.

HSBC's presence in Malaysia dates back 140 years when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country. Today, HSBC has approximately 6,000 employees in Malaysia, inclusive of employees in the bank and its network of 54 branches nationwide, along with its global shared service centre, which serves the operations of 39 different countries. Our goal is to help our clients grow their businesses and embrace all of the opportunities Malaysia has to offer.

Get in touch to find out how HSBC can help you and your business thrive in Malaysia.

We look forward to seeing you here!

Watch the video to learn more about the growth opportunities Malaysia offers to your business.

Click here to watch

Overview

Population
34.3 million (2023 est.)

Total area
330,323 sq km

Capital
Kuala Lumpur

Major language(s)
Bahasa Malaysia (official language), English, Mandarin and Tamil

Currency
Malaysian Ringgit (MYR)

Gross domestic product (GDP)
USD431 billion (2023 est.);
4.1% growth rate (2023 est.);
USD12,560 per capita (2023 est.)

Time zone
UTC +8

Central bank
Bank Negara Malaysia (BNM)

Consumer price index, average
3.3% (2022);
2.5% (2023 est.);
2.4% (2024 est.)

Exchange rate vs. USD
4.71
(as of 30 June 2024)

Banking system and bank accounts

Bank Negara Malaysia (BNM) is the central bank of Malaysia. It has no explicit inflation target but influences the monetary system through the overnight policy rate (OPR). To manage liquidity, BNM also sets the statutory reserve requirement (SRR) ratio.

Since Malaysia has a large Muslim population, the country has a dual banking system, conventional and Islamic. Commercial banks are the most widely used among consumers.

The industry is competitive because it is a mature banking market. Malaysian banks have expanded into neighbouring countries in Southeast Asia, as well as in the Asia Pacific region.

The basic requirements for opening a business account in Malaysia include:

- A completed application form from the bank.
- Letter of introduction and recommendation from an existing customer of the bank (some banks do not require this).
- Photocopies of the identifications of the company directors and authorised signatories.
- Certified true copies of the:
  - Resolution from the board of directors to open the account and a list of the authorised signatories
  - Return of allotment of shares (section 78)
  - List of directors (section 58)
  - Registered office address (section 46)
  - Company's constitution
  - Certificate of incorporation (section 17).

The following types of bank accounts are currently available:

Account type	Local current	Local savings	Foreign current	Foreign savings
Resident	✓	✓	✓	✓
Non-resident	✓	✓	✓	✓

Clearing systems and payment instruments

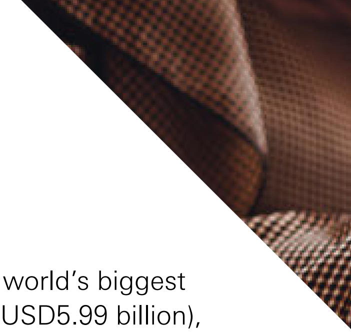
Clearing system	Comments
RENTAS (Real Time Electronic Transfer of Funds and Securities)	• A nationwide, real-time gross settlement system (RTGS) for electronic domestic payments. • The current minimum amount for third party payments is MYR10,000 for conventional and Islamic accounts through manually initiated transactions. • The minimum threshold limit for internet banking channels is currently set at MYR50,000. • There is no limit for accounts favouring RENTAS members' own accounts. • The limit is not applicable to payments in favour of BNM, federal ministries, state governments and other government bodies such as the Social Security Organisation, Employees' Provident Fund or any institutions specified by BNM.
IBG (InterBank Giro)	• Operated by MEPS (Malaysian Electronic Payment Services). • Involves an exchange of digitised transactions to effect payment orders that are less than MYR100,000 per transaction. • IBG services are currently available between participating banks that are MEPS members only. Transfer of funds between an external account and resident account are allowed up to MYR5,000 per day in aggregate for any purpose.
CTCS (Cheque Truncation and Conversion System)	• Uses the electronic image and Magnetic Ink Character Recognition (MICR) data of the cheque and not the physical cheque to process clearing. • Cheques are digitally transmitted, thus efficiently reducing time needed for payment transactions.

Malaysia is shifting towards a cashless society as digital payments become more dominant, with high usage in contactless cards, Quick Response (QR) payments or online and in-app payments.

Popular payment methods encompass online payments through bank transfers enabled by the Financial Process Exchange (FPX) and debit cards and credit cards. E-wallets and QR digital payments are also gaining traction due to the cross-border functionality through DuitNow.

While debit cards and credit cards powered by networks such as Visa, Mastercard and American Express remain popular, Malaysians are embracing the convenience and efficiency of digital transactions, marking a significant departure from traditional payment practices.

BNM reported an increase in e-money transactions per capita from 65 to 98 in 2022.



Trade

In the area of Trading Across Borders, Malaysia introduced electronic forms and enhanced its risk-based inspection system. The country also made importing and exporting easier by improving infrastructure and the port operation system at Port Klang, which is now ranked in the top 20 container ports in the world.

In 2022, Malaysia was ranked the 36th economy in the world in terms of GDP (current USD), the 22nd in total exports, the 23rd in total imports, the 69th economy in terms of GDP per capita (current USD) and the 24th most complex economy according to the Economic Complexity Index (ECI).

In 2022, Malaysia was the world's biggest exporter of Oscilloscopes (USD5.99 billion), Rubber Apparel (USD4.78 billion), Other Vegetable Oils (USD1.66 billion), Rare-Earth Metal Compounds (USD690 million), and Copper Powder (USD664 million).

	Exports	Imports
Value (2023 est.)	**USD352.4 billion**	**USD294.4 billion**
% of GDP (2023 est.)	**68.8%**	**61.7%**

Taxation

Resident/non-resident
- The company is a tax resident in Malaysia if the management and control of its business is exercised in Malaysia.
- Resident companies are subject to tax on income accrued in or derived from Malaysia or foreign-sourced income received in Malaysia.
- Non-resident companies without a permanent establishment in Malaysia are taxed only on Malaysia-sourced income.

Financial instruments
- Realised gains/losses on revenue account financial instruments are taxable/ deductible while unrealised or capital gains/losses are not.
- However, all gains/losses on revenue account financial instruments are taxable/ deductible for banks.

Interest and financing costs
- Interest is generally tax deductible, on the condition that the underlying loans were used in the production of income.

Foreign exchange
- Similar tax treatment as financial instruments.

Advance tax ruling availability
- Taxpayers can request for advance rulings on the interpretation and application of the tax law to proposed arrangements.

Capital gains tax (CGT)

- Real property gains tax (RPGT)
  - Gains from disposal of real property situated in Malaysia or shares in a real property company (RPC) are subject to RPGT at 10% to 30%, depending on the holding period.
  - RPC refers to a controlled company owning real property or shares in an RPC or both where the total value of the property and shares is not less than 75% of its total tangible assets.
  - Effective 1 January 2024, CGT in-scope taxpayers are no longer subject to RPGT on gains from disposal of RPC shares.
- CGT
  - From 1 January 2024, gains from disposal of (1) shares in unlisted companies incorporated in Malaysia, (2) shares in controlled foreign companies deriving value from Malaysian real property, or (3) capital assets situated outside Malaysia with proceeds remitted into Malaysia are subject to CGT.
  - Exemptions may apply to certain situations and subject to meeting conditions.
  - For (1) and (2), CGT rate is 2% or 10%, depending on the acquisition date.
  - For (3), taxpayers are taxed at the prevailing income tax rate.

Withholding tax (WHT)

- Domestic payments are generally not subject to WHT.
- There is no WHT on dividends distributed to non-residents.
- Interests paid to non-residents are subject to WHT at 15%.
- Royalties, service payments and rental of moveable properties paid to non-residents are subject to WHT at 10%. Exemption is provided where the services are performed outside Malaysia.
- Reduced WHT rate may be provided under Malaysia's tax treaties.

Tax treaties

- A foreign tax credit (FTC) is granted under Malaysia's tax treaties. The credit is limited to the lower of (1) the actual foreign tax paid, and (2) the Malaysia tax payable on that foreign income.
- A unilateral FTC is granted in respect of foreign tax paid on income derived from countries that have not signed double taxation agreements (DTAs) with Malaysia or the DTAs do not provide such relief. The unilateral FTC is limited to the lower of (1) the Malaysia tax payable on that foreign income, and (2) 50% of the foreign tax paid.
- DTAs generally take precedence over the domestic law.

Thin capitalisation

- There are no thin capitalisation rules in Malaysia.
- Earning Stripping Rules (ESR) applies to cross-border related party financial assistance, including financial assistance from a foreign-related party operating through a permanent establishment in Malaysia and any financial assistance arrangement with a foreign third-party lender guaranteed by related parties, regardless of the guarantor's tax residency.
- Where total interest expense on all related party financial assistance which is subjected to ESR exceeds MYR500,000, any interest exceeding 20% of the defined tax-EBITDA is disallowed.

Transfer pricing

- Related-party transactions (RPTs) must be on arm's length terms, i.e., being carried out as if the parties were unrelated and independent.
- If it is found that the pricing of the RPTs is not at arm's length, the tax authority may impose transfer pricing adjustments and relevant penalties.

Cash pooling

- General tax deduction rules and transfer pricing principles apply to cash pooling arrangement.

Banking services tax

- None.

Corporate Income Tax (Rate)	**24%**
Personal Income Tax (Rate)	**0–30%**
Value Added (Sales) Tax (Rate)	**10%**
IMD World Competitiveness Ranking number	**27**

Environmental, social and governance

Initiatives by the Ministry of Finance:

- Release of the Principles on Good Governance for Government-linked Investment Companies (PGG).
- Launch of the revised Malaysian Code for Institutional Investors (MCII).

Initiatives by the Securities Commission (SC) Malaysia:

- Alignment of ASEAN Taxonomy for Sustainable Financing with Climate Change and Principle-based Taxonomy Issued by BNM and environmental component of Sustainable and Responsible Investment (SRI) Taxonomy for the Malaysian Capital Market issued by the SC.
- SC Advisory Committee on Sustainability Reporting issued consultation on the implementation of ISSB sustainability reporting standards in February 2024.
- Launch of the SRI-linked Sukuk Framework and expansion of SRI Sukuk and Bond Grant Scheme – for issuances under SRI-linked Sukuk Framework and ASEAN SLBS.
- SC's Capital Markets Malaysia published a transition strategy toolkit in April 2024 to help firms raise transition capital.

Initiatives by Bank Negara Malaysia:

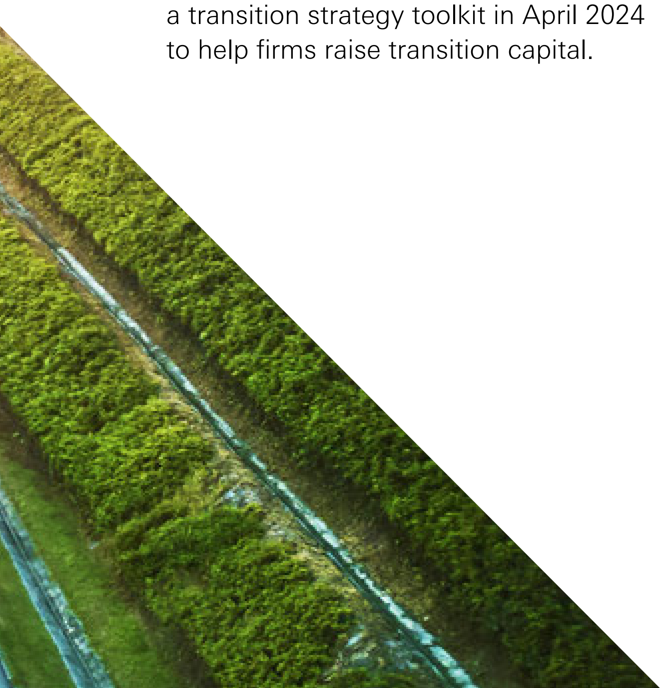
- New methodology for financial institutions' climate Risk Stress Testing exercises published by BNM in March 2024.
- Launch of the Low Carbon Transition Facility (LCTF) to encourage SMEs to adopt sustainable practices.
- Announcement of the Greening Value Chain (GVC) Programme.

Initiatives by Bursa Malaysia (stock exchange):

- Release of the enhanced Sustainability Reporting Guide Framework.
- Launch of the Bursa Carbon Exchange (BCX).

Expected developments:

- JC3 said it would integrate nature risks into financial institutions' climate risk strategies in March, and added it would support finance sector alignment with sectoral transition pathways, as per the national strategy.
- BNM will expand the use cases to include sector- or project-specific use cases for CCPT, based on the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides.



Clearing systems holidays 2024

Holiday	Date
New Year's Day	1 January, Monday
Thaipusam	25 January, Thursday[1]
Federal Territory Day	1 February, Thursday
Chinese New Year	10 February, Saturday 11 February, Sunday[2]
Nuzul Al'Quran	28 March, Thursday
Hari Raya Puasa (Eid-ul-Fitri)	10 April, Wednesday 11 April, Thursday
Workers Day	1 May, Wednesday
Wesak Day	22 May, Wednesday
Harvest Festival (Labuan Only)	30 May Thursday 31 May Friday
Yang Dipertuan Agong's Birthday	3 June, Monday
Hari Raya Haji (Eid-ul-Adha)	17 June, Monday[3]
Awal Muharram (Maal Hijrah)	7 July, Sunday[2]
National Day	31 August, Saturday
Malaysia Day/Birthday of Prophet Muhammad	16 September, Monday
Deepavali	31 October, Thursday
Christmas Day	25 December, Wednesday

1. Excludes Labuan
2. When a public holiday falls on Sunday, the following Monday will be observed as a holiday, and if there is an overlapping public holiday on a weekday, the following day will then be observed as a holiday. Nonetheless, the replacement is subject to the changes made by the Prime Minister's Office (PMO).
3. Date subject to change

Sources: Asian Development Bank; Bank Negara Malaysia; Bursa Malaysia; Climate Bonds Initiative; ESG Investor; HSBC; KPMG (Taxation); Ministry of Investment, NST; OEC World; Trade and Industry, Malaysia; US Department of the Treasury; World Bank

Case study:

Sunway Property

Promoting sustainability in Malaysia's real estate sector

The challenge

Established in 1974, Sunway Property is the property arm of the Sunway Group and is now one of Malaysia's top multinational property construction corporations. As a master developer of community spaces, environmental and social consciousness forms a central tenet of Sunway's corporate ethos, which it aims to incorporate into every aspect of its operations. The same commitment extends to its treasury department, where the team identified the reduction of paper-intensive processes as a key means of furthering the company's sustainability initiatives.

Traditionally, real estate developers in Malaysia are required to maintain a Housing Development Account (HDA), into which they channel payments received from buyers. The HDA is a regulated bank account under the governance of the Ministry of Housing. To withdraw funds from an HDA account, a licensed housing developer must provide sufficient documentation to the requesting parties, outlining the purpose of the payment.

Under the standard HDA withdrawal procedure, the developer was required to submit these supporting documents physically to its financial controller (e.g. the bank). Authorised signatories then had to physically sign the documents to authorise the HDA withdrawal processes. This process was highly manual, time-consuming and inconvenient, particularly when signatories were not physically present. Additionally, it carried risks associated with the loss of documents during transit, and the manual tracking process was neither efficient nor effective.

HSBC solutions and capabilities

HSBC's e-Housing Development Account

The solution

Sunway made the decision to incorporate HSBC's e-Housing Development Account (e-HDA) offering to reduce paper use in day-to-day payment processes.

By collaborating with the first bank in Malaysia to offer a complete e-HDA solution, Sunway successfully achieved complete digitisation of this long-standing paper-intensive process in a relatively short timeframe, all without incurring significant costs for its overall operations.

Sunway now submits withdrawal requests via file uploads to HSBCnet and provides all supporting documentation digitally through secure channels. All documents can be centrally accessed and viewed on HSBCnet, ensuring full visibility for auditing purposes.

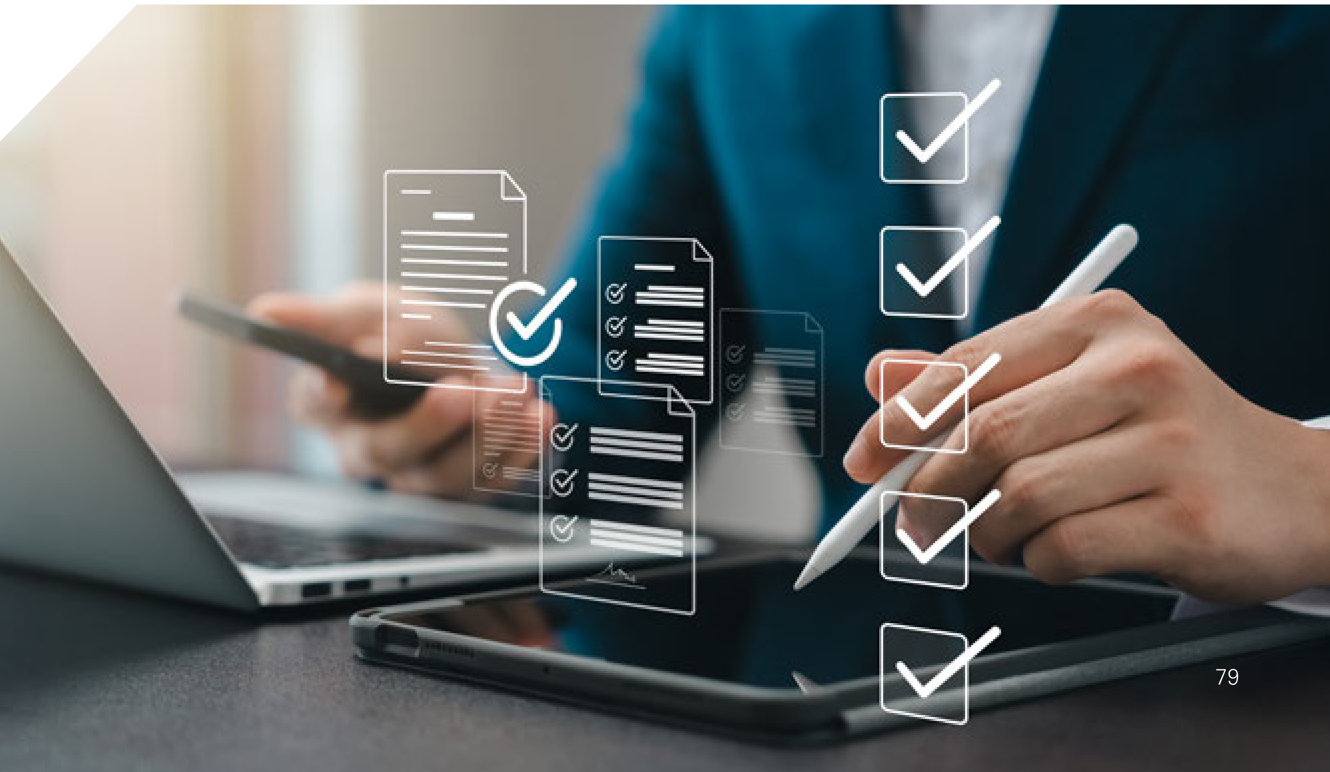
> "The impact that the e-HDA proposition has already had for many of Malaysia's real estate companies is something that we are very proud of, as it has allowed companies such as Sunway to drive more operational efficiency while intensifying their ESG commitments. We believe that this solution will play a key role in highlighting the numerous benefits that corporates can realise by adopting more sustainable practices, and will be looking to build on this by continuing to work with our customers and regulators on unlocking more solutions that can facilitate the transition to a more sustainable economy."
>
> **Anand Mukati**
> Country Head, Global Payments Solutions, HSBC Malaysia

The benefits

This transformation has enabled Sunway to eliminate paper usage in the HDA withdrawal process, providing the company with a vital opportunity to meet its sustainability goals while enhancing operational efficiency. In the context of the existing resource-intensive and inefficient traditional process, this environmentally conscious solution has provided several benefits, including cost savings, improved process efficiencies, increased automation, improved visibility and a reduction in manual intervention and errors.

Treasurers can often find themselves uncertain about the immediate actions required to contribute to their organisation's overall sustainability strategy. As Sunway has demonstrated, however, digitising long-standing paper-intensive processes can be an easily overlooked step that treasurers can take immediately, with the added benefit of mitigating risk and enhancing the overall efficiency of payment processes.

Sunway was the Highly Commended Winner, Best Sustainable Treasury Solution award-winner at the Adam Smith Awards, Asia 2023, highlighting to industry peers and the broader market that the advantages of adopting sustainable business practices extend well beyond environmental consciousness. It marks a significant milestone in promoting sustainability within Malaysia's real estate sector in line with SDG 12 responsible consumption and production of resources.



HSBC cash management capabilities

Liquidity management

Physical cash pooling	✓
Notional pooling – balance compensation	✗
Notional pooling – interest optimization Commercially our product is called Interest Enhancement Facility (IEF)	✓
Liquidity Management Dashboard	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via Fast and Secure Transfers (FAST) & Paynow Alias	✓
Commercial cards	✓
Virtual cards	✓
International outgoing transfers	✓
SWIFT GPI	✓
Card issuing	✓

Collections

Over-the-counter deposit (cash)	✓
Inward telegraphic transfers	✓
Inwards RTGS (RENTAS)	✓
Inward domestic transfers	✓
QR code (Duitnow QR)	✓
ACH Direct Debit Collections	✓
Virtual Accounts for Payor Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Local e-banking	✓
Global e-banking – HSBCnet	✓
SWIFT/ host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	✓

Trade channels

Trade finance	✓
Supply chain finance	✓
SWIFTNet Trade for Corporates	✓
HSBCNet for Trade	✓

The Philippines
at a glance

Executive message: Welcome to The Philippines

Sandeep Uppal
President and CEO,
HSBC Philippines

Head office address:
HSBC Centre,
3058 Fifth Avenue West,
Bonifacio Global CityTaguig City,
1634 Philippines

Offering a gateway to business in Southeast Asia, supported by a young and dynamic workforce, The Philippines is an exciting, diverse and progressive destination for business, providing new opportunities for investors and presenting numerous possibilities for growth.

HSBC has been working with business organizations and individuals across the archipelago for 150 years, offering a range of banking and financial services, covering retail, commercial and corporate banking.

As the government rolls out an ambitious infrastructure program that will improve connectivity and productivity across the country, promote digitization, and introduce necessary reforms to enhance the ease of “doing business” and “paying taxes”, we see significant opportunities for business organizations to capitalize on these developments and invest in The Philippines.

Our dedicated team of professionals is well equipped to support your banking needs in this market via three global businesses: Wholesale Banking, Wealth and Personal Banking, and Global Banking and Markets.

I look forward to sharing everything that these rich and diverse islands have to offer and developing prosperous relationships with you in the future.

Watch the video to learn more about the growth opportunities The Philippines offers to your business.

Click here to watch

Overview

Population
118 million (June 2024)

Total area
300,000 sq km

Capital
Manila

Major language(s)
English and Filipino, which has around 150 dialects; the four major dialects are Tagalog, Cebuano, Ilocano and Hiligaynon.

Time zone
UTC +8

Central bank
Bangko Sentral ng Pilipinas (BSP)

Gross domestic product (GDP)
USD436 billion (2023 est.);
5.6% growth rate (2023 est.);
USD3,866 per capita (2023 est.)

Currency
Philippine peso (PHP)

Consumer price index, average
5.8% (2022);
6.0% (2023 est.);
3.6% (2024 est.)

Exchange rate vs. USD
58.48
(as of 30 June 2024)

Banking system and bank accounts

The Bangko Sentral ng Pilipinas (BSP) is the central bank of the Philippines, whose primary objective is to maintain price stability to support sustainable growth in the economy and employment. The BSP's inflation target from 2022 to 2024 is 3% within a ±1% corridor. To achieve this target, the BSP typically holds eight monetary board meetings a year when it sets its policy rate via the overnight reverse repo rate (RRP).

The banking system in the Philippines is robust and well capitalised, with strong and continuously improving prudential regulation and supervisory systems. The vast majority of the banking system's assets are held by universal and commercial banks, with thrift banks and rural banks making up the rest of the market.

The Philippine banking system features an ever-expanding range of banking services and financial products, and several foreign banks have branches here. Offshore banking units (OBUs) and foreign currency deposit units (FCDUs) provide bank customers with direct access to foreign currency.

Once a company is registered with the Securities and Exchange Commission (SEC), typical requirements for corporate accounts are:

- SEC Certificate of Registration
- Secondary licence or certificate of authority issued by the supervising authority or other government agency
- Articles of Incorporation
- Latest General Information Sheet
- Board resolution duly certified by the corporate/partners' secretary, or other equivalent document, authorising the signatory to sign on behalf of the entity

The following types of bank accounts are currently available:

Account type	Local current[2]	Local savings[2]	Foreign current[2]	Foreign savings[2]
Resident	✓	✓	✓	✓
Non-resident[1]	×	×	✓	✓
Credit interest	✓	✓	✓	✓

1. Accounts opened by non-resident companies must be funded by inward remittances of foreign currencies, or by over-the-counter deposits of local currency, as long as there is proof that the source is income derived from a property or asset located in the Philippines.
2. Account types: CUN (current accounts) and SSV (savings accounts) are available.

Clearing systems and payment instruments

Clearing systems in the Philippines are owned and operated by the Banker's Association of the Philippines (BAP), which is in turn owned by BAP member banks.

Clearing system	Comments
Philippine Clearing House Corporation (PCHC) Local Cheque Clearing	• This is a paper-based clearing system operated by PCHC, which is the only entity authorised by BSP to clear cheques in Metro Manila and its integrated regions. Local currency cheques and cashier's orders take three working days to clear.
PCHC Regional Cheque Clearing	• Local currency cheques presented by banks and branches located in specific provinces are cleared through BSP and PCHC. These cheques usually take seven days to clear.
Provincial Cheques for Collection	• Cheques presented through areas not mentioned in either local or regional clearing are mailed to these areas and cleared in approximately 30 to 45 working days. Such items are also referred to as out-of-town cheques.
PDDTS (Philippines Domestic Dollar Transfer System)	• The PDDTS has online, real-time and end-of-day batch netting transfer capabilities with final settlement on the same day. All USD transfers processed via GSRT mode are delivered through PDDTS online. The cut-off time is 3:00pm.
PPS (Philippine Payment System or PhilPaSS)	• The PhilPass is the Philippines' version of real-time gross settlement (RTGS) for PHP. Payments are sent via SWIFT and are a same-day transfer provided within set cut-off times, with settlement on the same day via BSP. The cut-off time is 3:00pm.

While cash remains the most preferred payment method, the number of digital wallets has grown, Covid being the key driver. Some of the popular ones are Gcash, PayMaya, GrabPay and PayPal.

BSP National QR Code Standard (QRPh) is the BSP's latest digital payment solution. QRPh is the centralised payment system developed by the central bank to streamline payments by scanning QR codes for person-to-person and person-to-merchant transactions.

InstaPay (under the National Retail Payment System (NRPS) framework) is available 24/7, 365 days a year. Users can transfer funds of up to PHP50,000 (USD999.1) per transaction in a day. The service can be used by individuals, businesses and government agencies with savings, current or e-money accounts with participating banks. Currently, InstaPay can be accessed via mobile banking apps or internet banking services; access via other digital channels will be rolled out gradually.

The Philippine EFT System and Operations Network (PESONet) is a batch-based electronic credit transfer service facilitating business-to-business, customer-to-business, government-to-government and person-to-government transactions in the country. It is the first automated clearing house in the Philippines under the NRPS that enables all Filipinos to perform electronic credit transfers. Under the system, funds are made available to the recipient instantaneously upon clearing or on the same banking day; recipients are not charged electronic crediting fees.

Trade

In 2022, the Philippines exported USD78.9 billion worth of products around the world, an increase of 5.8% from 2021. The United States is the single biggest recipient of goods, but from a continental perspective, 68% of the Philippines' exports by value were delivered to Asian countries.

While the majority of the Philippines' overseas sales are electronic, it is also a big exporter of animal fats and copper. The country also lists among world-leading nations for exporting bananas, pineapples and nickel.

The Philippines' top five export trading partners are (in order): the United States; Mainland China; Japan; Hong Kong; and Singapore.

The Philippines has been a part of the ASEAN group since 1967 and a part of WTO since 1995.

The Philippines has a bilateral Trade and Investment Framework Agreement with the United States, which it signed in 1989.

Since 2008 the Philippines has been part of the Japan Economic Partnership Agreement, a bilateral arrangement covering a range of goods and services, including investments, the movement of people and intellectual property.

The Philippines signed an EFTA agreement in 2018, covering trade with Iceland, Liechtenstein, Norway and Switzerland.

In June 2023 the Philippines joined the Regional Comprehensive Economic Partnership. The partnership covers trade in goods and services, investment, intellectual property, e-commerce, competition, small and medium enterprises, and government procurement across 14 other Indo Pacific countries including Australia, China and Thailand.

	Exports	Imports
Value (2023 est.)	**USD74 billion**	**USD126 billion**
% of GDP (2023 est.)	**28.4%**	**44.0%**

Taxation

Resident/non-resident

- The company is a tax resident in the Philippines if it is created or organised in the Philippines or under its laws (a domestic company).
- A foreign company engaged in trade or business in the Philippines is referred to as a resident foreign company.
- Domestic companies are subject to income tax on their worldwide income, while resident foreign companies are taxed only on the Philippines-sourced income.
- Non-resident companies not engaged in trade or business in the Philippines are taxed only on the Philippines-sourced income.

Financial instruments

- Gains and losses from financial instruments are generally taxable and deductible.

Interest and financing costs

- Interest is generally tax deductible, on the condition that the underlying loans were used in the course of ordinary business, subject to certain limitations.

Foreign exchange

- Foreign exchange differences are taxable (gains) and deductible (losses) upon realisation.

Advance tax ruling availability

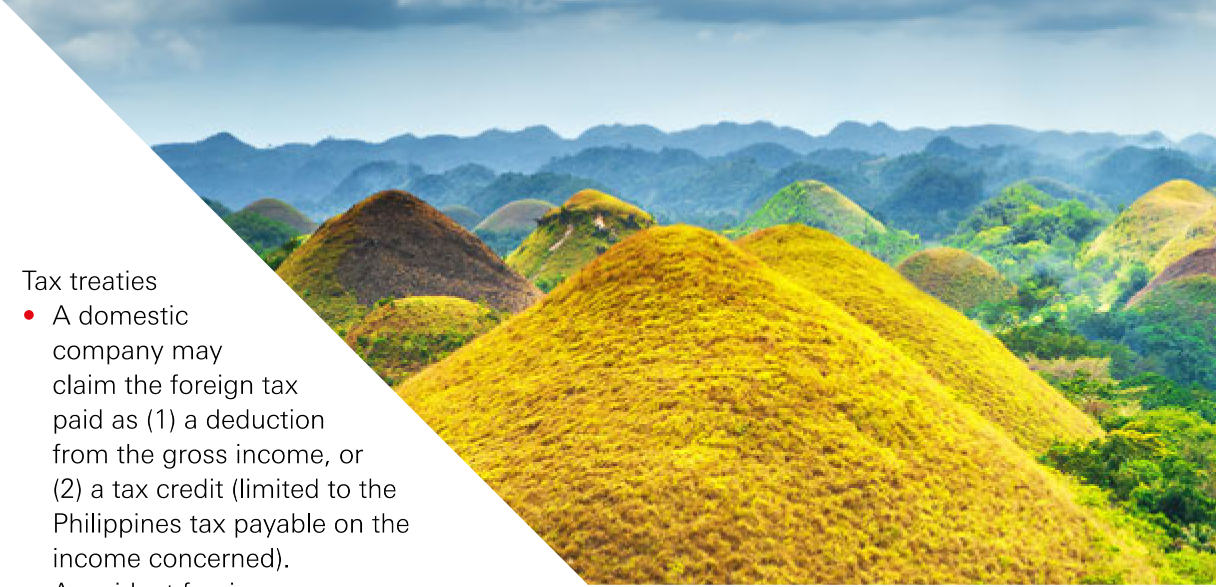
- Taxpayers can request for advance rulings in respect of the application of the tax law. Hypothetical questions/issues, however, would not be ruled.

Capital gains tax

- Capital gains are generally treated as ordinary business income and subject to normal corporate income tax.
- Gains from disposal of shares in an unlisted domestic company are subject to a tax of 15%.
- Disposal of listed shares through the local stock exchange are subject to stock transaction tax.
- Gains from disposal of bonds, debentures or other certificate of indebtedness with a maturity of more than five years are exempt from tax.
- Gains from disposal of land and/ or buildings that are held as capital assets are subject to a tax of 6% on the gross selling price or fair market value, whichever is higher.

Withholding tax

- Domestic interest, rent, royalty and certain service payments are subject to withholding tax at specified rates.
- Dividends distributed to non-residents are subject to withholding tax at 25%. The withholding tax rate is reduced to 15% if the foreign countries where the recipient non-residents are domiciled does not impose tax on the dividends or allows a deemed-paid tax credit of at least 10%.
- Interests paid to non-residents are subject to withholding tax at 20%.
- Royalties paid to non-residents are subject to withholding tax at 25%.



Tax treaties

- A domestic company may claim the foreign tax paid as (1) a deduction from the gross income, or (2) a tax credit (limited to the Philippines tax payable on the income concerned).
- A resident foreign company can only claim the foreign tax paid as a deduction to the extent that the foreign tax is connected with the Philippines-sourced income.
- It is generally accepted that the tax treaty provisions take precedence over the domestic law.

Thin capitalisation

- There are no thin capitalisation rules in the Philippines.

Transfer pricing

- Certain provisions in the tax law operate to require related-party transactions (RPTs) to be on arm's-length terms, i.e. being carried out as if the parties were unrelated and independent.
- If it is found that the pricing of the RPTs is not at arm's length, the tax authority may impose adjustments and reallocate the income and deductions between the related parties.

Cash pooling

- General tax deduction rules and transfer pricing principles apply to cash pooling arrangements.

Banking services tax

- Banks are subject to gross receipts tax (percentage tax) at the following rates:
  - interest, commissions and discounts from lending activities – 5% (if the maturity is five years or less) or 1% (if the maturity is more than five years)
  - dividends and equity shares and net income of subsidiaries – 0%
  - royalties, rentals of property, profits from exchange and all other items treated as gross income – 7%
  - net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar instruments – 7%.

Corporate Income Tax (Rate)	**25%**
Personal Income Tax (Rate)	**15–35%**
Value Added Tax (Rate)	**12%**
IMD World Competitiveness Ranking number	**52**

Environmental, social and governance

Initiatives by the Department of Finance

- Sustainable Finance Taxonomy Guidelines published for consultation in September 2023, as part of Philippine Sustainable Finance Roadmap; BSP approved adoption of guidelines for banks in February 2024.
- Launch of the Sustainable Finance Framework.
- Launch of the Green Climate Fund Readiness Programme.

Initiatives by the Securities and Exchange Commission

- SEC adopted ASEAN Sustainable and Responsible Fund Standards in May 2023.
- SEC started drafting guidelines to ensure consistency of sustainability reporting guidelines with ISSB reporting requirements in September 2023.

Initiatives by the Bangko Sentral ng Pilipinas

- Circular to banks on the guidance in creation of sustainable finance framework (circ. 1085, April 2020); followed by environmental and social risk management framework (circ. 1128, October 2021).
- Philippine sustainable finance roadmap and guiding principles released with supporting circular by BSP February 2022.
- Launch of the Sustainable Central Banking Strategy; first BSP sustainability report published in July 2023; conducted self-assessment of vulnerability to physical climate and environmental risks in April 2024.
- Proposed guidelines for blue bond issuance framework in March 2023.
- In December 2023, BSP incentivised banks to extend loans and finance for sustainability objectives.
- AFRD law includes sustainable finance as form of compliance to the required 25% loan portfolio June 2023.
- SBL increased by 15% for sustainability-labelled financing and reserve requirements for sustainability-labelled bonds are set to zero. The changes will apply to all financing issuance until 2030.
- Circular issued to banks February 2024 regarding implementation of Sustainable Finance Taxonomy Guidelines.

Initiatives by the Department of Energy

- Existing monetary support for renewable energy buildout since 2008, including preferential tax rates and zero tariffs for renewable energy components.
- EVIDA law (April 2022) provides a set of benefits for EV manufacturers and retailers such as zero tariff and import tax on EV and EV components and preferential tax rates for manufacturers and distributors. Requiring certain infrastructures to have charging stations (Retail benefits include exemption to number coding).

Initiatives by the Department of Environment and Natural Resources

- A multi-department working group called Green Force is established (October 2021) to coordinate climate and sustainable finance government strategy and policy development. Currently, this is led by the Department of Environment and Natural Resources.
- Through the Greenforce and the Climate Change Commission, the Philippine National Determined Contribution Implementation Plan was published and presented during the COP28 (Dec 2023).
- The Philippines NDC consists of the following: 75% total emissions reduction by 2030, 3% unconditional and 72% conditional to foreign support.
- The National Adaptation Plan was also published and presented during the COP28 (Dec 2023).
- MOU between the DENR and the NIA (National Irrigation Authority) have opened to the public more than 270 potential water projects. This was unveiled in February 2024. The DENR also announced the completion of the natural asset physical accounting specific for water resources, reforestation and mining areas. Marine asset accounting is set to be published by the end of 2024.

Clearing systems holidays 2024

Holiday	Date
New Year's Day	1 January, Monday
Chinese New Year[1]	10 February, Saturday
Maundy Thursday Good Friday Black Saturday	28 March, Thursday 29 March, Friday 30 March, Saturday
Araw ng Kagitingan	9 April, Tuesday
Labour Day	1 May, Wednesday
Independence Day	12 June, Wednesday
Nino Aquino Day	21 August, Wednesday
National Heroes Day	26 August, Monday
All Saints Day	1 November, Friday
All Souls Day	2 November, Saturday
Bonifacio Day	30 November, Saturday
Feast of the Immaculate Conception of Mary	8 December, Sunday
Christmas Eve	24, December, Tuesday
Christmas Day	25 December, Wednesday
Rizal Day	30 December, Monday
New Year's Eve	31 December, Tuesday

1. Malacañang declared 9 February 2024, the day before Chinese New Year, a special non-working holiday.

The president declares separate holidays for Eid'l Fitr, the end of Ramadan, and for Eid'al Adha, the Feast of the Sacrifice. The declaration is typically announced after the dates for these Islamic holidays are determined according to the Islamic calendar. The National Commission on Muslim Filipinos informs the Office of the President of the dates for these Islamic holidays.

Sources: ASEAN.org; Climate Bonds Initiative; ESG Investor; GlobalData; HSBC Research; KPMG (Taxation); OEC World; Philippine Statistic Authority; US Department of the Treasury

Case study:

Pilmico and Gold Coin

A successful partnership to navigate an international expansion

Learn how Pilmico and Gold Coin grew its business to eight countries with HSBC's support

HSBC solutions and capabilities

- **Liquidity management**
- **Service & implementation**

> "Expanding internationally is extremely difficult and complicated. We had to understand local regulations, manage different cultures, and adhere to different banking procedures with local partners. Thankfully we had HSBC at our side to navigate these challenges."
>
> **Ebbie Mabatid**
> Senior Vice President & Chief Finance Officer, Pilmico and Gold Coin

HSBC trade finance capabilities

Core trade	
Import and export letters of credit	✓
Documentary collections	✓
Pre- and post-shipment financing	✓
Customs guarantees	✓

Guarantees	
Bid and tender bonds	✓
Advance payment guarantees	✓
Performance guarantees	✓
Retention/maintenance/ warranty bonds	✓

Structured trade finance	
Supply chain finance and dynamic discounting	✓
Limited recourse receivables discounting ("non-recourse")	✓
Recourse receivables finance	✓

Sustainable Product Offering	
Green trade finance	✓
Sustainable trade instruments	✓
Sustainable supply chain finance programmes	✓
Sustainability-linked trade finance	✓

Trade channels	
Internet Trade Services (ITS)	✓
HSBC Supply Chain Finance (HSCF) Platform	✓
SWIFT for Corporates (S4C)	✓
HSBCnet for Trade	✓

Thailand
at a glance

Executive message: Welcome to Thailand

Giorgio Gamba
Chief Executive Officer,
HSBC Thailand

Head office address:
HSBC Building,
968 Rama IV Road,
Silom, Bangrak,
Bangkok 10500

As the country's first commercial bank, HSBC's history in Thailand stretches back to 1888. Today, HSBC Thailand offers banking services to businesses and high net worth individuals, combining in-depth local knowledge with global expertise. This means we are best positioned to help you take advantage of the many opportunities that Thailand has to offer.

Situated at the heart of ASEAN, Thailand is well-placed to be a hub for the region's trade and investment and as the ideal gateway to expand your business across the region. Extensive, sustained investment infrastructure has seen Thailand develop world-class transport links both internationally and domestically. These include enhanced shipping and air transport capacity, as well as high-speed rail links. Trade and commerce continues to flourish, with all the economic powerhouses of China, Japan, Europe and the United States. There are also significant opportunities in both the digital economy and electronic vehicle (EV) industry. Thailand's digital economy is expected to triple in value in the next few years and the government has introduced incentives to boost investment in the EV sector, aiming for 50% of all vehicles produced to be 'Zero Emission Vehicles' by 2030.

With the recent introduction of our onshore Private Banking business in Thailand, HSBC provides a comprehensive range of cross-border and financial services to suit both your personal and business needs, whether you are moving to the region, working in the area, investing or doing business in Thailand.

So, welcome to Thailand, we very much look forward to doing business with you as your long-term financial partner of choice.

Watch the video to learn more about the growth opportunities Thailand offers to your business.

Click here to watch

Overview

Thailand

Population
71.8 million (2023 est.)

Total area
513,120 sq km

Capital
Bangkok

Major language(s)
Thai (English is widely spoken)

Currency
Thai Baht (THB)

Gross domestic product (GDP)
USD514.94 billion (2023 est.);
2.5% growth rate (2023 est.);
USD7,133 per capita (2023 est.)

Time zone
UTC +7

Central bank
Bank of Thailand (BOT)

Consumer price index, average
6.1% (2022);
1.2% (2023 est.);
1.6% (2024 est.)

Exchange rate vs. USD
36.73
(as of 30 June 2024)

Banking system and bank accounts

The Bank of Thailand (BOT) serves as the central bank, responsible for monetary policy, currency issuance and overall financial stability. It regulates and supervises financial institutions to ensure the stability of the financial system.

Across Thailand, there are thirty licensed banks, with a further six being state owned.

Commercial banks are the backbone of Thailand's banking sector, offering a wide range of services including deposit accounts, loans, credit cards and investment products.

Several foreign banks operate in Thailand, providing services to both local and international clients. These banks often cater to the needs of multinational corporations, expatriates and high net worth individuals.

Thailand also has government-owned banks, development banks and specialised financial services firms which focus on specific sectors such as agriculture, export-import financing, and small- and medium-sized enterprises (SMEs).

For companies registered outside Thailand, the documents required for opening a bank account include the following (please note other similar/different documents will be required for different types of business incorporation):

- board of directors' resolution or letter of intention to open corporate account;
- certified true copy of the company's certificate of incorporation;
- certified true copy of the official Company Search Report or Certificate of Incumbency or equivalent document showing company information (e.g. registered company's name, registered

company's number, registered address), list of directors, list of principle shareholder, signing condition for binding the company;
- certified true copy of the company's license/permission to conduct specific business;
- certified true copy of the company's memorandum and articles of association;
- business/principle operating address information if different from registered address;
- ownership structure chart showing following information (i) percentage of shares and voting rights in an Entity, (ii) Country of Business Address, (iii) Country of Incorporation for each intermediate company which is owned or control 10% or more of the client to the ultimate beneficial owners (UBO) of the company. The ownership structure is mandatory to show up to the last level of ownership where the UBOs are either persons and/or corporate entities which directly/indirectly held less than 10% of the company (including Bearer Shares if applicable); and
- certified true copy of passports of UBO with 10% or more of shares or voting rights, directors, authorised signatories.

The following types of bank accounts are currently available:

Account type	Local current	Local savings[1]	Foreign current	Foreign savings[1]
Resident	✓[1]	✓[1]	✓[2]	✓[2]
Non-resident	✓[3]	✓[3]	✓[3]	✓[3]

1. No restrictions are applied to residents opening THB accounts.
2. Thai residents are generally allowed to open onshore foreign currency deposit account, without the maximum amount limit. For foreign currency deposits in a current account, a cheque book is not available.
3. No restrictions are applied to non-residents opening foreign currency accounts; however, non-resident THB accounts are prohibited from having outstanding balances at the end of each day exceeding THB200 million, inclusive of all THB accounts of the same non-resident opened with onshore banks. Funds deposited from resident to non-resident accounts must be accompanied by payment obligation documents (evidence of obligation for service). Cheque facilities are not available for non-resident THB accounts held in Thailand because of the difficulty of BOT reporting requirements.

Clearing systems and payment instruments

Thailand is making a push towards the digitisation of its payment infrastructure, with the aim of transitioning to a "less-cash" society. The principal clearing systems are:

Clearing system	Comments
Bank of Thailand Automated High-value Transfer Network (BAHTNET)	• Operated by Bank of Thailand (BOT). • Facilitates large value funds transfer between financial institutions or other organisations maintaining deposit accounts at BOT. • Settlement via BAHTNET is done on a real-time gross settlement (RTGS) basis. • BOT is currently implementing ISO 20022 international message standard in BAHTNET, to facilitate interoperability with important payment infrastructures and to support domestic and cross-border payment transactions.
Interbank Transaction Management and Exchange (ITMX) Bulk Payment	• Operated by ITMX, a subsidiary of the Thai Bankers' Association, which operates various payment systems and financial messaging services in Thailand. • Facilitates secure bulk payment transactions between financial institutions in the country, including banks and non-bank institutions. • Allows institutions to process large volumes of payment transactions in batch mode, typically involving low-value payments such as salary payments, vendor payments, pension disbursements and utility bills.
PromptPay	• A government-led initiative that enables real-time fund transfers between individuals and businesses using their mobile phone numbers or Thai national ID numbers. • Allows businesses to receive payments from customers instantly and securely, without the need for cash or physical cards. • PromptPay for Business offers features such as QR code payments and bulk payments, streamlining transactions for businesses of all sizes.
The Imaged Cheque Clearing and Archive System (ICAS)	• Image-based cheque clearing system where cheque images are used in place of physical cheques in the collection process. • The volume and value of cheque payments continues to decline, mainly due to the shift toward digital payments.

Though still sizeable, cash and cheque usage is declining steadily. During the past five years, the value of cash withdrawals has decreased by an average of 7% per year. The volume of cheque transactions has decreased by an average of 10% per year.

The number of digital payments rose five times in the past five years. Mobile banking is increasingly widespread, including for fund transfers, payments and cardless withdrawals. The PromptPay QR Code standard facilitates QR code-based payments across various payment providers, banks, merchants and consumers, enabling users to make payments using their smartphones.

Under the ASEAN Payment Connectivity initiative introduced by the BOT in 2019, the PromptPay QR Code standard is also designed to support cross-border payments, enabling tourists and international visitors to make QR code-based payments using their foreign bank accounts or payment apps. QR payment linkages exist with Cambodia, Indonesia, Japan, Laos, Malaysia, Singapore and Vietnam. Remittance linkage with Singapore between Thailand's PromptPay system and Singapore's PayNow system allows real-time cross-border funds transfer via mobile applications.

Trade

Thailand's economy is the second-largest in ASEAN. The country has a free-enterprise economy and a government that generally promotes pro-business, pro-investment policies.

Exports are a major driver of Thailand's economy, with China and the United States being Thailand's top two export partners.

In 2022, Thailand exported over USD283.8 billion worth of goods around the globe. This is a 13.6% gain since 2018 and a 6.1% increase from 2021.

Thailand is the world's biggest exporter of natural rubber, capturing about 33% of the market. This trade is worth roughly USD5.5 billion for the country. In terms of other exports, Thailand is the globe's second biggest exporter of rice, with 13.5% of the market share, and the third largest exporter of raw sugar, with 6.1% of market share.

	Exports	Imports
Value (2022)	**USD283.8 billion**	**USD305.7 billion**
% of GDP (2022)	**66%**	**68%**

Taxation

Resident/non-resident

- The company is a tax resident in Thailand if it is incorporated under the law of Thailand.
- Resident companies are subject to income tax on their worldwide income.
- Non-resident companies not carrying on a business in Thailand are taxed only on income derived from or in Thailand.

Financial instruments

- Gains and losses from financial instruments are generally taxable and deductible.

Interest and financing costs

- Interest expenses and the related financing costs are generally tax deductible, on the condition that the underlying loans or borrowings were taken for the purpose of making profit or for the business. Interest expenses incurred up to the date before the asset is ready-to-use shall be capitalised and deductible in the form of depreciation.

Foreign exchange

- FX differences are generally taxable (gains) and deductible (losses).

Advance pricing tax agreement availability

- Thai tax authorities are generally open to advance pricing tax agreement.

Capital gains tax

- Capital gains are treated as ordinary business income and subject to normal corporate income tax.

Withholding tax

- The dividends distributed to resident companies are generally subject to withholding tax at 10%.
- If the recipient (1) is a company listed in Thailand, or (2) owns at least 25% of the total shares with voting rights in the company paying the dividends (with no cross shareholding); entire domestic dividends are exempt from withholding tax.
- Interests paid to resident companies are generally subject to withholding tax at 1%.
- Royalties and service fees paid to resident companies are subject to withholding tax at 3%.
- Domestic rent payments are subject to withholding tax at 5%.
- Dividends distributed to non-residents are subject to withholding tax at 10%.
- Interests and royalties paid to non-residents are subject to withholding tax at 15%, or lower subject to tax treaties.

Tax treaties

- A foreign tax credit (FTC) is granted under Thailand's tax treaties. The credit is limited to the lower of (1) the actual foreign tax paid, and (2) the Thailand tax payable on that foreign income.
- A unilateral FTC is granted in respect of foreign tax paid on income derived from countries that have not signed double taxation agreements with Thailand.
- Tax treaty provisions generally take precedence over the domestic law.

Thin capitalisation

- There are no thin capitalisation rules in Thailand.

Transfer pricing

- Certain provisions in the tax law operate to require related-party transactions (RPTs) to be on arm's-length terms, i.e. being carried out as if the parties were unrelated and independent.
- If it is found that the pricing of the RPTs is not at arm's length, the tax authority may impose adjustments to increase income, expense or gains/losses of a taxpayer.

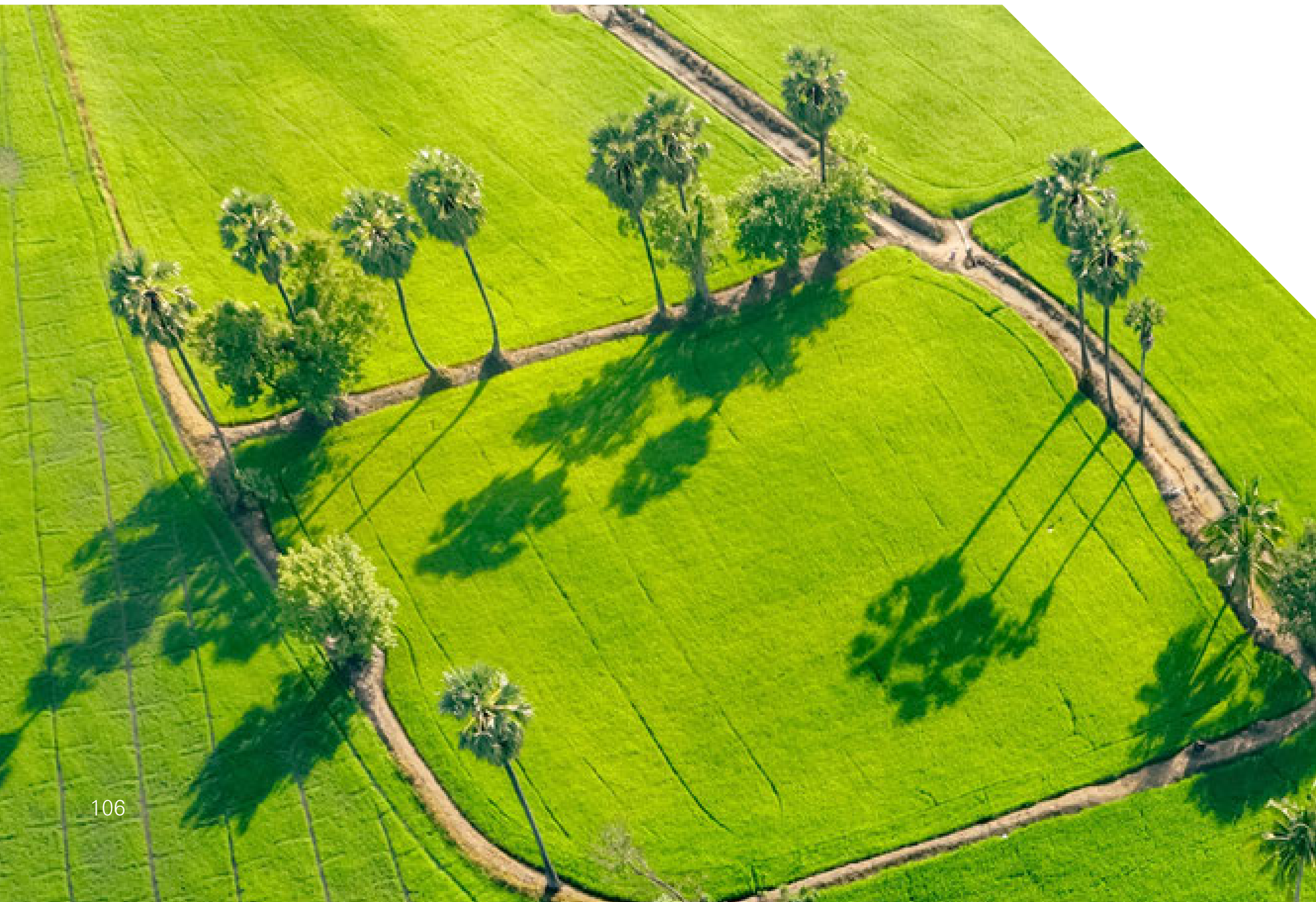
Cash pooling

- General tax deduction rules and transfer pricing principles apply to cash pooling arrangements.

Banking services tax

- There are no specific tax rules relating to banking services in Thailand.
- However, financial service businesses are mainly subject to the specific business tax (SBT). The SBT is imposed on the gross receipts of those businesses generally at 3%. A reduced rate of 0.01% applies to certain revenue derived by the financial service businesses.

Corporate Income Tax (Rate)	**20%**
Personal Income Tax (Rate)	**0–35%**
Value Added (Sales) Tax (Rate)	**7%**
IMD World Competitiveness Ranking number	**30**



Environmental, social and governance

Initiatives by the Securities and Exchange Commission (SEC):

- SEC issued in October 2023 guidance for corporates and asset managers on the implementation of TNFD recommendations; it is also committed to the implementation of ISSB's IFRS S1 and IFRS S2 disclosure standards.
- SEC launched ESG mutual funds with tax exemption and tax-deductible benefits in November 2023 as a vehicle to achieve national strategic goals.
- Release of the Guidelines on Management and Disclosure of Climate-related Risk by Asset Managers in January 2023.
- Collaboration between CDP and SEC Thailand to raise awareness on and drive higher levels of environmental disclosure in Thailand.
- New disclosure guidelines for socially responsible funds issued by SEC in April 2022.
- Launch of the Thailand SDG Investor Map.
- First implementation of one report for all listed companies in January 2022 for the fiscal year ending 2021. The report also requires listed companies to disclose further information on each company's business sustainability, corporate governance, and environmental and social footprint, including carbon emissions and human rights commitments.

Initiatives by the Bank of Thailand

- The BOT published 'Industry Handbook – Internalizing Environmental and Climate Change Aspects into Financial Institution Business for Banks' in January 2024, prepared by the Thai Bankers' Association.
- The BOT issued Thailand Taxonomy Phase 1 on Energy and Transportation sectors in July 2023.
- The BOT is developing Thailand Taxonomy Phase 2 on four additional sectors – Manufacturing, Agriculture and Forestry, Building and Real Estate, and Waste Management. The target to launch is Q2 2025.

Initiatives by the Department of Climate Change and Environment (DCCE)

- Thailand is in the process of developing its first Climate Change Act, which aims to increase the efficiency of climate change mitigation and adaptation actions and facilitate the transition to a net zero economy.
- The public hearing of the draft Climate Change Act was conducted in February-March 2024.

Expected developments

- Climate stress test conducted by the BOT for all banks within Q2 2024.
- Self-assessment questionnaire for all banks by the BOT in Q1 2025.
- FI's reporting with TCFD-aligned disclosures in Q2 2026.
- The DCCE will present the revised draft Climate Change Act to the Cabinet by July 2024 for the Act to be enacted within 2024.

Clearing systems holidays 2024

Holiday	**Date**
New Year's Day	1 January, Monday
Substitution for Makha Bucha Day (Saturday 24 February)	26 February, Monday
Substitution for Chakri Memorial Day (Saturday 6 April)	1 February, Thursday
Additional holiday for Songkran	12 April, Friday
Songkran Festival	15 April, Monday
Substitution for Songkran Festival (Saturday 13 April and Sunday 14 April)	16 April, Tuesday
National Labour Day	1 May, Wednesday
Substitution for Coronation Day (Saturday 4 May)	6 May, Monday
Visakha Bucha Day	22 May, Wednesday
H.M. Queen Suthida Bajrasudhabimalalakshana's Birthday	3 June, Monday
Substitution for Asarnha Bucha Day (Saturday 20 July)	22 July, Monday
Substitution for H.M. King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua's Birthday (Sunday 28 July)	29 July, Monday

Holiday	Date
H.M. Queen Sirikit The Queen Mother's Birthday	12 August, Monday
Substitution for H.M. King Bhumibol Adulyadej The Great Memorial Day (Sunday 13 October)	14 October, Monday
H.M. King Chulalongkorn The Great Memorial Day	23 October, Wednesday
H.M. King Bhumibol Adulyadej The Great's Birthday/National Day	5 December, Thursday
Constitution Day	10 December, Tuesday
New Year's Eve	31 December, Tuesday

Sources: Bank of Thailand, CEIC, Climate Bonds Initiative; ESG Investor; HSBC; IMF; KPMG (Taxation); OECD; Trading Economics; US Department of the Treasury; World Bank

Case study:

Thai Union Group International

Supporting global expansion and resilient supply chains

The challenge

Thailand-based global seafood leader company Thai Union Group Public Company Limited was established in 1977, and began its trading life as a small tuna canning facility. The company has since grown to supply seafood from over 14 production facilities in 12 countries. HSBC has been the banking partner for Thai Union Group for nearly three decades, since providing the company with its first credit facility.

Now a global player, 90% of Thai Union's sales come from overseas markets, and so the business needed an international banking partner to support its global business operations and expansion. However, it also needed to centralise its funding in Thailand as per objectives set out from its treasury policy.

In order to monitor treasury operations and financial liquidity globally, Thai Union Group needed digital banking solutions to better manage its operations in terms of automating cash concentration and payment flows to mitigate disruptions to global supply chains, which started during the pandemic, but are still subject to world events today.

Improving the working capital efficiency across continents and between time zones was crucial to allow the company to expand in the way it wanted to. As this expansion developed, the business required banking support that would allow it to efficiently build its presence internationally and pursue cross-border opportunities.

HSBC solutions and capabilities

- **Liquidity management**
- **Service & implementation**

The solution

HSBC's international banking platform enables Thai Union to utilise and manage the banking services of its global operations from the headquarters in Thailand. All of Thai Union's banking services and finances are under one single platform, and HSBC's GPS Global Liquidity Solution provides automated bi-directional cash sweeping between Thai Union's headquarters in Thailand and subsidiaries in the United States and Europe.

Through HSBC's liquidity solutions and HSBCnet platform, Thai Union Group was able to optimise its financial positions, centralise cash management and improve operational efficiency from its headquarters to its subsidiaries. This was achieved through the use of a global cash pooling structure as well as globally centralised platform.

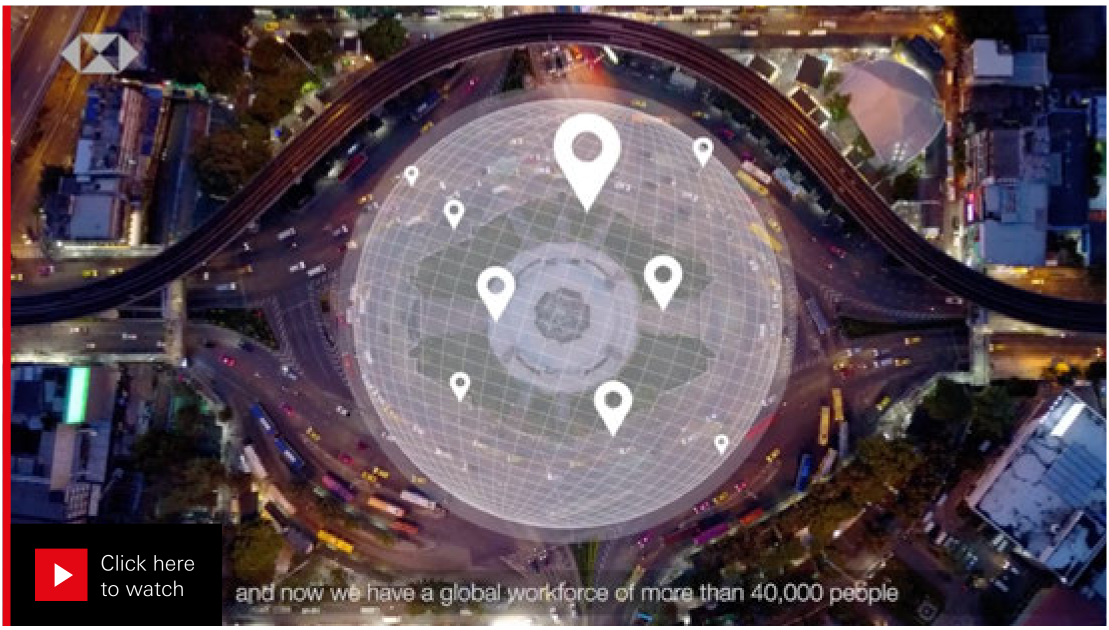
> "Despite uncertainties, HSBC kept us connected with its digital banking and financing solutions, which helped us run our business smoothly. We've come far with HSBC as our partner, but this is just the start."
>
> **Thiraphong Chansiri**
> President & CEO, Thai Union Group

The benefits

Throughout this three-decade strong partnership, HSBC has provided for Thai Union Group's banking needs across its growth journey from a small SME to the world's seafood leader.

HSBC's cash and liquidity management solutions have enabled financing and risk management support for Thai Union Group's companies globally. This provides it with full visibility and control over its overseas operations and regional cash position.

Thai Union continues to leverage HSBC's digital banking and financing solutions to keep its supply chains resilient and support its global expansion.



Learn how Thai Union Group leveraged HSBC's solutions to support its global expansion

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✓
Notional pooling – balance compensation	✓
Notional pooling – interest optimization	✓
Liquidity Management Dashboard	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via Promptpay	✓
Commercial cards	✗
Virtual cards	✗
International outgoing transfers	✓
SWIFT GPI	✓
Card issuing	✗

Collections

Over-the-counter deposit (cash)	✗
Inward telegraphic transfers	✓
Inward Promptpay	✓
Inward domestic transfers	✓
QR code Promptpay	✓
Virtual Accounts for Payor Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Local e-banking	✓
Global e-banking – HSBCnet	✓
SWIFT/ host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments		ESG Labelling
Documentary credits	✓	✓
Documentary collections	✓	✗

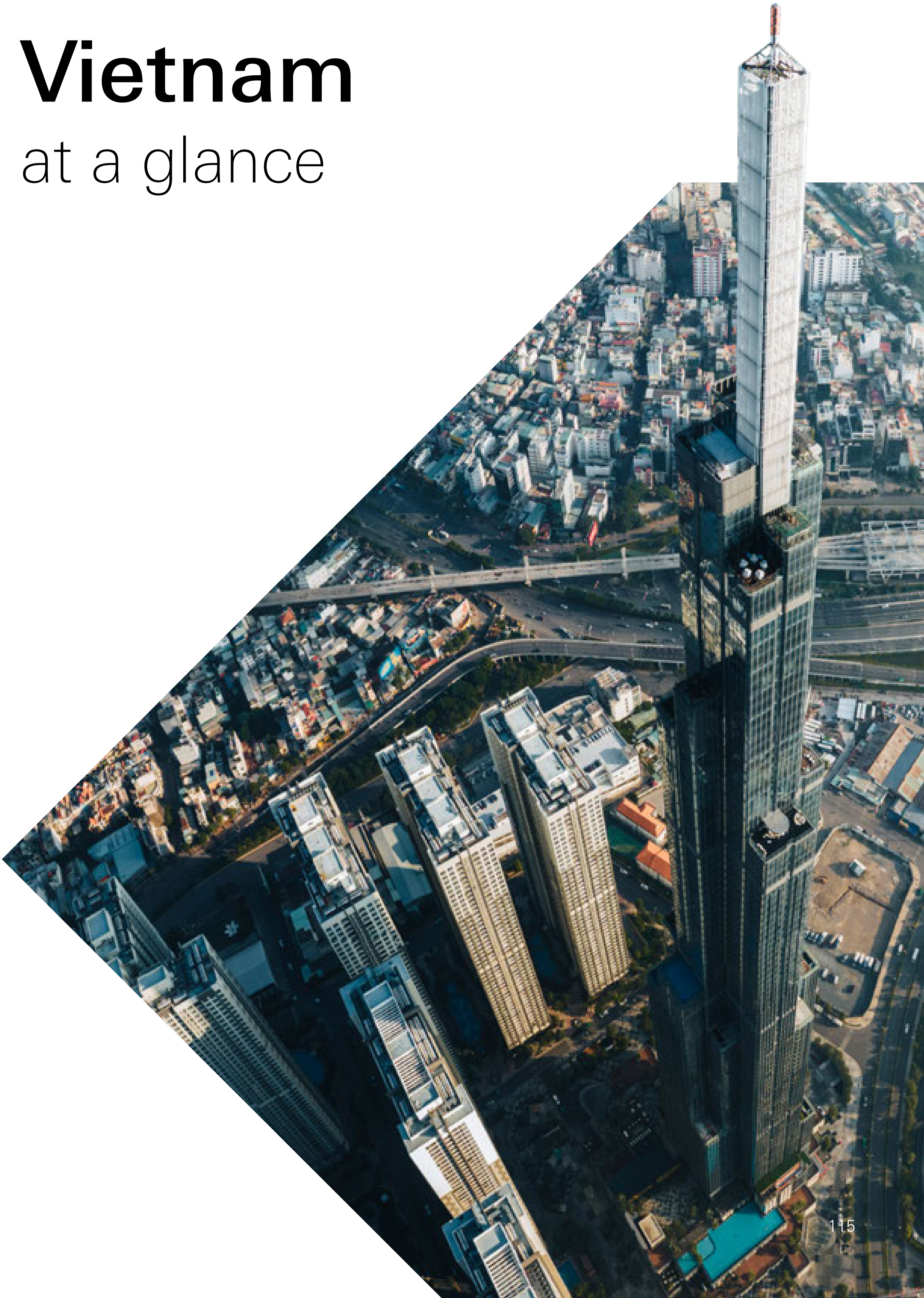
Guarantees		ESG Labelling
Bank guarantees	✓	✓
Standby letters of credit	✓	✓

Supply chain management		ESG Labelling
Receivables	✓	✓
Payables	✓	✓
Inventory	✓	✓

Trade channels	
Trade finance	✓
Supply chain finance	✓
SWIFTNet Trade for Corporates	✗
HSBCnet for Trade	✓
E-Guarantee/Block chain Guarantee	✓
E-Bill of Lading (Bolero)	✓

ASEAN's International Bank | HSBC Thailand

Vietnam
at a glance



Executive message: Welcome to Vietnam

Tim Evans
Chief Executive Officer,
HSBC Vietnam

With a stable political and macroeconomic environment, a young, low-cost workforce and outward-looking reforms, Vietnam has transformed itself into one of the strongest developing economies in the world.

Vietnam has experienced phenomenal growth over the last three decades and the government remains strongly committed to future sustainable growth and further expanding Vietnam's presence across global trade supply chains through the signing of numerous free trade agreements (FTA). These include the EU-Vietnam Free Trade Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and strategies to continue reforms to improve the ease of doing business.

In the last few years, Vietnam has also shown impressive ambition to move ahead with digitisation and industry 4.0. The country is rolling out its 5G network, has a thriving e-commerce sector and a variety of e-government initiatives that aim to make it more efficient.

HSBC has had a presence in Vietnam since 1870. In 2009, we became the first wholly-owned foreign bank to incorporate in the country. In the years since, HSBC has secured numerous awards across both products and services. It operates as a full-service bank with a large corporate bank, a leading retail bank in the rising affluent space, a prominent custody business covering foreign investors and one of the largest foreign banks in the FX market locally. We provide a comprehensive range of cross-border and financial services to suit both your personal and business needs.

Please get in touch to find out how HSBC can support you and your business in Vietnam.

Watch the video to learn more about the growth opportunities Vietnam offers to your business.

Click here to watch

Overview

Major language(s)
Vietnamese, with English, French, Chinese spoken in the business community

Time zone
UTC +7

Currency
Vietnam Dong (VND)

Population
99.4 million

Central bank
State Bank of Vietnam (SBV)

Consumer price index, average
3.2% (2022);
3.25% (2023)

Total area
310,070 sq km

Gross domestic product (GDP)
USD430 billion (2023)
USD4,285 per capita (2023)
5.05% growth rate (2023)
6.42% growth rate (1H24)

Exchange rate vs. USD
25,445
(as of 30 June 2024)

Capital
Hanoi

Banking system and bank accounts

The State Bank of Vietnam (SBV) is the central bank and regulatory authority responsible for overseeing the country's banking sector. Other regulatory bodies such as the Ministry of Finance and the State Securities Commission also play roles in overseeing specific segments of the financial industry.

Vietnam's banking sector is dominated by state-owned commercial banks, joint-stock banks and foreign banks. The four largest banks in the country are state owned, but there is a larger tail of smaller privately owned banks. Foreign banks operate branches or subsidiaries in Vietnam, catering to both local and international clients.

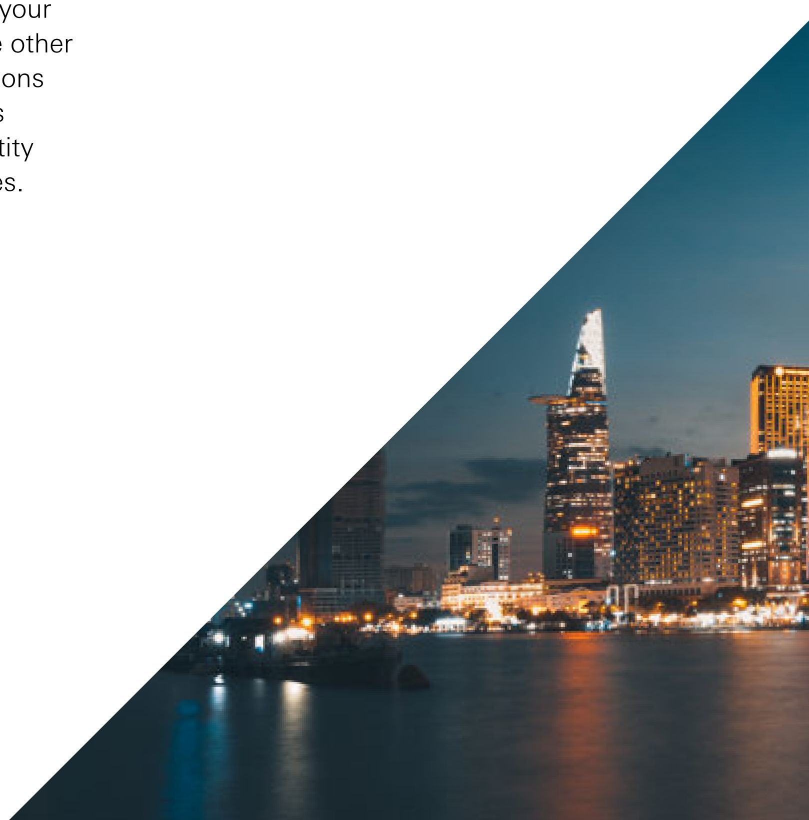
Documentation required for opening corporate bank accounts includes identification documents such as business registration, memorandum and articles of association, etc. to satisfy 'know your customer'(KYC) requirements, some other documents to serve account operations and to comply with local regulations such as account mandate with identity documents for authorised signatories.

The following types of bank accounts are currently available:

Account type	Resident	Non-resident	Credit interest
Local current	✓	✓[2]	✓[3]
Local time deposit	✓[4]	✓[4]	✓[4]
Foreign current	✓[1]	✓[5]	✓[4]
Foreign time deposit	✓[1,4]	✓[4]	✓[4]
Capital account	✓	N/A	N/A

These accounts are corporate accounts.

1. Foreign currency payments require supporting documents.
2. Non-resident organisations can open VND accounts but transactions are restricted and supporting documents required.
3. Subject to approval of local managers.
4. Subject to the deposit cap rate regulated by SBV from time to time.
5. Foreign currency transactions between two non-residents do not require supporting documents but foreign currency transactions between non-residents and residents require supporting documents for specific purposes as stipulated in FX Ordinance and other relevant FX regulations.

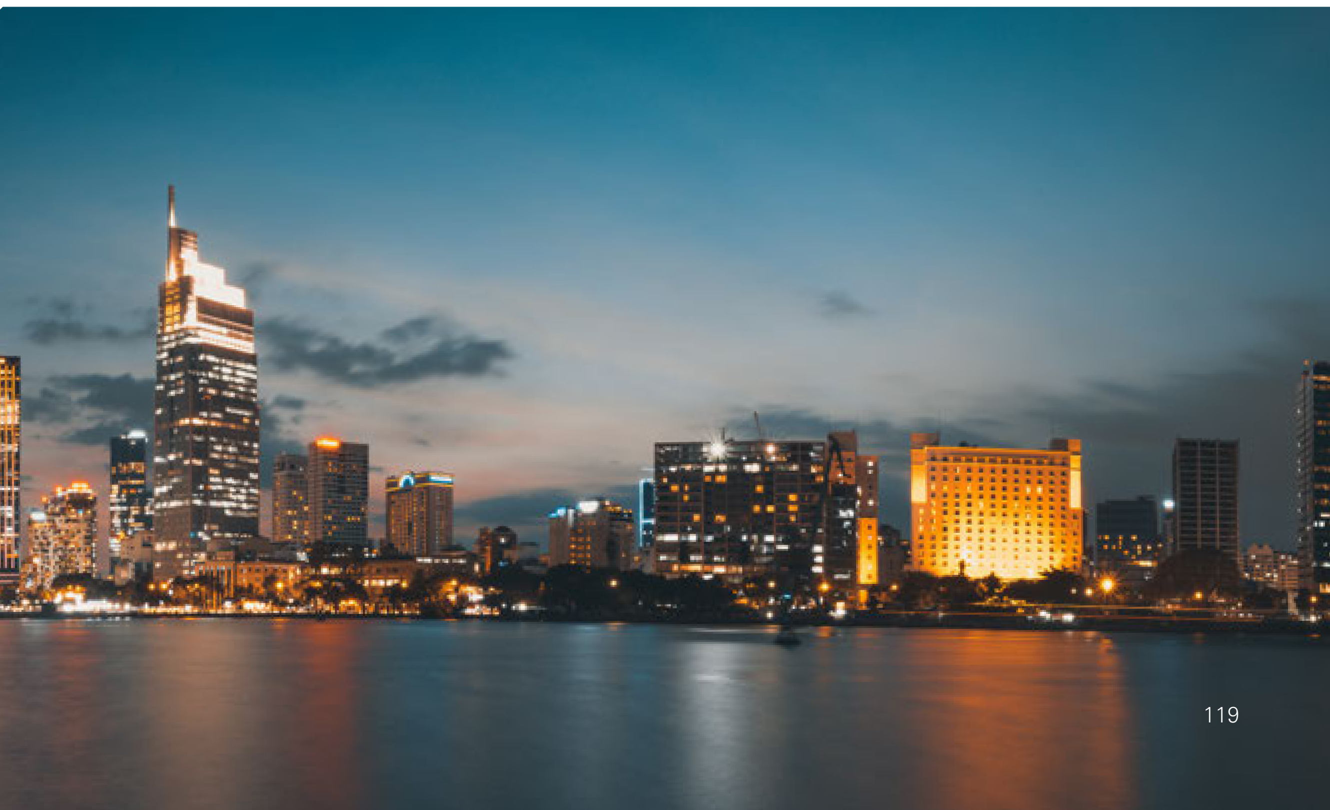


Clearing systems and payment instruments

At present, payment transactions in Vietnam are processed through several payment systems: (i) the payment system operated and managed by the SBV including electronic/paper clearance and interbank electronic payment systems; (ii) the bank card switching and clearing system; (iii) the securities clearing and settlement system; and (iv) the internal and bilateral payment systems operated and managed by the credit institutions.

The international payment transactions processed through international SWIFT and Western Union remittance services which are provided by the credit institutions directly cooperating with international payment service providers. Since 2007, the Joint Stock Commercial Bank for Foreign trade of Vietnam (Vietcombank or VCB) has been appointed by the SBV as a clearing bank for Visa card transactions of domestic Visa member credit institutions via their accounts opened with VCB. VCB also provides payment services for Visa card transactions in domestic market. From 2012, the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) has been appointed as the clearing and settling agent for Mastercard domestic transactions.

SBV manages and oversees the national payment system; provides payment services for commercial banks; participates in the organisation and overseeing of payment systems; and conducts the state management of payment tools.



Clearing system	Comments
Interbank electronic payment system (IBPS)	• Operated by SBV. • A modern, online payment system managed under international standards which is the fastest payment gateway in Vietnam with processing time not exceeding 10 seconds for one transaction. It includes three sub-systems: - High value settlement system (HVSS), processing payment transactions from VND500 million and gross real-time and time-critical transactions. - Low value settlement system (LVSS), implementing net settlement per session for clearing low value transactions of below VND500 million, which is not time-critical. - Settlement Account Processing System.
SBV electronic/paper clearing systems	• Operated by SBV. • Processes electronic and the paper clearing transactions. • Formulated prior to IBPS to accommodate payment requirements of low value transactions in 63 provinces and cities nationwide. • The paper clearing system was put in operation before the IBPS formulation. With the application of technology and computers, the paper clearing was replaced fully by the electronic clearing system in 2014.
VCB–Money	• Multi-currency payment system operated by VCB. • A typical interbank payment system of multi-currencies, it serves financial and economic institutions in buying and selling foreign currencies on the basis of domestic interbank market. Almost all domestic credit institutions and several foreign bank branches open accounts in foreign currencies at the VCB. • The main services are: remittance; cash out; buying/selling foreign currencies; salary; and other payment services.
Electronic bilateral interbank payment system	• Operated by several leading commercial banks such as BIDV, Agribank and Vietinbank. • Provides services such as money remittance, receiving and settling on the basis of bilateral clearing of non-time-critical low value payment transactions, and providing services to member institutions.

Clearing system	Comments
Bank card switching clearing and settlement system	• Operated by switching companies for their members. • Established and linked by two domestic card switching companies, Banknetvn and Smartlink, now named NAPAS. • Allows clients to withdraw cash or conduct payment transactions via ATM/POS at any commercial banks that are members of the switching company. • Services include domestic switching, international switching, interbank remittance and electronic payment portal.
Security clearing and settlement system	• Security clearing is conducted via the Vietnam Security Depository (VSD) and securities settlement payment conducted via banks • BIDV is assigned to settle for all securities transactions of Ho Chi Minh Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX).

While cash remains the predominant payment method, the number of digital and mobile payments is increasing, in part driven by Covid, but also due to the greater availability of contactless smart cards and the use of QR codes. Transactions conducted through ATMs have experienced a decline, also indicating a shifting trend towards non-cash payment methods.

Non-cash transactions increased by 53.5% in volume, with internet-based transactions increasing by 88% in volume between 1Q 2022 and 1Q 2023. Mobile banking witnessed a growth rate of 65.5% in volume and 13.3% in value. QR code-based payments rose by 160.7% in volume and 43.8% in value for the same period.

Trade

As of 2023, Vietnam boasts a robust network of 16 FTAs in effect and three under negotiation, partnering with 60 economies that represent the majority of its international trade. This network, including agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam FTA (EVFTA) and the Vietnam-UK Free Trade Agreement (UKVFTA), provides Vietnam with significant competitive advantages compared to other ASEAN countries.

These agreements offer benefits such as reduced tax tariffs, improved market access and increased investment opportunities, contributing to Vietnam's ongoing economic growth.

The US emerged as Vietnam's largest export market, while China stood as the largest import market for Vietnam.

The textile industry stood out as one of Vietnam's leading export sectors, with more than 6,000 companies creating employment opportunities for over 2.5 million employees. Electronics and computers emerged as Vietnam's top export, surpassing phones and garments.

Vietnam's growing working population will boost competition for jobs while keeping labour costs low.

Despite global economic challenges and supply chain disruptions leading to reduced demand, Vietnam experienced growth in trading activities, remaining an appealing destination for foreign investors.

	Exports	Imports
Value (2023)	**USD328 billion**	**USD355 billion**

Taxation

Highlights

- Vietnam has a progressive rate of income tax, dependent on how much you earn each year and capped at 35%.
- Social, health and unemployment insurance contributions are compulsory for Vietnamese employees and health insurance is also applicable to foreigners working in Vietnam under labour contracts. The total rates are 17.5% for employers and 8% for employees.
- Foreign contractor tax is applicable to foreign entities or individuals deriving income from business in Vietnam, regardless of whether they have a legal entity in the country. This is not a separate tax, but typically comprises a combination of value added tax (VAT) and corporate income tax, or personal income tax for the income of foreign individuals.

Corporate taxes

- The standard corporate tax rate is 20%. Preferential tax rates are available for certain projects and industries. There are also higher tax rates for particular industries, for example, oil and gas and natural resources, where the rates go from 32% to 50%.
- Taxable revenue includes income from the sale of goods, provision of services, leasing or sale of assets, joint venture operations and more. A company is generally considered to be resident in Vietnam if it is incorporated there.

Individual tax

- Residents are taxed on worldwide income, while non-residents are taxed only on Vietnam-sourced income at a flat rate of 20%. The progressive schedule for taxes caps out at 35% for chargeable income over VND960 million.

Withholding taxes

- Dividends paid to foreign corporate investors are not subject to either withholding tax or remittance tax, but dividends paid to individual investors are taxed at a rate of 5%. Royalties to foreign parties for transfer of technology, intellectual property rights and software licenses incur a withholding tax rate of 10% corporate income tax, but are exempt from VAT. Interest also incurs a withholding tax of 5% on bonds and when charged by an offshore lender in connection with the loan agreement but those provided by certain government and semi-government institutions may be exempt under tax treaties.
- Wherever a tax treaty provides for a lower corporate income tax rate and all conditions are met, the tax treaty rate applies. As Vietnam is signatory to a wide range of tax treaties, it is best to fully examine which exemptions apply for each company individually.

Wage taxes

- For tax residents, there is a unified progressive tax rate system applicable to worldwide employment income. Business income is subject to both VAT and personal income tax, with rates on revenue differing depending on business activities.
- For tax on non-residents, there is a flat rate of 20% on Vietnam-sourced employment income and Vietnam-sourced business income is taxed at 1%, 2% or 5%, depending on the business activities.

Indirect tax

- The standard rate for VAT is 10%, but there is a zero rate on exported goods and services. There's a range of other exemptions also, including international transportation, certain agricultural products, financial, medical and telecoms, education and vocational training, and others.

- Basic amenities are also subject to a lower rate of 5%, including goods and services like clean water, fertiliser, fresh foodstuffs, medical and education equipment, and scientific and technology services.
- VAT registration is compulsory for all organisations and individuals producing and trading or importing taxable goods and services. Returns are done monthly – or quarterly if annual revenue is less than VND50 billion.

Foreign contractor tax (FCT)

- Any foreign entity or individual with a business in Vietnam or contracting with a Vietnamese party is subject to FCT and there are a number of different methods for declaring and paying this tax:
  - Deduction: If the foreign contractor is set up in Vietnam and using the Vietnamese accounting system (VAS), the amount can be deducted from total revenues. The foreign contractor will pay corporate income tax at 20% on its net profits. If you choose this method for one project, you'll have to use it for your other projects as well.
  - Direct: With this method, VAT payments are calculated directly, based on added value and the corporate income tax payments of the contractor's turnover percentage. The Vietnamese party must withhold and pay the taxes for the foreign contractor, in addition to submitting tax declaration and finalisation dossiers to the relevant tax agencies directly managing them.
  - Hybrid: The hybrid method allows foreign contractors to register and pay for VAT based on the deduction method, but allows for CIT to be paid under the direct method on gross turnover. This method is permitted if the foreign contractor has permanent resident status in Vietnam or operates in Vietnam under a contract with a 182-day or greater term and maintains accounting records that follow the Ministry of Finance's relevant accounting regulations and guidelines.
- You should also check for any double tax agreements that may apply.

Tax incentives

- There are certain projects and sectors that are encouraged in Vietnam by a preferential tax rate of 10% and may also be subject to certain exemptions and reduction periods. These include healthcare, education, high-tech, infrastructure development, supporting industries and software, agriculture and megaprojects. It also covers projects in special economic zones or areas with difficult socioeconomic conditions.
- Incentives also apply to R&D activities and intellectual property.

Corporate Income Tax (Rate)	**20%**
Personal Income Tax (Rate)	**5–35%**
Value Added Tax (Rate)	**10%**

Environmental, social and governance

Net-zero goal and strategy

- At COP26, Vietnam committed to achieve net zero by 2050.
- The National Green Growth Strategy for the 2021-2030 period, vision towards 2050 set targets to reduce greenhouse gas (GHG) emissions intensity per unit of GDP at least by 15% in 2030 and by 30% in 2050 compared with the 2014 level.
- Decree No. 06/2022/ND-CP dated 7 January 2022 on mitigation of GHG emissions and protection of ozone layer mentions that the carbon trade exchange pilots will take place in 2025 and officially operate in 2028.
- The recent launch of PDP8 Implementation Plan in April 2024 provides further details on capacity planning and identify priorities for investment till 2030.

Nationally determined contributions (NDC)

- The Vietnam NDC 2022 has targeted a decrease in total GHG emissions by 43.5% compared to the business-as-usual scenario by 2030.
- Reduction in emissions will primarily come from energy, agriculture, land, land-use change and forestry (LULUCF), waste and the industrial processes sectors.

Power development plan VIII (PDP8)

- Set a target to reduce the volume of carbon emissions to 170 million tons by 2030 and to 31 million tons by 2050.
- Renewable energy will account for 30.9% to 39.2% of the energy mix by 2030 (47% if Just Energy Transition Partnerships (JETP) is fully implemented), 67.5% to 71.5% in 2050.
- No new coal-fired plants will be developed after 2030.
- Commit to building reliable 500 kV and 220 kV transmission grids to ensure sufficient capacity and ease congestion/curtailment.

Just Energy Transition Partnerships

- On 14 December 2022, JETP was signed between Vietnam and International Partners Group (IPG) for up to USD15.5 billion in funding Vietnam to accelerate renewable energy output and the phasing out of fossil fuels.
- Vietnam has launched Resource Mobilization Plan (RMP) at COP28 which will help to identify investment requirements, opportunities, measures and barriers in implementing JETP.

Vietnam taxonomy

- To enhance sustainability and achieve the above targets, Vietnam's government has revised laws and issued multiple frameworks and policies such as:
  - The revised Law on Environmental Protection 2020 provides more detailed regulations on environmental protection such as the Extended Producer Responsibility (waste treatment and recycling responsibility), new measures on reducing GHG emission and developing the carbon market, implementing an environmental audit, etc.
  - Public companies in Vietnam are required to disclose in their Annual Report their ESG performance, as well as their objectives regarding corporate sustainability. That said, reporting is considered "light" versus other sites in the region/ASEAN.
  - According to the latest Investment Law, the investment term of a project for which obsolete, environment-threatening or resource-intensive technology is utilised should not be extended.

Clearing systems holidays 2024

Holiday	Date
New Year's Day	1 January, Monday
Tet Holiday	8 February, Thursday
Tet Eve	9 February, Friday
Tet Holiday	12 February, Monday 13 February, Tuesday 14 February, Wednesday
Hùng Kings' Temple Festival	18 April, Thursday
Reunification Day (Bridge Day)	29 April, Monday
Liberation Day	30 April, Tuesday
Labour Day	1 May, Wednesday
National Day	2 September, Monday
National Day Holiday	3 September, Tuesday

Sources: General Statistics Office of Vietnam; HSBC; KPMG (Taxation); State Bank of Vietnam; US Department of the Treasury; Worldometers

Case study:

Guangdong Haid Group

Expert guidance and solutions for a successful entry into ASEAN

The challenge

Established in 1998, Guangdong Haid Group (GHG) has grown to become the second-largest animal feed manufacturer globally. As the leading argicultural enterprise in mainland China, GHG looked to expand into Southeast Asia in 2011 with Vietnam as the first market, setting up feedstuff production bases as well as a local sales network.

Challenges to this expansion included the differences in overseas markets and business practices, and limited support within its own network. In recent years, international trade has been filled with uncertainty, which added pressure to the company's international expansion plans.

The solution

HSBC has been in Vietnam for over 150 years and understands how the local market operates. Its dedicated, in-country, Mandarin-speaking team meant that GHG's daily operations are robustly supported on the ground.

HSBC has helped with GHG's global mandate and implementing host-to-host payments, and its digital banking solution and user-friendly HSBCnet platform connects all accounts, providing better visibility on managing cashflows.

HSBC also provided GHG with a multi-million dollar Working Capital Support Loan to support the entity in Vietnam.

HSBC solutions and capabilities

- **Liquidity management**
- **Payments**
- **Channels: Application Programming Interface (API)**
- **Trade**
- **Working capital support loan**
- **Service & implementation**

The benefits

As GHG's major operating bank, HSBC holds the majority of capital accounts for the business globally. This has allowed GHG to expand into Malaysia, Indonesia and India, as well as Latin America. HSBC's compliance culture in the banking regulation field means that GHG can focus on its business, knowing there are no concerns over compliance issues.

With HSBC's support, GHG has gradually formed a local supply chain as well as developed into a leading seedstuffs manufacturer and provider in Southeast Asia.

> "HSBC's supply chain finance solutions met our diverse needs across various stages of the supply chain. Through our expansion experience in Vietnam, we have gradually tapped into the international market. Wherever our business sets foot in a new country, we always seek support from HSBC. With HSBC's international network, we hope to bring our business all over the world."
>
> **Bao Li Ding**
> Group Treasury Director, Guangdong Haid Group

Watch the video to find how HSBC supported GHG's expansion into Vietnam and beyond

Case study:

Dat Bike

Powering the new economy ecosystem with sustainability and innovation

The challenge

Dat Bike is a Vietnamese electric bike manufacturing company, founded in 2019 with the vision to transform Vietnam's vehicle market from petrol to electric focus, by creating 100% made-in-Vietnam electric bikes with enough functionality to meet the needs of most users. Its ambition is to become a leading Vietnamese manufacturer of electric vehicles, contributing to "greenifying" the USD25 billion two-wheeler market in Southeast Asia.

By the end of 2022, Dat Bike had launched three versions of electric motorbikes, successfully raised USD16.5 million, and opened branches in all three regions of Vietnam. The electronic motorbike manufacturer was looking to digitalise its financial operation and set up its initial footprint in the overseas financial market, opening up more opportunities to access foreign investment.

HSBC solutions and capabilities

- Payments
- Trade
- Service & implementation

The solution

HSBC Vietnam helped Dat Bike to increase the automation rate by upgrading their accounting system, allowing them to create and approve a bulk of transactions with only one click, saving processing time and transacting more effectively and accurately, while minimising human errors.

In order to support the EV startup to expand its opportunities in fundraising rounds, HSBC offered one consistent platform for Dat Bike to centrally manage treasury, setting the company's strong foundation to expand to other Southeast Asian markets, starting from Singapore, the biggest investor to Vietnam in 2022 and 2023.

The benefits

Dat Bike highly appreciates the bank's flexibility and pioneering efforts in providing new solution packages to support green business. Through this partnership, Dat Bike hopes to contribute to HSBC's new economy ecosystem, thereby digitising business operations and mobilising additional capital to follow its mission of converting gasoline motorcycles into electric motorcycles in Vietnam and Southeast Asia.

As a strategic partner, HSBC will not only continue to support Dat Bike's operation and fundraising, but also provide its customers with the opportunity to access advanced EV products more easily and affordably.

The partnership was a hallmark of HSBC's Innovation Banking, which was launched in mid-2023 and includes the former Silicon Valley Bank UK, with newly formed innovation teams in the United Kingdom, the United States, Israel and Hong Kong, aiming at delivering a globally connected, specialised banking proposition to support a broad range of innovation businesses and their investors. It aims to support new economy businesses around the world, including in Vietnam, to reach high growth, connect foreign investors and access international capital through the bank's strong network, rich experience and knowledge in the finance banking industry.

> "Vietnam's new economy is the fastest growing and with the highest potential in Southeast Asia. Dat Bike is a great example of a new economy corporate with its innovative, entrepreneurial mindset and sustainability strategy to bring green vehicles to Vietnam. HSBC shares the same vision in growing and supporting Vietnam to develop sustainably."
>
> **Ahmed Yeganeh**
> Head of Wholesale Banking, HSBC Vietnam

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✗
Notional pooling – balance contribution	✓
Notional pooling – interest optimisation	✓
Liquidity Management Dashboard	✓

Payments

Domestic payments (FCY/VND)	✓
Overseas (in/outward) remittances (online submission of supporting documents via HSBCnet)	✓
Napas 24x7 outward payments (VND)	✓
ACH bulk payments – RTP Payroll	✓
Statutory payments	✓
SWIFT GPI	✓

Collections

Overseas inward telegraphic transfers	✓
Napas 24x7 outward payments (VND)	✓
Inward domestic transfers	✓
Virtual account	✓
Receivable Management System (RMS)	✓
OMNI Collect/Portal	✓
OMNI Dynamic QR RTP	✓
Real time – receivable advising	✓

Channels

Local e-banking	✗
Global e-banking – HSBCnet	✓
SWIFT/host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments	
Documentary credits	✓
Documentary collections	✓

Guarantees	
Bank guarantees	✓
Standby letters of credit	✓

Working capital solutions	
Trade loan	✓
Receivables	✓
Payables	✓
Inventory	✗

Trade channels	
HSBCnet for trade	✓
LCRF for receivables finance	✓
HSCF for supply chain finance	✓
SWIFTNet trade for corporates	✓

China
at a glance

Executive message: Welcome to the China-Asean Corridor

Mark Wang
President and CEO,
HSBC China

Head office address:
HSBC Building, Shanghai ifc,
8 Century Avenue, Pudong,
Shanghai, China 200120

The world has witnessed China's significant developments over the past four decades. Now, its transition towards high-quality growth continues to attract interest from global businesses and investors. As a result, we have seen the emergence of substantial opportunities benefiting not only Chinese companies and consumers but also businesses worldwide, with Southeast Asia as a notable region.

Economic ties between China and ASEAN have strengthened over the years, and currently we are each other's largest trading partner, with annual bilateral trade exceeding USD900 billion and investments flowing robustly in both directions. Increasingly, the region is the preferred destination for Chinese companies to use as a springboard to establish their global presence.

Today, Chinese companies are significantly investing in ASEAN in sectors spanning high-end manufacturing, new consumption, e-commerce, and digital services. At the same time, China's vast market size offers a huge opportunity for ASEAN companies to export goods and services, including agricultural products and natural resources. Looking forward, negotiations on China-ASEAN FTA 3.0 are progressing and this will open a new chapter of trade and investment growth for this vital corridor, which HSBC is well placed to support.

Founded in Hong Kong and Shanghai approximately 160 years ago, HSBC has the broadest range of onshore capabilities compared to other foreign financial institutions in China, ranging across commercial banking, investment banking, private banking, asset management, insurance, and fintech. We are well-equipped to support international businesses in accessing the Chinese market and its connected corridors. Please get in touch to find out how HSBC can help your business unlock a world of opportunities between China and Southeast Asia.

Watch the video to learn more about the growth opportunities HSBC offers to your business.

Click here to watch

Overview

Population
1.41 billion (2023 est.)

Total area
9,596,960 sq km

Capital
Beijing

Major language(s)
Mandarin Chinese is most widely spoken, with many other forms of Chinese dialects also used

Time zone
UTC +8

Central bank
People's Bank of China (PBOC)

Gross domestic product (GDP)
USD17.7 trillion (2023 est.);
5.2% growth rate (2023 est.);
USD12,600 per capita (2023 est.)

Currency
Renminbi (RMB) is the official name, **Yuan (CNY)** is the unit

Consumer price index, average
2% (2022);
0.2% (2023 est.);
1% (2024 est.)

Exchange rate vs. USD
7.26
(as of 30 June 2024)

Banking system and bank accounts

The People's Bank of China (PBOC) is the central bank of China. Its main aim is to formulate and implement monetary policy and to safeguard financial stability. The PBOC also regulates interbank lending and the interbank bond market.

The banking sector is dominated by the "Big Six" state-owned banks: Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB), Bank of China (BOC), Agricultural Bank of China (ABC), Bank of Communication (BoCom) and Postal Savings Bank of China (PSBC). These banks play a crucial role in financing the government's economic development plans.

A resident company is allowed to open one Renminbi (RMB) basic account and multiple RMB general accounts on real settlement needs. Normally, general accounts cannot be used for cash withdrawal and payroll purposes except in a few branches.

There are various regulatory requirements applicable to the opening and operation of foreign currency accounts. Different types of foreign currency accounts are opened for different purposes, and the operation of these accounts is subject to regulatory restrictions in relation to these specific purposes.

The following types of bank accounts are currently available:

Account type	RMB account	Foreign currency account
Resident	✓	✓
Non-resident	✓ *(upon approval by PBOC)*	✓

All resident and non-resident accounts are interest bearing. Details of RMB and foreign currency accounts are as follows:

- RMB deposit: The ceiling interest rates are regulated by the PBOC Interest deposit rate self-discipline committee.
- Foreign currency deposit: The interest rate is market driven and decided at the bank's sole discretion based on commercial sense.

Clearing systems and payment instruments

China's payment systems include high-value real-time payment system (HVPS), bulk electronic payment system (BEPS), electronic banking payment system (EBPS), China foreign exchange payment system (CFXPS), intra-bank payment systems of banking financial institutions, bankcard interbank payment system, city commercial banks draft processing system and payment & clearing system, rural credit banks payment & clearing system, Cross-border Interbank Payment System (CIPS) and NetsUnion clearing system.

Clearing system	**Comments**
HVPS	• Real-time gross settlement system that has covered all cities in China since June 2005. • Payments made via HVPS between banks with direct membership can take a few seconds or minutes, regardless of their geographic locations. • CNAPS HVPS has become the most popular collection channel for cross-city settlements. • CNAPS allows up to 60 Chinese characters of information to be carried with the payment. • Generally for payment value exceeding CNY1 million.
BEPS	• Low-value clearing system (similar to an automated clearing house) or general interbank recurring order that has been implemented throughout China. • Uses the CNAPS architecture and caters to ordinary credit and debit transactions as well as bulk payments and collection processing, such as monthly salary payments or utility charge collections. • Transactions are settled through deferred net settlement in six cycles at the RTGS system of the PBoC. • Generally for payment value less than CNY1 million.
EBPS	• Real-time electronic fund transfer system operating 24/7. • Enables consumers, businesses, and government agencies to make real-time payments in RMB. • Supports multiple channels such as H2H, mobile banking, internet banking, QR and mobile.

Clearing system	Comments
CFXPS	• Offers real time clearing and settlement of domestic foreign currency payments operated by PBOC. • Four domestic banks (BOC, ICBC, CCB and SPDB) are assigned as clearing banks and all CFXPS participants need to open FCY Nostro account with them. There are 52 direct participants and 744 indirect participants. • Supports 8 foreign currencies: HKD, GBP, EUR, JPY, CAD, AUD, CHF, USD. • Operates during bank working days from 9am to 5pm.
CIPS	• Majority owned by PBoC, and HSBC is the only foreign bank shareholder in CIPS. • Offers clearing and settlement services in cross-border RMB payments and trade. • Allows international RMB payments to be cleared directly onshore within the country's domestic financial system, making transactions faster and more cost-effective. • Has over 1530 direct and indirect participants including banks and other financial institutions in major cities around the world. • CIPS plays an important role in internationalising RMB and facilitating cross-border trade with China.

Chinese citizens use mobile payments for daily transactions more than they do cash or debit and credit cards. Digital payment methods are used by around 87.5% of the population. Alipay, WeChat Pay and China UnionPay are the country's most popular services and about 99.8% of all Chinese users use the apps daily, ranging from one use up to more than 10 usages per day.

WeChat Pay

- Launched by Tencent, WeChat is the most popular messaging platform in China, with the main reason for its popularity being its multi-modal interface. This encompasses social media and mobile services via various in-app applications such as WeChat Pay, a feature that allows its users to make payments using QR payments, Quick Pay, Native In-App Payment, and In-App Web-Based Payments.
- The platform supports several currencies, including the Singapore Dollar and the British Pound. For unsupported currencies, USD can be used.
- WeChat recently partnered with Adyen, an international payment technology company, to facilitate cross-border transactions between foreign businesses, such as those in the UK, Australia, and China.

Alipay

- Created by the Alibaba group, Alipay is another popular financial service tool. Many online e-commerce platforms accept this payment option, including Amazon, Taobao, AirAsia, and JD.com. Additionally, they have pioneered cutting-edge biometric technology, including

facial recognition payment, that allows users to pay at kiosks by simply scanning their face using a 3D camera.
- The mobile payment service has also taken the initiative to increase trust between customers and sellers by introducing two different payment modes:
    - Escrow payments for e-commerce purchasing of physical goods – When customers make online payments, the platform securely holds it in escrow until the customer confirms receipt of the item in good condition. This method can greatly benefit businesses by safeguarding against disputes, non-payment, and chargebacks, as the payment is only released once the buyer accepts the delivered item.
    - Immediate payments for buying services – This system facilitates payment transactions such as hotel bookings and flight reservations, ensuring prompt transfer of payments to the businesses upon purchase. This seamless process enhances efficiency and expedites financial transactions.

China UnionPay
- UnionPay is one of the biggest payment card issuers, with about 40% of all debit cards globally being China UnionPay cards (CUPs). By the end of 2021, the company had managed 93% of all card payments in China.
- The card issuer has a mobile app which allows its users to link their CUP to the app and pay through digital payment process on their smartphones. Users are given two methods of payment if they choose to pay using the app, which is through QR payment or near-field communication (NFC). To use the NFC method, customers must open the app and hold their phones close to the EFTPOS reader. More than 2 million merchants worldwide, spanning 44 countries, allow QR payment using this method. There are also over 11 million point-of-sale (POS) terminals in 92 countries that accept using this payment service's mobile app.

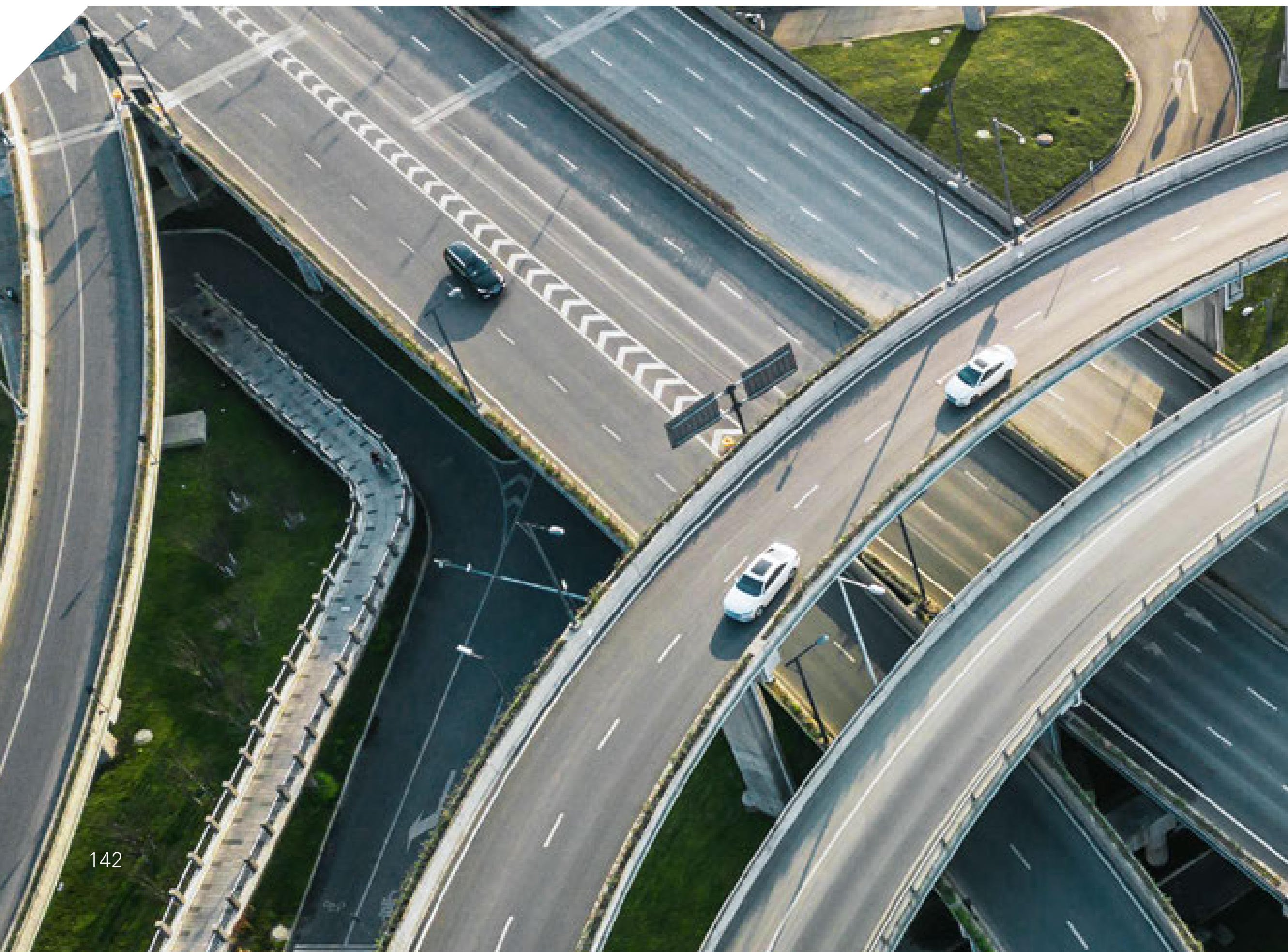
Trade

China's extensive manufacturing sector makes it the world's largest exporter, as everything from children's toys to the latest smartphones are shipped from the country's many ports. The strong global economy means that demand for Chinese exports continue to grow. At the same time, China is the world's second largest importer. Natural resources account for a large chunk of the country's purchases; so too do consumer goods.

Domestic consumption is an increasingly important stabiliser for China, as it shifts away from an investment and export-led growth model.

After Covid lockdowns and shortages, foreign trade operations remained overall stable, with a notable improvement trend. In 2023, China's total imports and exports grew by 0.2% year-on-year to CNY41.76 trillion (USD5.88 trillion), exceeding expectations and reaching the country's goals of steady growth and quality improvement.

China's trade with Belt and Road partners rose by 2.8% in 2023. China has retained its position as ASEAN's largest trading partner since 2009. Trade between ASEAN and China has more than doubled since 2010, and almost quadrupled since the entry into force of the ASEAN-China Trade in Goods



Agreement in 2005. Since 2013, the average annual growth rate of trade between China and ASEAN has been 8.8%, which is 3.8 percentage points higher than China's overall average annual growth rate during the same period.

In 2023, trade with ASEAN reached USD911.7 billion, accounting for 15.4% of China's overall foreign trade. Within that, China's imports from ASEAN was USD388.0 billion in 2023 (24.9% of China's total imports). Meanwhile, trade increased with Russia at the fastest rate, exports up 46.9% from 2022 to 2023, followed by India (exports up 0.8%).

In the first five months of 2024, China's exports mainly grew to ASEAN countries (9.7% year-on-year), Hong Kong (10.8%), Taiwan (8.5%), and Latin America (10.2%), while edging higher to the US (0.2%), and declining to the EU (-3.9%) and Africa (-2.1%).

	Exports	Imports
Value (2022)	**USD3.73 trillion**	**USD2.16 trillion**

Taxation

Corporate taxes

- Companies conducting business here must make social security payments. There are also investment tax credits, and tax deductions for depreciation on fixed assets. Charitable donations meeting certain criteria can enjoy tax deductions in Mainland China as can investments in research and development for new technologies, products and craftsmanship. Annual tax returns must be filed on or before 31 May following the end of the tax year.

Individual taxes

- Income derived from individual industrial, commercial production and operating activities, and income derived from contracting or leasing operations by any enterprise or institution are consolidated into income derived from business operations.
- The most important amendment to the law is the implementation of deductible expenses. Up to now expatriates have been allowed to deduct certain expenses, but, under the revised law, all individuals will be able to lower their monthly/yearly payment by offsetting their income against 'special additional deductions' including:
  - Education expenses for children
  - Expenses for further self-education
  - Health care costs for serious illness
  - Housing loan interest
  - Housing rent
- As part of the new law, the statutory deduction increases to CNY5,000 (from CNY3,500 for Chinese employees, and CNY4,800 for foreigners) with a lowering of income tax rates for employees with taxable income of up to CNY 35,000.

Withholding taxes

- There is a withholding tax of 10%. This applies to overseas enterprises that do not have establishments or places of business in Mainland China. This is applied to Mainland China-sourced income derived from dividends, interest, royalties and property leases, as well as other sources of passive income.
- It is worth checking tax treaties in order to see how this applies depending on where the business is based and what type of tax it is. The tax treaty can reduce the amount of withholding tax that needs to be paid. As of 31 December 2022, Mainland China had tax treaties in place with 112 countries and regions.

Indirect taxes

- There are value-added and consumption taxes that apply in Mainland China. These are also administered by local branches of the SAT. Value-added taxes apply to both corporations and individuals and range from between 6% and 13%. Services are subject to 6% tax.
- The sale and importation of goods can attract as much as 13%, while the rate for small-scale taxpayers can be as low as 6%.
- A consumption tax is levied on 14 types of luxury and environmentally unfriendly products including alcohol, cigarettes, petroleum, vehicles and jewellery. There are also other taxes in this category such as the business tax, which is levied on the provision of services, property taxes, land appreciation taxes and customs duties. It varies greatly from 1% to 56%.

Foreign-owned enterprises

- Foreign enterprises should assess whether the sector they are investing in is encouraged, restricted or prohibited in Mainland China. Foreign investment enterprises (FIEs) are considered resident under Mainland China's tax law and are therefore subject to tax on their worldwide income. FIEs are subject to a corporate income tax rate of 25%. Non-resident foreign enterprises (FEs) pay 10% on their Mainland China-derived income. There is now a simplified online filing regime for FIEs.
- One of the best choices is to establish a wholly foreign-owned enterprise or WFOE. You still pay 25% in corporate tax, but the involvement of a mainland Chinese investor is not required.
- There are still tight controls on how much money can leave Mainland China. Corporations must apply for permission to take out more than USD50,000 and approval can take months.
- Mainland China is making efforts to stimulate growth by encouraging foreign investment. It is in the process of offering overseas companies exemptions on paying income tax on profits if they reinvest these monies into the economy. However, certain conditions must be met.
- Foreign enterprises must make investments into sectors encouraged by the government. Set-up funds must be transferred directly to invested companies.

Tax incentives

- The principal incentive is a reduced tax rate of 15% for investments made in industries that have been singled out by the Chinese government. These include high-new technology enterprises (HNTEs) and certain integrated circuit enterprises.
- Tax holidays are given to enterprises started or engaged in particular 'encouraged' industries. There is also a 'super deduction' of up to 175% for investments made in R&D.

Corporate Income Tax (Rate)	**25% (flat rate)**
Personal Income Tax (Rate)	**3–45%**
Value Added Tax (Rate)	**6–13%**
IMD World Competitiveness Ranking number	**21**

Environmental, social, and governance

Mainland China ranks 56th out of 163 countries on the SDG Global Rank 2023. It has achieved the goals 'quality education' and 'no poverty' and, according to the UN's current assessment, is making good progress towards:

- Clean water and sanitation
- Industry, innovation and infrastructure
- Responsible consumption and production

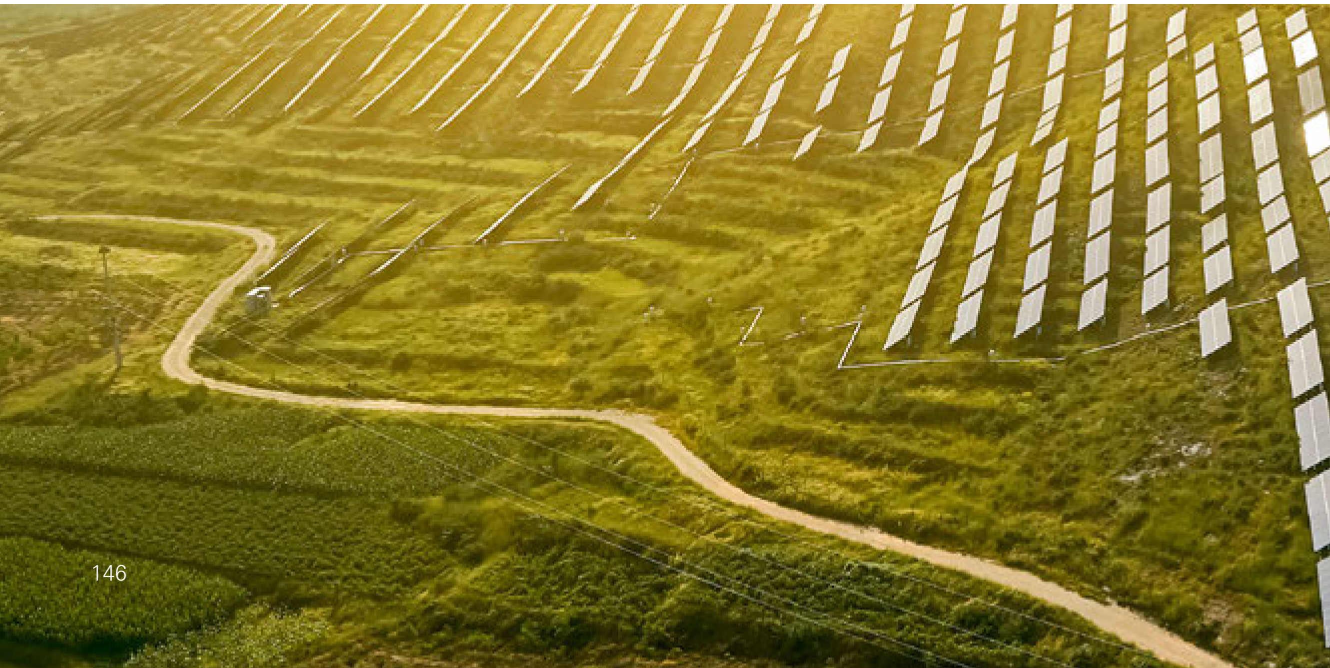
According to the UN's review of the country's SDG trends, China has already achieved the 'quality education' and 'no poverty' goals and is making progress on a number of other SDGs.

Lack of available information on progress is noted on the current UN assessment of SDG trends in China.

As part of its endorsement of the Sustainability 2030 Agenda, China is prioritising nine key areas for implementation:

- Eradicating poverty and hunger by improving production and food security
- Focusing on stable, sustainable and healthy economic growth
- Pursuing industrialisation to co-ordinate development between urban and rural areas
- Improving social services and security and public access to services
- Safeguarding equality and social justice
- Protecting the environment and promoting eco-security
- Addressing climate change and embedding a response as part of its national development strategy
- Promoting efficient resource use and sustainable energy
- Improving national governance and rule of law

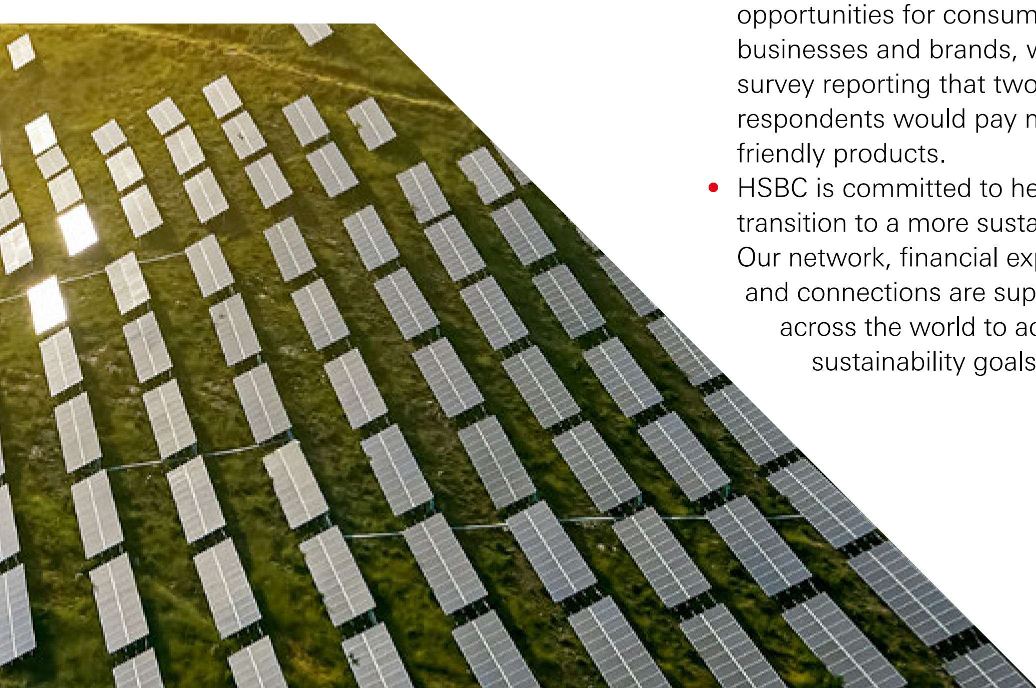
China has linked the Agenda with its own medium- and long-term development strategies and is coordinating implementation across 43 government departments. Raising public awareness has also been important, with recent results showing awareness of the SDGs at 90%



in China, and the sharing of its national plan for implementing the 2030 Agenda has been a key element in this. China is also focused on supporting developing countries to progress towards achieving the SDGs and sees the country's Belt and Road Initiative as a key part of this response.

Significant progress has been made in reducing poverty in China and increasing agricultural production has boosted access to beyond subsistence-level food supplies. Education has also been targeted, with compulsory education extended and illiteracy levels falling. Improvements in social security and the addressing of health challenges such as epidemic disease has also supported decreases in poverty and infant mortality.

In environmental terms, emissions have fallen considerably, and the rise of renewable energy sources is seeing declining reliance on fossil fuels.



Business opportunities

- As the world's second largest economy, China's commitment to the SDGs presents real opportunities for businesses. With the country now focused on managing the impact of fast development by investing in green technology, renewable energy and the low-carbon economy, businesses in these and supporting sectors are seeing increased interest.
- According to a global survey commissioned by the World Economic Forum in 2019, 90% of Chinese respondents had heard of the SDGs, compared to around half in other major economies.
- Sustainability features in China's development strategies, including its digital transformation initiatives, advanced manufacturing strategy and the BRI. It also means increased scrutiny of the sustainability credentials of the businesses seeking to be part of these plans.
- The high levels of public awareness of the SDGs in China also presents opportunities for consumer-facing businesses and brands, with a national survey reporting that two-thirds of respondents would pay more for climate-friendly products.
- HSBC is committed to helping businesses transition to a more sustainable future. Our network, financial expertise, tools and connections are supporting clients across the world to achieve their sustainability goals.

Future developments

- China looks set to continue its 'whole of society' approach to achieving the SDGs, with government action at the top boosted by action from communities at the bottom. Many innovations have been created at the local level. For example, Shenzhen, Taiyuan and Guilin were the first cities in China to explore development plans centred around sustainability and many more cities are now following suit.
- Looking to other areas of opportunity, investment in infrastructure is high but the scale of the country means that there are many opportunities for investment.

According to Deloitte, it is estimated that in 2023, the total amount of China's social logistics revenue is expected to reach around USD50 trillion, an annual growth of about 5%. By 2024, this figure is expected to reach USD52 trillion, an increase of about 4% year-on-year. The growth of tech innovators in China is leading digital transformation across different business sectors and supporting many of the key areas covered by the SDGs. In retail, CX is changing the way businesses and customers interact, manufacturing is dominated by robotics and AI and the car industry are led by electric and autonomous solutions. With access to highly skilled digital natives and business leaders keen to push digital transformation further, China is a truly competitive force.

Holidays in 2024

Holiday	**Date**
New Year's Day	1 January, Monday
Lunar New Year	12–16 February, Monday–Friday
Tomb Sweeping Day	4–5 April, Thursday–Friday
Labor Day	1–3 May, Wednesday–Friday
Dragon Boat Festival	10 June, Monday
Mid-Autumn Festival	16–17 September, Monday–Tuesday
National Day	1–7 October, Tuesday–Monday

Sources: Bank of China; HSBC; PwC; PBoC; Statrys; Trading Economics; US Department of the Treasury; World Bank Group;

Case study:

Baozun

Seizing growth in cross-border e-commerce

Watch how HSBC can support your business growth in ASEAN and beyond

HSBC solutions and capabilities

- New Economy
- Service & implementation
- Trade
- Credit Support

> "Having a financial partner that's connected globally and deeply understands the local market we seek to grow in provides invaluable and endless opportunities for Baozun's future."
>
> **Arthur Yu**
> Baozun E-commerce

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✓
Interest enhancement facility – Balance compensation	✓
Interest enhancement facility – Interest optimisation	✗
Liquidity Management Dashboard	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via EBPS	✓
Commercial cards	✗
Virtual cards	✗
International outgoing transfers	✓
SWIFT GPI	✓
Card issuing	✗

Collections

Over-the-counter deposit (cash)	✓
Inward telegraphic transfers	✓
Inward domestic transfers	✓
Virtual Accounts for Payor Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Global e-banking – HSBCnet	✓
SWIFT/ host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Trade payments	
Documentary credits	✓
Documentary collections	✓

Guarantees	
Bank guarantees	✓
Standby letters of credit	✓

Supply chain management	
Receivables	✓
Payables	✓
Inventory	✓

Trade channels	
Trade finance	✓
Supply chain finance	✓
SWIFTNet trade for corporates	✓
HSBCnet for trade	✓

India
at a glance

Executive message: Welcome to India

Hitendra Dave
Chief Executive Officer,
HSBC India

Head office address:
52/60 Mahatma Gandhi Road,
Fort, Mumbai, 400 001

India is amongst the fastest-growing economies and set to become the world's third-largest economy. At over 1.4 billion, it has the world's largest and one of the youngest populations, with an ever-expanding middle class fueling domestic consumption. This, along with its technological edge and deep integration into the global value chains, makes India well-positioned to grow.

The India-ASEAN trade corridor, which saw a bilateral trade of USD122 billion in 2023–24, is expected to grow rapidly across sectors such as IT services, pharmaceuticals, renewable energy etc. It offers significant growth opportunities for new economy companies to accelerate their business cycles as they expand into ASEAN. The government's commitment to digitalisation and the ongoing relaxing of regulations makes India increasingly business-friendly. Enhanced manufacturing capabilities, digital public infrastructure and last-mile connectivity improvements, a favourable tax regime, and a skilled workforce further enhance India's appeal for ASEAN companies.

While India's dynamic growth story is well-known, it is a large and complex market. As the largest international bank in India, with a history that spans over 170 years, HSBC India is happy to help you navigate it. We are the only global house in India with a universal banking model and a full platform across corporate, institutional and retail services, offered through 26 branches across 14 cities. The leading foreign bank for FEMA (Foreign Exchange Management Act), we offer end-to-end solutions, ensuring you benefit from our unrivalled global presence and local expertise.

As ties between India and ASEAN strengthen, the avenues for trade, investment and the exchange of expertise will continue to multiply. We are excited about helping you expand your footprint and achieve milestones together in India!

Watch the video to learn more about the growth opportunities HSBC offers to your business.

Click here to watch

Overview

India

Population
1.43 billion (2023)

Total area
3,287,263 sq km

Capital
New Delhi

Major language(s)
Hindi and English, with 22 other officially recognised languages

Central bank
Reserve Bank of India (RBI)

Gross domestic product (GDP)
USD3,549.9 billion (2023);
7.6% growth rate (2023);
USD2,484 per capita (2023)

Time zone
UTC +5:30

Currency
Indian Rupee (INR)

Inflation Rate
4.75%

Exchange rate vs. USD
83.35
(as of 30 June 2024)

Banking system and bank accounts

The Reserve Bank of India (RBI) is the central bank of India and the main regulator for banks. India's commercial banking sector is made up of public sector banks including the State Bank of India and other nationalised banks, private sector banks and foreign banks.

Cross border transactions are subject to Foreign Exchange Management Act (FEMA) regulations. The RBI is responsible for administration of the FEMA.

Customers who are not incorporated in India and have branches, liaison or project offices in India, are regulated by Section 6(6) of FEMA 1999. These companies may require prior approval of RBI to establish a branch, liaison or project office in India – such an office may open a bank account in India.

The permissible debits and credits to such accounts depend on the business form – branch/liaison or project office – and are guided by FEMA provisions.

These are some indicative documentation requirements for opening bank accounts in India. The team at HSBC handhold clients during the entire documentation and KYC process:

- Board Resolution
- Organisation structure
- Company charter documents

KYC Documents required for Authorised Signatories, Ultimate Beneficial Owners (owning 10% or more directly or indirectly in the entity), 2 Directors and Key controllers

Account type	Local currency	Foreign currency
Resident	✓	✓
Non-resident	✓	✗

Banking ecosystem in GIFT City

GIFT City is India's first International Financial Services Centre (IFSC) set up for financial institutions to conduct overseas business. GIFT is a Multi Services Special Economic Zone and is India's first global financial and IT services hub designed on the lines of global financial centres.

The scope of financial services include banking, capital markets, insurance, global treasury centres, Fintechs etc.

The banking ecosystem in GIFT has grown from USD14 billion in assets in 2020 to more than USD61 billion as of May 2024. There are 28 banks, including 12 International banks and 16 Indian banks.

HSBC is the first bank to get its license from the unified regulator, International Financial Services Centre Authority (IFSCA). HSBC GIFT (HIBU) has been consistently in the top two banks in the GIFT banking ecosystem in terms of outstanding loans.

HIBU has more than 32 products live, including credit and lending, trade finance, deposits, account services, payments, guarantees and Internet banking.

Clearing systems and payment instruments

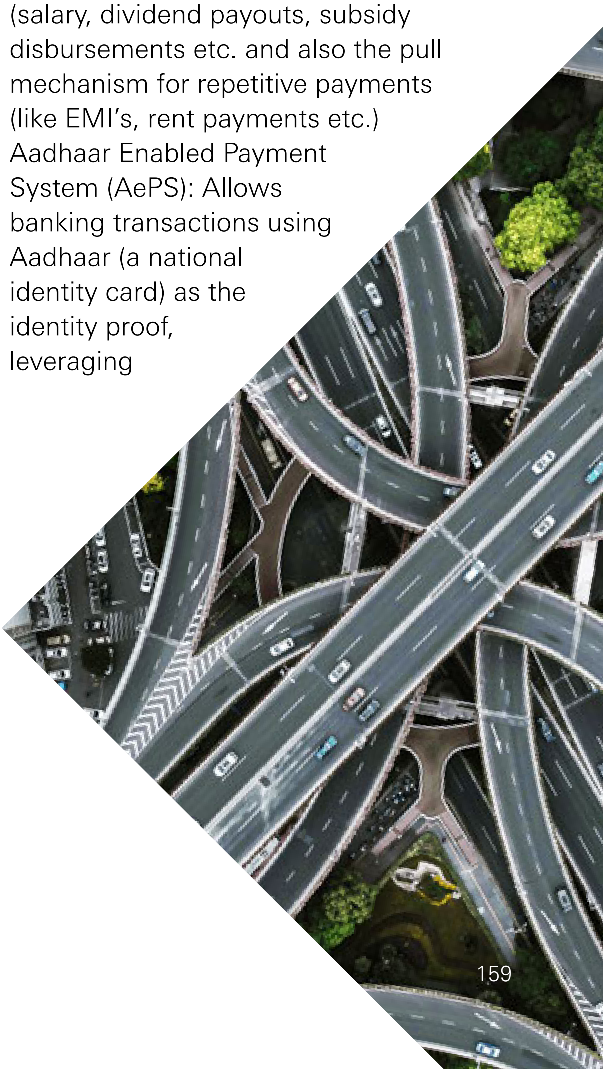
India has a well-developed and modernised payment and clearing system, supported by various instruments and platforms that facilitate efficient and secure financial transactions. The key clearing systems and payment instruments used in India include:

Clearing system	Comments
Real-Time Gross Settlement (RTGS)	• Facilitates instant interbank transfer of large funds, operating 24*7. • Fund transfers occur on a real-time and gross basis, meaning transactions are settled individually and immediately without netting. • Primarily used for high-value transactions (minimum amount of INR200,000 – equivalent to USD3,254), ensuring quick and secure settlement.
National Electronic Funds Transfer (NEFT)	• A nationwide payment system facilitating one-to-one funds transfer. Transactions are processed in half-hourly batches, allowing for near-real-time settlement. • Used for transferring funds between bank accounts across India, suitable for both retail and corporate transactions.
Electronic Clearing Service (ECS)	• An electronic mode of transferring funds from one bank account to another using the services of a clearinghouse. • Commonly used for bulk transactions, such as salary payments, dividends, pensions, and utility bill payments.
Cheque Truncation System (CTS)	• Allows electronic cheque clearing by transmitting the cheque image and associated data, reducing the physical movement of cheques. • Enhances the efficiency of cheque processing and reduces the time taken for cheque clearing.

India's payment systems landscape has undergone a dramatic shift in the past decade. While cash remains important, its dominance has significantly decreased. Digital payments offer convenience, security, and rewards, making them increasingly attractive. With continued government support, technological advancements and focus on inclusivity, the future of payments in India looks increasingly digital.

The government and RBI have actively promoted digital payment infrastructure. Initiatives like Bharat QR codes allow offline payments using QR code scanning. Increased internet and smartphone penetration have further fueled digital adoption. Key digital payment systems and services include:

- The Unified Payments Interface (UPI): Launched in 2016, real time payment method allows for instant transactions using a Virtual Payment Address (VPA) linked to a bank account. UPI boasts phenomenal growth, processing a vast majority (over 75%) of retail digital payments in India. This mechanism has seen widespread adoption on acceptance points both in the organised and unorganised sectors. The mechanism has extended itself to several use cases like Autopay (a pull mechanism for repeat transactions like OTT subscriptions etc.), UPI Block to allow for capital market participation both in the primary and secondary markets and UPI International for allowing transactions among different countries using the UPI rails.
- Immediate Payment Service (IMPS): an instant interbank electronic fund transfer service through mobile apps, internet banking, ATMs, and SMS. It provides 24x7 instant money transfer services, and is widely used for low- and medium-value transactions.
- National Automated Clearing House (NACH): a web-based solution to facilitate interbank, high-volume, electronic transactions for bulk transactions which are repetitive and periodic in nature. It is used for various purposes, including subsidies, dividends, salary, pension, and utility bill payments. It supports large value remittances (salary, dividend payouts, subsidy disbursements etc. and also the pull mechanism for repetitive payments (like EMI's, rent payments etc.)
- Aadhaar Enabled Payment System (AePS): Allows banking transactions using Aadhaar (a national identity card) as the identity proof, leveraging



biometric authentication. It facilitates financial inclusion by enabling transactions in rural and semi-urban areas without needing a physical bank branch.
- Bharat Bill Payment System (BBPS): an integrated bill payment system offering interoperable and accessible bill payment services to customers through a network of agents and digital channels. It is used for paying utility bills, mobile recharges and other recurring payments.

While debit cards remain primary for everyday transactions, credit card usage has seen a notable rise, particularly for larger purchases and online shopping. Major international card networks like Visa and Mastercard are prevalent. Through the NPCI, India has its own card network called 'RUPAY'. Rupay card holders can also initiate UPI transactions by debiting the card account instead of a bank account.

Mobile wallets that allow users to make transactions via their mobile devices are becoming increasingly popular for small-value transactions, online shopping and payments to merchants. Top companies include Paytm, Google Pay, PhonePe and Amazon Pay.

Also of note is the growing prominence of public digital infrastructure projects such as:
- ONDC – Open Network for Digital Commerce
- CBDC – Central Bank Digital currency (Digital Rupee or E-Rupee)
- Account Aggregator – Simple and Secure exchange of customer data between financial institutions
- Payment Aggregators – for Domestic merchant collections and cross border payment gateway led collection and settlement
- OCEN – Open Credit Enablement Network

Trade

India's growing clout as an international economy is reflected by its mounting influence in international institutions such as the G7 and G20, as well as its ability to negotiate free trade areas.

Just like the country's culture, India's economy remains extremely diverse – consisting of modern industries and agriculture alongside traditional village farming. The service sector in the country is also a growing contributor to its economic success.

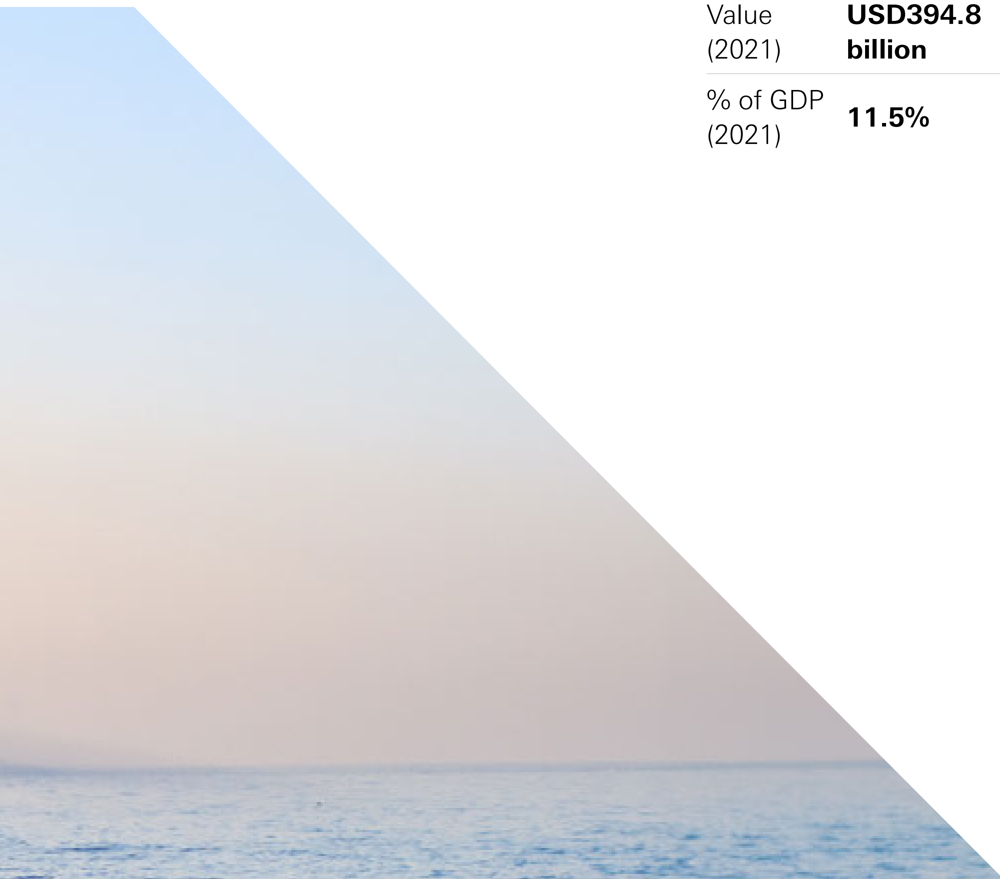
India is perfectly located to be a successful trading nation. It borders Afghanistan, Bangladesh, Bhutan, China, Burma, Nepal and Pakistan by land and Indonesia, Sri Lanka, Maldives and Thailand by sea.

According to the Economic Complexity Index (ECI), India is the 14th largest export economy in the world. The country exported USD394.8 billion in 2021. The top export destinations of India are the United States, the United Arab Emirates, Netherlands, Hong Kong, and China.

India imported USD570.4 billion in 2021. The top import origins for the country are China, Russia, UAE, Saudi Arabia and the United States.

There are many reasons to look at India as a market to export goods to – English is widely spoken, and there is a growing consumer market in the country. Nevertheless, tariffs can be high, and, in some instances, prohibitive.

	Exports	Imports
Value (2021)	**USD394.8 billion**	**USD570.4 billion**
% of GDP (2021)	**11.5%**	**19.0%**



Taxation

Corporate taxes

- Corporate income tax in India is chargeable on taxable income computed in accordance with the provisions of the Income Tax Act 1961. All businesses are required to follow a uniform financial year from 1 April to 31 March for tax purposes, irrespective of the financial year followed for accounting purposes. Income earned during the financial year is liable to income tax in the next year, called the 'assessment year'.
- Resident corporations are taxed on their worldwide income whilst non-resident companies are taxed only on income derived from India. For the purpose of taxation, a company is resident if it is formed and registered as an Indian company under the Companies Act or if its place of effective management (PoEM) is in India. PoEM is defined as the place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are made.
- The Finance Act 2022 introduced provisions related to filing an updated return within two years from the end of relevant Assessment Year by payment of additional tax over and above the regular taxes and interest as applicable depending upon the delay in filing. The updated return cannot be filed in certain cases including the following:
  - Updated return is a return of loss or has the effect of decreasing tax liability or increasing tax refund.
  - Updated return has already been filed for the said year.
  - Assessment or reassessment for the relevant year is completed.
  - Prosecution / search seizure proceedings have been initiated for the said year.
- Indian companies are subject to a presumptive tax known as the Minimum Alternate Tax (MAT) on the profits shown in their financial statements (book profits), where the income tax liability determined under the normal tax provisions is less than 15% of its book profits. MAT is levied at 15%, plus the applicable surcharges and cess.
- There was a debate on the applicability of MAT on foreign companies. In a recent amendment, income accruing to all foreign companies from capital gains resulting from transactions in securities, interest, royalty or fees for technical services chargeable to tax at a rate lower than the rate of MAT (i.e. 15%) have been exempt from MAT liability. Further, the Central Board of Direct Taxes has come up with a circular whereby the above exemption has also been provided for past years to foreign companies.

Individual taxes

- Residents in India are subject to tax on their worldwide income. Persons who are resident but not ordinarily resident are taxed only on Indian-sourced income, income deemed to accrue or arise in India, income received in India or income received outside India arising from either a business controlled, or a profession established, in India.

- Non-residents are taxed only on Indian-sourced income and on income received, accruing or arising in India. Non-residents may also be taxed on income deemed to accrue or arise in India through a business connection, through or from any asset or source of income in India, or through the transfer of a capital asset situated in India (including a share in a company incorporated in India).
- In India, income is charged on a slabbed system. There are also surcharges to pay where income exceeds certain thresholds, as well as health and education cess.

Wage taxes

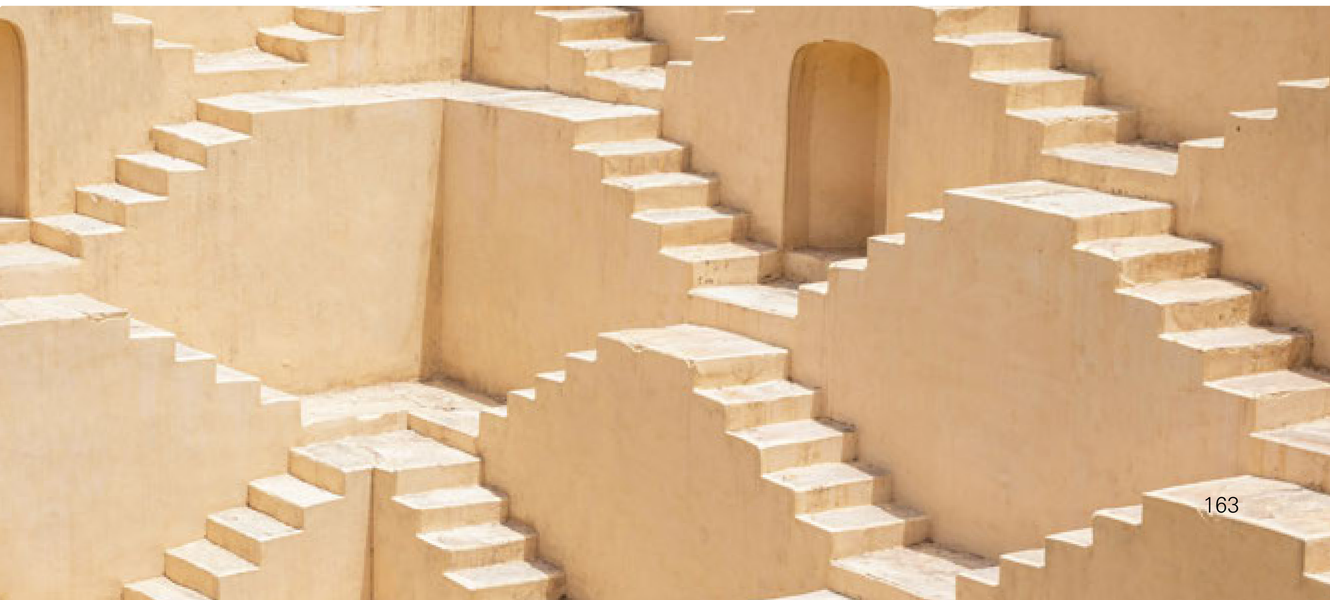
- Wage withholding tax applies to all wages and salaries paid in India. Employers must withhold income tax from employees' monthly salaries. Taxpayers with income tax liability exceeding INR10,000 must make advance tax payments in four instalments: 15 June, 15 September, 15 December and 15 March.
- Any Indian company with over 20 employees is required by law to register for the Employee's Provident Fund (EPF) – a retirement benefit scheme available to all salaried employees. The employer's contribution can be as much as up to 12% of an employee's basic salary.

Indirect tax

- In 2017, the Indian government introduced a Goods and Services tax (GST) bill, with the aim of streamlining all currently existing indirect taxes (except Customs) into one tax. The GST tax brackets range in increments from 5% to 28%, with the majority of goods and services being taxed at 18%.
- The GST bill was hailed as India's biggest tax reform in years, and is seen as a pro-business move, bringing transparency over the country's indirect tax system.

Tax incentives

- With a progressive stance on tax, the Indian government has a number of tax incentives in place that companies can take advantage of. These come in many



forms, including location-based, activity-based, export-based and import-based. It continues to promote Research & Development (R&D) through incentives such as tax exemptions and customs duty exemptions on import of specified goods for the agrochemical sector and for companies having in-house R&D units.

- India also operates a patent box regime. Royalty income of an Indian resident that owns a patent developed and registered in India is taxed at a rate of 10% (plus the applicable surcharge and cess) on a gross basis. As well as national incentives around R&D, individual states may have incentives too – so it is worth doing your homework.
- If certain conditions are met, a tax holiday is permitted on the profits earned by an undertaking engaged in handling, storage, and transportation of food grains, commercial production or refining of mineral oils, processing, preservation, and packaging of fruits or vegetables or operating and maintaining a hospital in a rural area. The tax holiday periods range from five to ten years, and the percentage of the rebate is 30%, 50%, or 100% in initial years and 30% in the later years.
- There are also tax incentives for development of affordable housing and infrastructure development.
- Certain tax incentives are also available for companies in the manufacturing and production sectors that invest in training to develop skills. As always, though, the devil is in the detail and local advice should be sought on tax matters where appropriate.

Corporate Income Tax (Rate)	**40%** (foreign companies) plus surcharge over INR10 million
Personal Income Tax (Rate)	**0-30%** plus surcharges over INR5 million
Value Added Tax (Rate)	From **5–28%**, majority of goods and services taxed at **18%**
IMD World Competitiveness Ranking number	**37**

Environmental, social, and governance

India is committed to achieving the UN Sustainable Development Goals (SDGs) and the scale of the challenge in one of the world's fastest growing countries offers significant opportunities for private investors and businesses.

Responsibility for implementing and overseeing the SDGs is that of the National Institution for Transforming India (NITI Aayog), chaired by the Prime Minister. India has embarked on a number of programmes designed to support progress towards achieving the SDGs. These include financial inclusion, infrastructure development, rural employment, better access to education and healthcare, food security, and digital connectivity.

Business opportunities

- As part of the SDG to improve governance, India has committed to several actions to reduce corruption and improve business, for example through streamlining taxation and a new insolvency and bankruptcy act, as well as the liberalisation of FDI.
- Infrastructure improvements are also in scope, with road and electricity connections to rural areas being prioritised, alongside more sweeping changes to road, rail, aviation and waterways. The Digital India Initiative seeks to boost mobile and internet connectivity and the development of broadband highways throughout the country.
- Manufacturing is also a key focus, with plans to increase output and make India a global hub for hi-tech manufacturing, which it is hoped will attract greater levels of FDI. The key textile sector is also benefitting from a number of incentives and initiatives. Development of links with neighbouring countries to share innovation and expertise is also focused on boosting the region's capabilities.
- HSBC is committed to helping businesses transition to a more sustainable future. Our network, financial expertise, tools and connections are supporting clients across the world to achieve their sustainability goals.

Future developments

- India's geographical location renders it favourable for executing renewable energy (RE) projects leveraging solar, wind and other sources. The government has updated its target from 175 Giga Watt (GW) to be achieved by 2022 (through funding and investment gap of USD100 billion) to 450 GW to be achieved by 2030.
- With 7% of India's population having limited or no access to power, and further growth anticipated, the need for private sector investment is clear. The government has created the India Investment Grid to highlight areas of private finance opportunity. Similarly, digital access stands at just 45%, showing huge potential to harness the highly skilled, young population to boost sustainable economic and social growth.
- The 'SDG Investor Map Report for India 2020', published by UNDP and Invest India (the national investment promotion and facilitation agency) with the support of NITI Aayog, identifies several potential sectoral opportunities to further the 2030 SDG agenda through private sector initiatives.
- The report highlights Investment Opportunity Areas (IOAs) across six priority sectors:
  - Education – the sector is estimated to grow from USD180 billion in 2020 to USD313 billion in 2030.
  - Healthcare – the sector is estimated to grow from USD370 billion in 2022 to USD610 billion by 2026.
  - Food & Beverages – the sector is estimated to grow from USD332 billion in 2023 to USD504 billion by 2027.
  - Renewable Resources & Alternative Energy – the sector attracted USD6.1 billion in FDI equity investment from April 2020 to September 2023.
  - Financials – the FinTech industry's market size is estimated to grow from USD584 billion in 2022 to USD1.5 trillion by 2025; the payments landscape is expected to reach USD100 trillion in transaction volume and USD50 billion in terms of revenue by 2030.
  - Sustainable Environment – the wastewater treatment plants market is estimated to grow from USD2.4 billion in 2019 to USD4.3 billion by 2025; the waste management sector is expected to be worth USD13.62 billion by 2025.

Clearing systems holidays 2024

Holiday	Date
Republic Day	January 26, Friday
Chhatrapati Shivaji Maharaj Jayanti	February 19, Monday
Mahashivratri	March 8, Friday
Holi	March 25, Monday
Good Friday	March 29, Friday
Annual Bank closing	April 1, Monday
Gudi Padwa	April 9, Tuesday
Eid-ul-Fitr (Ramadan Eid)	April 11, Thursday
Ram Navami	April 17, Wednesday
Maharashtra Day	May 1, Wednesday
Buddha Pournima	May 23, Thursday
Bakri Eid	June 17, Monday
Moharram	July 17, Wednesday
Independence Day/Parsi New Year	August 15, Thursday
Eid-e-Milad	September 16, Monday
Mahatma Gandhi Jayanti	October 2, Wednesday
Diwali – Laxmi Pujan	November 1, Friday
Guru Nanak Jayanti	November 15, Friday
Christmas	December 25, Wednesday

Sources: CashlessIndia.gov; Economic Times; HSBC; IBEF; International Trade Administration; Invest India; NSE India; OEC; PwC; Trading Economics; Statista; US Department of the Treasury; World Bank Group

HSBC cash management capabilities

Liquidity management

Physical cash pooling	✓ (within India)
Notional pooling – Balance compensation	✗
Notional pooling – Interest optimisation	✗
Liquidity management dashboard	✓
Dynamic cluster deposits	✓
Special accounts like RERA (real Estate), CSR, ONDC and Payment Aggregator Escrows	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Real Time Instant Payments via IMPS and UPI	✓
Commercial cards	✓
Virtual cards	✓
International outgoing transfers	✓
SWIFT GPI	✓
Commercial credit card issuing	✓

Collections

Over-the-counter deposit (cash)	✗
Inward telegraphic transfers	✓
Inwards fast and secure transfers (Vostro API, NEFT, IMPS and UPI)	✓
Inward domestic transfers	✓
QR code (UPI)	✓
FAST direct debit collections	✗
ACH direct debit collections	✓
Virtual Accounts for Payor and bene Identification	✓
Omni Collect – alternate payment methods enablement (in store & online)	✓

Channels

Local e-banking	✗
Global e-banking – HSBCnet	✓
SWIFT/ host to host	✓
Treasury APIs	✓

HSBC trade finance capabilities

Key offerings include:

- Wording Collaboration tool – to facilitate Bank Guarantee text vetting
- e-BG Issuance – collaboration with NeSL to facilitate digital guarantee issuance vide e-stamping, e-signature.
- Digitrade Platform – to facilitate local regulatory compliance related to export and imports.
- Unsecured Bill Discounting – unsecured working capital financing to msme suppliers in form of Invoice financing.
- Distributor Financing – working capital financing to Tier 1 Dealer/Distributors.

Trade payments	
Documentary credits	✓
Documentary collections	✓

Guarantees	
Bank guarantees	✓
Standby letters of credit	✓

Supply chain management	
Receivables	✓
Payables	✓
Inventory	✗

Trade channels	
Trade finance	✓
Supply chain finance	✓
SWIFTNet trade for corporates	✓
HSBCnet for trade	✓

MENAT
at a glance

Executive message: Welcome to the Middle East-ASEAN Corridor

Stephen Moss
Regional CEO
Middle East, North Africa and Turkiye

The Middle East's investment-led economic transformation, ASEAN's economic dynamism, and the critical need for sustainable economies are all converging to create significant opportunities in this fast-growing trade corridor.

HSBC has been connecting clients at both ends — and along — this dynamic corridor for more than 100 years. We are the leading international bank in the Middle East with the longest continuous presence, spanning nine markets.

Take our presence in the UAE as an example of the truly international role that HSBC plays in connecting financial flows. For example, as the largest international bank in the UAE, HSBC banks approximately 70% of foreign institutional investor assets, with a comprehensive investment banking platform, and the only full-service onshore and offshore private banking capability.

Our ability to support global businesses in accessing the Middle East extends across the region. HSBC banks approximately 85% of all international corporates operating in Egypt as well as in Saudi Arabia, through our partnership with SAB, the Kingdom's largest full-scale international bank.

The Middle East's diversification agendas represent one of the most pivotal economic shifts of modern times, with governments and companies on both sides of the corridor looking to connect capital, demographics, technology and industrial capacity to find new solutions to the green transition.

The growth momentum in this region is also reflected in both the Gulf's public and private markets which are experiencing a surge in foreign interest. Take Saudi Arabia, where we are supporting global clients to access the GCC's largest economy through our unrivalled presence.

From traditional energy to transition, advanced manufacturing to medical treatment, aviation to tourism, and technology to logistics, new business models for the future are being built between ASEAN and the Middle East.

Welcome to a new era of opportunity and collaboration between ASEAN and the Middle East.

Watch the video to learn more about the growth opportunities HSBC offers to your business.

Click here to watch

ASEAN and MENAT– The key growth areas for trade, investment and cooperation

MENAT is used to denote the contiguous Middle East and North Africa regions, along with Türkiye. The countries that make up these geographies vary; however, within this Guide you will also see reference to five high-growth markets within the MENAT region, namely Qatar, UAE, Egypt, Saudi Arabia and Türkiye.

These are exciting times on both sides of the ASEAN-MENAT corridor for trade and investment across multiple sectors. Shifting geopolitical, macroeconomic and trade trends are converging to create new opportunities across a trade route that stretches back more than a thousand years, between what today are two of the world's most economically dynamic regions. With global supply lines being redrawn and the technological revolution continuing to gather pace, MENAT and Southeast Asia are ideally placed to tap into these new opportunities.

ASEAN-MENAT trade is poised for further strong growth, underpinned by their demographic make-up. As of 2021, the 29 countries of the two regions accounted for just 7% of global GDP, but were home to 15% of the global population, and their relatively youthful populations suggest further growth into the future.

The two regions are key players in energy production, however, there are numerous opportunities for ASEAN-based businesses as MENAT markets look to diversify away from hydrocarbons and develop non-oil sectors such as travel and tourism, real estate and construction, manufacturing, and telecommunications. MENAT markets are also undergoing rapid transformation due to demographic and social change, urbanisation, and the rise of digital technology.

Future trade will be boosted by agreements already signed or in the pipeline between the different countries of the regions. Singapore, Indonesia and Malaysia already have free trade agreements in place or in the pipeline with several Gulf states, and recent diplomatic moves suggest further groundwork is being done to strengthen trade relations. For example, the UAE has signed formal Comprehensive Economic Partnership Agreements (CEPA) with Indonesia and Cambodia[1], and in 2023, launched a formal partnership with ASEAN to cooperate on projects and partnerships in areas of mutual benefit and interest[2].Meanwhile, Saudi Arabia has restored full diplomatic ties with Thailand after a three-decade gap, and separately has accelerated bilateral relations with Malaysia.

Greater formalisation of trade relations is still needed to facilitate trade between the two regions. Notably, the inaugural ASEAN-GCC Summit, held in Riyadh in 2023, marked a significant step in bolstering of ties between Gulf nations and ASEAN. The subsequent creation of the ASEAN-GCC Framework of Cooperation laid the foundation for a formal inter-regional engagement mechanism, outlining areas of political cooperation, security dialogue, trade, and investment.

Data from ITC on the sectors with the greatest untapped export potential highlight the most promising opportunities for ASEAN corporates within Qatar, UAE, Egypt, Saudi Arabia and Türkiye. The most sizeable export gaps for corporates in five of the major ASEAN markets are in the following sectors:

- Indonesia: vegetable oil and fats; machinery; chemicals; apparel
- Malaysia: electronic equipment; machinery; and optical products, watches & medical instruments
- Singapore: aircraft, spacecraft & parts; machinery; electronic equipment
- Thailand: electronic equipment; machinery; plastics & rubber; precious metals
- Vietnam: electronic equipment; apparel; wood products; machinery

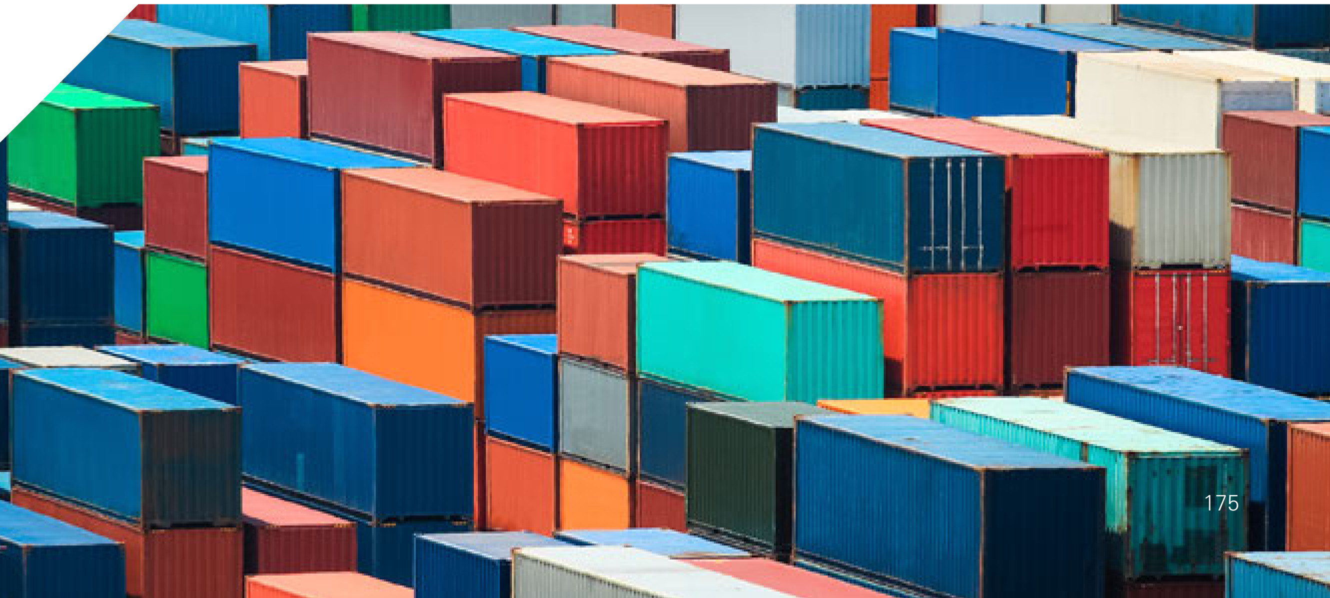
There are also key sector opportunities for MENAT-based corporates in these ASEAN markets, based on analysis of the largest sectoral export gaps in the five key markets up to 2027. Areas where these countries can export much more than they do now, are:

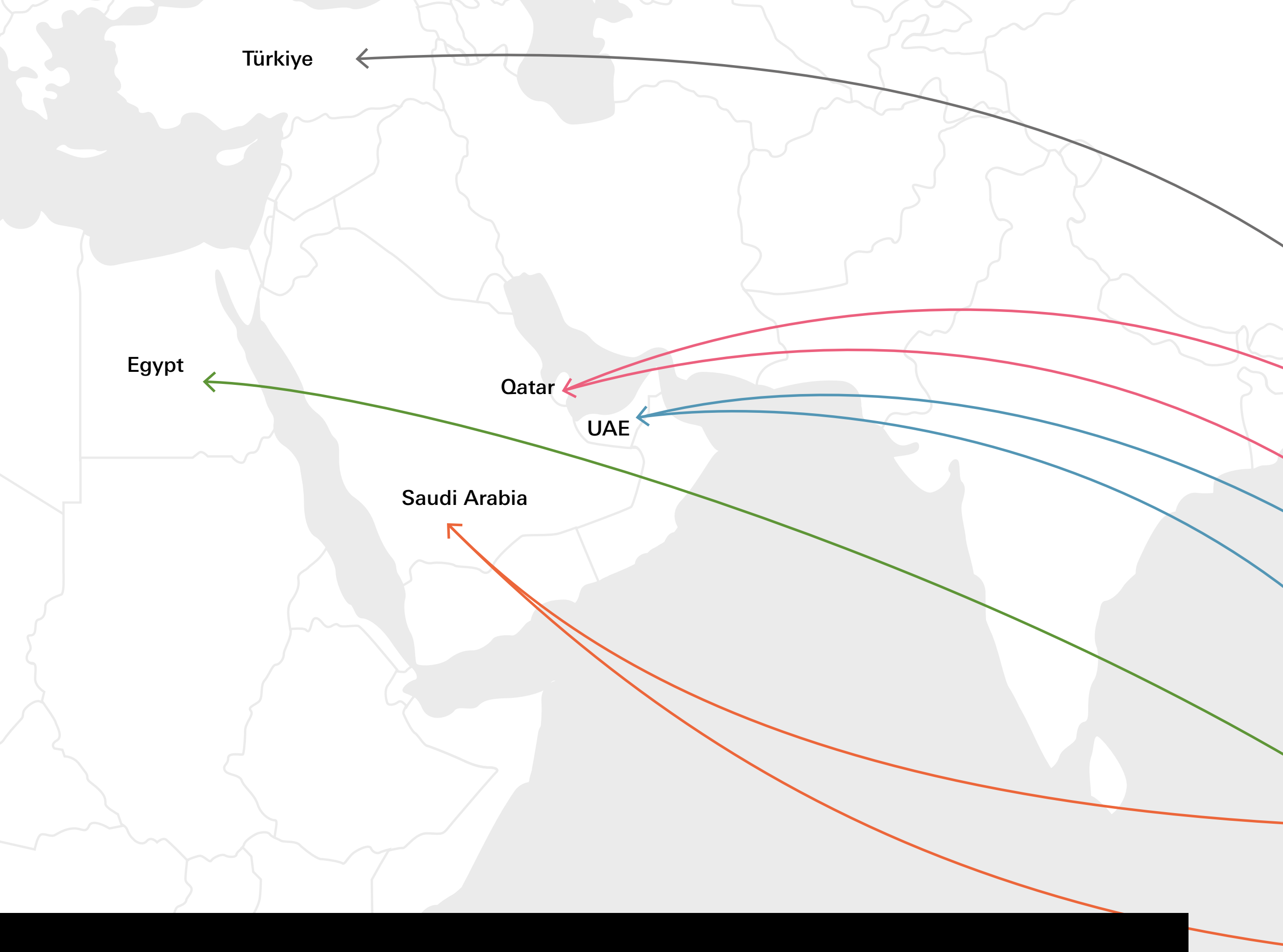
- Qatar: chemicals; metals (except ferrous & precious); plastics & rubber
- UAE: electronic equipment; machinery; precious metals
- Egypt: precious metals; chemicals; plastics & rubber
- Saudi Arabia: chemicals; metals (except ferrous & precious); plastics & rubber
- Türkiye: machinery; ferrous metals; motor vehicles & parts

HSBC's footprint is perfectly positioned to support clients in both directions of trade and investment between ASEAN and MENAT, with experts on the ground in key markets in both regions.

1. ISPI, June2024
2. Asean.org, June 2023

Click here to access the complete ASEAN-MENAT Corridor Report.





From **Indonesia** to **Qatar**

Investments in the paper, tyre, food, construction and building, and other support services sectors as part of the 2022 FIFA World Cup preparations.

From **Malaysia** to **Qatar**

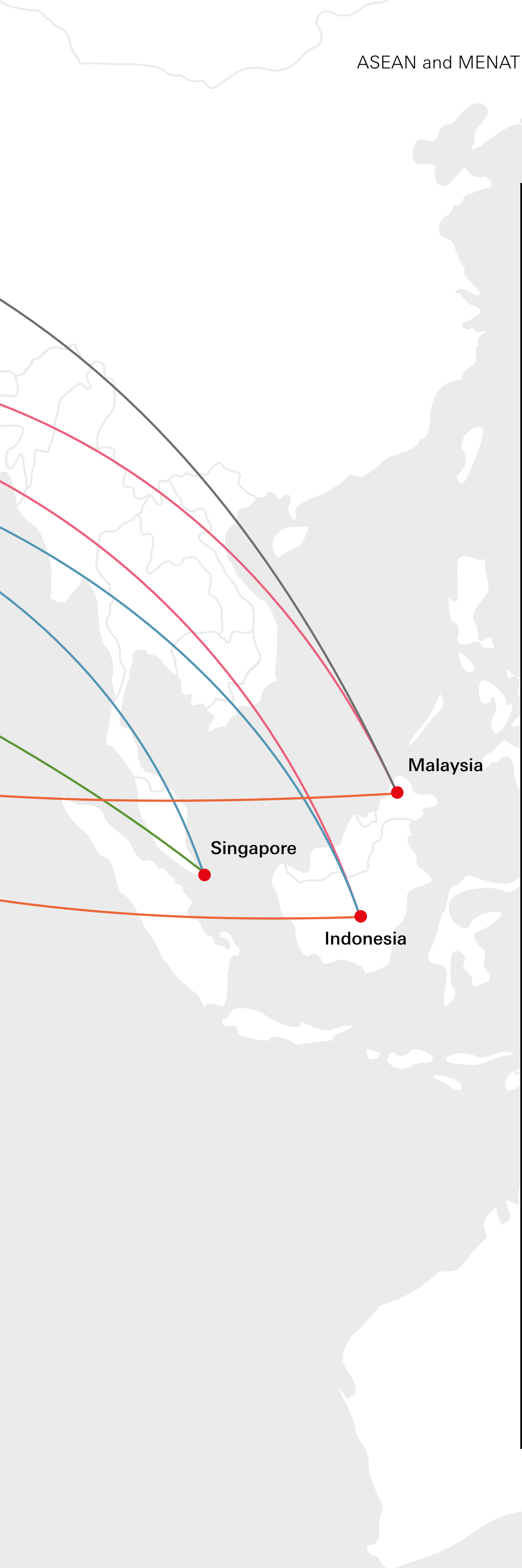
The Qatari Chamber of Commerce has said Malaysian companies are already operating in the country in a number of sectors including infrastructure, engineering, construction, oil and gas services, decoration, exhibitions, conferences and technology.

From **Singapore** to **UAE**

Sovereign wealth fund GIC invested USD600 million in 2019 in ADNOC's crude pipeline project.

From **Indonesia** to **UAE**

Indonesia is collaborating with the UAE in various sectors, such as AI, edtech, and digital payments. Additionally, Indonesian-Emirati private sector tech cooperation exists in the healthcare sector, with the UAE's G42 and two of Indonesia's main health companies, Kimia Farma and Bio Farma, signing agreements.



From **Singapore** to **Egypt**

Singapore's Ambassador to Egypt said in 2023 that Singapore investments in Egypt now exceed USD1 billion, making it the fourth-largest investor from East Asia.[3] The two countries also signed agreements to develop Cairo International Airport's passenger terminal, and to provide feasibility studies for Cairo Cargo City.

From **Indonesia** to **Saudi Arabia**

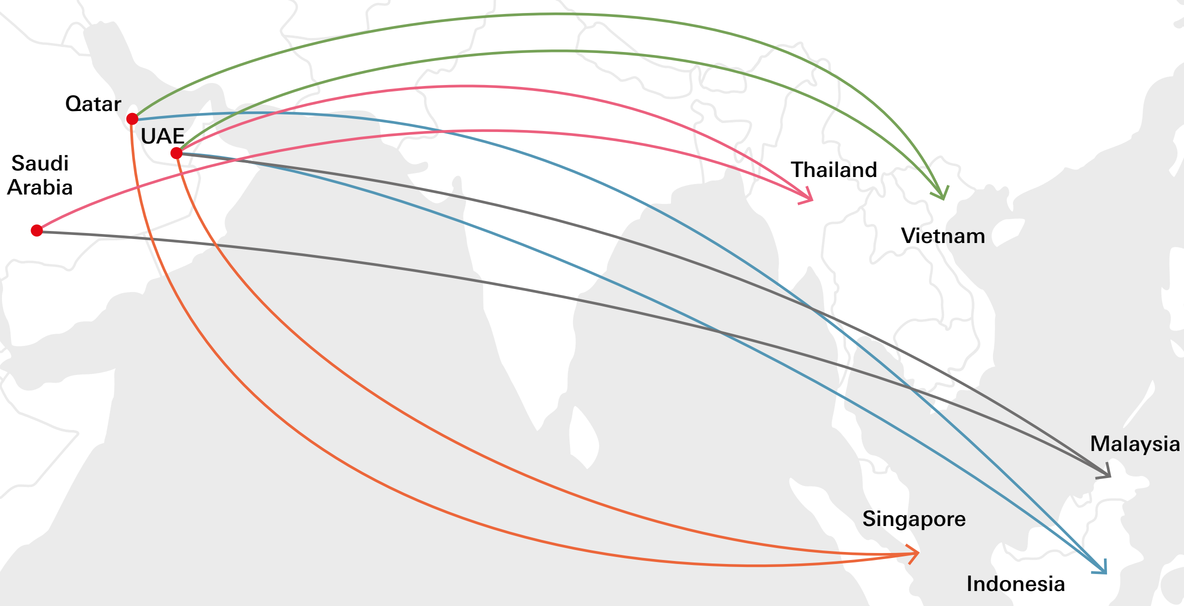
Logistics firm J&T Express said in February 2022 it would set up a regional headquarters in Riyadh and build the largest smart logistics industrial park in the Middle East.

From **Malaysia** to **Saudi Arabia**

Malaysian businesses have made investments in 38 projects valued in total around USD423 million in the construction, manufacturing, finance and insurance, technical and vocational fields, retail trade and other sectors.

From **Malaysia** to **Türkiye**

Malaysian sovereign wealth fund Khazanah has a strong presence in Türkiye, with more than USD2.7 billion invested across various industries through its investee companies since 2008. Significant investments include Acibadem Healthcare Group and Istanbul Sabiha Gökçen International Airport, one of Europe's busiest international airports.



From **Qatar** to **Indonesia**

Qatar announced in May 2022 it will invest more than USD500 million in Indonesia's '10 New Balis' tourism project, which aims to develop 10 Indonesian tourism destinations.

From **UAE** to **Indonesia**

In March 2021, the UAE announced its intention to invest USD10 billion into Indonesia's new sovereign wealth fund, with the investment focused on sectors including infrastructure, tourism and agriculture. The UAE and Indonesia also signed a free trade pact in July 2022 that aims to boost trade and investments between the two nations and increase bilateral trade from USD4 billion in 2021 to more than USD10 billion by 2027.

From **UAE** to **Malaysia**

Emirates and Tourism Malaysia signed an agreement in 2024 to promote tourism and boost visitor traffic into Malaysia from the airline's global network[4].

From **Saudi Arabia** to **Malaysia**

In April 2024, Saudi utility firm ACWA Power expressed interest in investing USD10 billion in Malaysia over the next 10 years to develop renewable energy projects.

From **Qatar** to **Singapore**

Qatar Investment Authority (QIA) established a regional head office in Singapore in 2021 as it eyed more exposure to the region, and QIA and Singapore's CapitaLand established a USD600 million joint venture to invest in serviced residences in Europe and the Asia-Pacific.

From **UAE** to **Singapore**

In November 2022, Abu Dhabi's Mubadala state investment company acquired a stake in Singapore-based AirCarbon Exchange (ACX). Earlier, in February 2022, ACX partnered with Abu Dhabi Global Market (ADGM) to set up the first regulated carbon trading exchange and clearing house in the UAE capital.

From **Saudi Arabia** to **Thailand**

Saudi companies are expected to invest up to USD8.7 billion in Thailand in 2024, focusing on sectors targeted by Thailand's Eastern Economic Corridor project, such as digital innovation, medical tourism, precision medical equipment, food processing, clean energy, and electric vehicles.

From **UAE** to **Thailand**

Bilateral trade in 2022 was valued at USD20.8 billion, an increase of some 73% from the previous year. Non-oil trade between the two countries increased by 21% in 2022 to USD6.1 billion[5].

From **Qatar** to **Vietnam**

In 2023, Qatar's JTA International Holding outlined plans for multi-sector investments in the northern province of Quang Ninh, particularly in tourism, renewable energy, and hi-tech industry[6].

From **UAE** to **Vietnam**

Dubai's investments in Vietnam totalled approximately USD76 million between 2019 and 2023, fostering 4,500 job opportunities within the Vietnamese market, largely focused on transportation, storage, and financial services sectors[7].

3. Ahram Online, 14 September 2023
4. Times Aerospace, May 2024
5. ASEAN Briefing from Dezan Shira & Associates, July 2023
6. The Investor Vietnam, September 2023
7. Emirates News Agency, May 2024

Egypt

As the most populous country of the MENAT region, and occupying a pivotal position at the intersection of Asian, African and European trade routes, Egypt is a crucial economy for the wider MENAT region. Egypt's economy is projected to grow at 7% annually across 2022–2027, to USD664 billion. The Egyptian economy is the largest in North Africa and the fourth largest out of 18 markets in MENA. The country is well-integrated with global trade flows due to its strategic location on the major maritime trade routes between Europe and Asia. Egypt has a diverse manufacturing base and a large and growing consumer market. Investment will remain a key growth driver, while exports will expand gradually, boosted by new gas projects and increasing exports to the EU.

Overview

Population
114 million

Total area
1.02 million sq km

Capital
Cairo

Time zone
UTC +2

Central bank
Central Bank of Egypt

Major language(s)
Arabic

Currency
Egyptian Pound (EGP)

Gross domestic product (GDP)
USD395.93 billion (2023)

Regulations – Liquidity Management Consideration

- Funds associated with investment can be freely converted into any world currency.

Legal Environment

- Egypt has implemented a number of regulatory reforms, including a new investment law in 2017.
- Egypt is a party to more than 100 bilateral investment treaties, including with the United States.
- With a few exceptions, Egypt does not legally discriminate between Egyptian nationals and foreigners in the formation and operation of private companies.

Regulations – Repatriation

- Foreign investors are able to buy shares on the Egyptian Stock Exchange on the same basis as local investors.
- The law allows 100% foreign ownership of investment projects and guarantees.

Economic Update

- In March 2024, Egypt launched a fresh set of economic reforms anchored by a new, USD8 billion IMF programme and backed by front-loaded pledges of more than USD50 billion in bilateral and multilateral support. The programme aims to encourage inclusive growth, create jobs, improve business climate, diversify and develop production patterns, localise manufacturing and enhance competitiveness of Egypt's exports.
- Higher investments are planned in sustainable infrastructure especially for rural areas and villages, health, and education.
- Country-wide focus on shift to Net-Zero with a focus on renewables and Green Hydrogen.
- Encouraging investment and exports is a high priority and a main feature of the recently launched National Structural Reform Program.
- Right to remit income earned in Egypt and to repatriate capital.

	Exports	Imports
Value (2022)	**USD53.9 billion**	**USD95.7 billion**

Taxation

Corporation Tax

- Resident companies are taxed on worldwide income. Non-resident companies pay tax on profits derived from their permanent establishments in Egypt.
- The corporate income tax rate in Egypt is 22.5% of the company's net taxable income. This rate applies to all activities, with the exception of oil companies, whose profits are taxed at a rate of 40.55%. In addition, the profits of the Suez Canal Authority, the Egyptian Petroleum Authority and the Central Bank of Egypt are taxed at 40%.

Value Added Tax

- The standard rate of Value Added Tax (VAT) is 14%. In some cases, a reduced rate of 5% or even 0% can be applied. The standard rate applies to almost all goods and services; the reduced rate applies mainly to production equipment. The VAT Act exempts a number of basic goods and services that affect low-income persons (in addition to other exceptions listed in the law). It also provides for a reverse charge mechanism whereby transactions involving non-residents providing services to Egyptian resident entities are subject to VAT in Egypt.

Withholding Tax

- A withholding tax of 10% is imposed on dividends paid by Egyptian companies to non-resident corporate shareholders on shares not listed on the Egyptian Exchange (EGX). A flat rate of 5% withholding tax applies to dividends paid to non-resident corporate shareholders from shares listed on the EGX.
- Interest on loans are subject to a 20% withholding tax.
- Royalty payments are subject to a 20% withholding tax.

Corporate Income Tax (Rate)	**22.5%**
Personal Income Tax (Rate)	**0–27.5%**
Value Added Tax (Rate)	**14%**
IMD World Competitiveness Ranking number	**53**

Sources: Egyptian Ministry for Trade and Industry; GSL; HSBC; OEC World; Trading Economics; World Bank

HSBC Business – Your partner for growth | HSBC Egypt

Qatar

Over the past 60 years, Qatar has transformed itself through its huge oil and natural gas reserves. It now has one of the world's highest GDP per capita levels. The nation has undergone several transformational reforms since the 1990s, including high government investment into the economy and its development of sophisticated healthcare and education systems, and massive infrastructure build ahead of its hosting of the 2022 World Cup. Guided by the National Vision 2030, the Qatari economy is forecast to grow 3% annually across 2022–2027, to USD256 billion.

Overview

Qatar

Population
2.6 million

Total area
11,571 sq km

Capital
Doha

Time zone
UTC +3

Central bank
Qatar Central Bank

Major language(s)
Arabic

Currency
Qatari Riyal (QAR)

Gross domestic product (GDP)
USD211 billion
USD81,400 per capita

Regulations – Liquidity Management Consideration

- There are no restrictions of currency flows in and out of the State of Qatar.

Regulations – Repatriation

- Free repatriation of profits, dividends and capital.
- No exchange tax is applied to the currency.
- No capital gains tax.
- With the exception of banks and oil companies, no corporate tax is in practice payable by businesses wholly owned by Qatari and GCC nationals.
- Corporate income tax is set at a flat rate of 10%.

Economic Update

- Qatar Vision 2030 sets the key themes for the socio-economic development of Qatar for the coming years.
- Qatar is projecting strong GDP growth well above regional peers for next 5 years.
- Output from Qatar's North Field will rise from 77 million tpy of LNG currently to 142 million tpy by 2030, an 85% increase in production.

	Exports	Imports
Value (2022)	**USD119 billion**	**USD39.4 billion**

Taxation

The tax regime in Qatar, rated as the world's third least demanding, implements international best practices through two main taxation entities, the General Tax Authority (GTA) and the Qatar Financial Centre (QFC) Tax Authority. The QFC tax regime applies to all QFC-licensed firms, while the rest of businesses operating in Qatar are subject to the State of Qatar's tax regime administered by GTA. Qatar's tax system is competitive and concise. The rate of tax is 10% of a company's total state income, paid annually. Typical business costs are deductible, and losses can be rolled over for up to three years from the original accounting declaration.

Income tax

- Qatar does not levy income tax on individuals' salaries, wages, or allowances. This is regardless of whether you're an expat or a Qatari national.

Withholding tax

- Non-residents may have to pay a 5% withholding tax if they've made money from services originating in Qatar. This rate is the same for individuals, self-employed workers, and companies. This could happen in instances where a non-resident has made interest from a Qatar-based investment, or if a non-resident is paid for services used in Qatar. Withholding tax also applies to royalties, technical fees, commissions, and brokerage fees when they're being paid to a non-resident.
- The 5% flat rate can also vary if there's a tax treaty in place with the country of your tax residency.

Corporate tax

- Companies wholly owned by Qatari or GCC nationals are not liable for corporate income tax (CIT). The GCC includes Qatar, United Arab Emirates, Saudi Arabia, Kuwait, Oman, and Bahrain.

- However, companies that are wholly or partly foreign-owned and have income sources in Qatar will be liable for CIT. CIT is usually a flat rate of 10%, but companies with oil and gas operations may pay 35%.
- Employers must also pay social insurance for Qatari nationals, equal to 10% of the employee's salary.

Capital gains tax

- Capital gains derived by a non-Qatari company are added to its other income and taxed in the same way. In most cases, this is at a flat rate of 10%.

Value-added tax (VAT)

- Currently, Qatar imposes no VAT or sales tax on operations in Qatar. However, the introduction of VAT in Qatar under a common GCC framework is expected to be introduced in the near future. The anticipated tax rate is 5%.

Corporate Income Tax (Rate)	**10%**
Personal Income Tax (Rate)	**0%**
Value Added Tax (Rate)	**0%** but expected to be 5% in the near future
IMD World Competitiveness Ranking number	**11**

Sources: HSBC, IMF, Invest Qatar, KPMG; PwC

HSBC Business –
Your partner for growth | HSBC Qatar

Kingdom of Saudi Arabia

Currently the largest economy among the GCC nations, Saudi Arabia's rapid growth now sees it as one of the G20 economies. Its growth has been supported by Saudi Arabia's Vision 2030, unveiled in 2016, which represents a transformative plan to unlock the Kingdom's potential by creating a diversified and innovative economy.

Drawing upon Saudi Arabia's rich history, heritage, culture, strategic location, and economic strength, Vision 2030 has ushered in a new era of economic diversification through strategic investments in key sectors, transforming society and opening Saudi Arabia to the world. Significant strides have been made in expanding non-oil industries, such as tourism and manufacturing, enhancing economic growth and career opportunities. Investments in smart infrastructure and digital services are supporting the country's digital transformation.

A series of developments including corporate law reforms and a focus on privatisation have also been introduced to support economic diversification and attract foreign investment.

GDP is expected to rise above 4% in 2025 as oil output normalises, and as the non-oil sectors grow. Non-oil activity is forecast to continue expanding by around 4% a year, buoyed by further gains in household consumption and service sector exports and an acceleration in investment spending[1].

Overview

Saudi Arabia

Population
33.2 million[2]

Total area
2,149,690 sq km

Capital
Riyadh

Time zone
UTC +3

Central bank
Saudi Central Bank

Major language(s)
Arabic

Currency
Saudi Riyal (SAR)

Gross domestic product (GDP)
USD1,068 billion[3]
USD32,137 per capita[4]

Special Economic Zones (SEZs)

Saudi Arabia's Economic Cities and Special Zones Authorities (ECZA) is the umbrella regulator of the Special Economic Zones (SEZs), aimed at accelerating economic diversification and creating a new route for investors to do business in the Kingdom.

In launching these zones, which support a wide range of industry sectors and business activities, the Kingdom offers a platform for investors to accelerate their regional and international growth through a globally connected market.

The first five Special Economic Zones are:
1. King Abdullah Economic City Special Economic Zone
2. Ras Al-Khair Special Economic Zone
3. Jazan Special Economic Zone
4. Cloud Computing Special Economic Zone
5. Riyadh Integrated Special Logistics Zone

Onshore Ownership

Foreign investors have several options for investing in Saudi Arabia, each with its own set of regulations and requirements. In April 2000, the Supreme Economic Council issued the Foreign Investment Act (FIA), which provides a broad framework within which non-Saudis may invest in the Kingdom in minority, majority or wholly foreign-owned companies in the Kingdom.

The FIA established Ministry of Investment of Saudi Arabia (MISA), which is solely responsible for approving, issuing and governing foreign investment projects and overall aims to facilitate and promote investment, both domestic and foreign.

Non-residents wishing to establish a business or make investments in Saudi Arabia can choose from a wide range of options, including corporate structures (under the Saudi Companies Law) and other special laws issued by the Saudi government.

Taxation

Zakat, Tax and Customs Authority (ZATCA) is the governmental agency responsible for oversight of tax collection and assessment, including the religious tax (Zakat) and VAT, in Saudi Arabia.

Value Added Tax (VAT)

- VAT is an indirect tax imposed on goods and services bought (Input VAT) or sold (Output VAT) by businesses. The current VAT rate is 15% and registration is mandatory for businesses with a value of supplies greater than SAR375,000 within 12 months. Certain goods and services are zero-rated, including exports of goods and services outside the GCC, the supply of qualifying medicines and medical goods, precious metals and international transport services.
- Certain products and services are exempt from VAT, including financial instruments, operation of current, deposit and savings accounts, life insurance and residential property rental, Islamic finance products and residential real estate leases (excluding hotels and similar).

Corporate Income Tax and Zakat

- Income tax is not imposed on an individual's earnings if they are derived only from employment in Saudi Arabia.
- Resident company in respect of non-GCC share of profit are subject to a corporate income tax of 20% on the net adjusted profits at the end of the financial year.
- The profit adjustments differ depending on the shareholder structure. Income from oil and hydrocarbon production is subject to tax at a rate ranging from 50% to 85%.
- Companies incorporated in Saudi Arabia with respect to shares owned by KSA or GCC nationals/GCC companies owned by GCC nationals are subject to Zakat, which is a religious wealth tax based on the taxpayer's net worth and profit. The effective rate is 2.5% of the net worth of natural persons and 2.5% of total capital resources of companies.

Withholding Tax (WHT)

- WHT is imposed on payments made by a KSA entity to non-resident on account of services. The WHT ranges from 5-20%, depending on the nature of service.

Tax incentives

- Tax incentives are available for businesses located in specific zones defined by the government:
- Special Integrated Logistics Zone: located next to the King Khalid International Airport in Riyadh, this zone has a 50-year tax exemption aimed at attracting foreign investment in a wide range of activities such as warehousing, inventory management, maintenance and repairs.
- Investment in the underdeveloped provinces of Ha'il, Jazan, Najran, Al Baha, Al-Jouf, and the Northern Territory comes with a 10-year tax exemption along with salary and employment incentives.
- The tax incentives also includes the Regional Headquarters (RHQ) Program, which provides a wide range of incentives for eligible companies, including a 30-year tax holiday and other administrative benefits.

Source: HSBC; PwC; Zakat, Tax and Customs Authority of Saudi Arabia

HSBC Saudi Arabia | Home

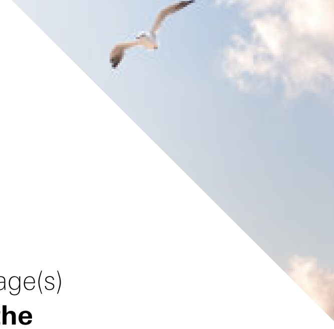
Türkiye

Türkiye is a gateway destination, linking Europe, Asia and Africa. An economy that is thriving and a young, vibrant society with the largest youth population among the EU member countries, make Türkiye a desirable destination for business. Türkiye's young population is an important contributor to labour force growth with the largest growth ratio of 27% (2012–2022) among the EU countries, which has boosted its rank over peer countries.

Türkiye's population is 85.3 million as of December 2023, which makes Türkiye #1 in Europe and #2 in MENAT.

Türkiye has made extensive efforts to attract Foreign Direct Investment (FDI), leveraging its access to 1.3 billion people and USD28 trillion GDP in Europe, MENA and Central Asia at a four-hour flight distance. Investors can establish a business in Türkiye irrespective of nationality or place of residence and the conditions for foreign investors setting up a business and transferring shares are the same as those applied to local investors.

Türkiye is considered an Emerging Market and offers huge potential of future growth. The Turkish economy posted an average growth of 3.5% (2003–2024) and is placed as 18th largest economy in terms of GDP per capita among countries with a population over 50 million.



Overview

Population
85.3 million (2023)

Total area
783,356 sq km

Capital
Ankara

Time zone
UTC +3

Central bank
The Central Bank of the Republic of Türkiye (TCMB)

Major language(s)
Turkish is the official language

Currency
Turkish Lira (TRY)

Gross domestic product (GDP)
USD12,986 per capita (2023)

Economic Update

- Türkiye is a strategic production hub with its manufacturing capabilities, strong workforce and geographical location and proximity to major economies.
- Türkiye has a diversified economy from services to manufacturing and offers abundant opportunities in a wide variety of sectors where it has a competitive edge in some key areas:
  - Automotive – #3 in Europe and #12 largest manufacturer globally, TOGG is the first local brand as an Electric Vehicle producer and supplier of many global brands (Ford, Fiat, Renault, Toyota & Hyundai).
  - Consumer Durables – #1 TV & white goods producer in Europe.
  - Defense & Aerospace – Defense spending of USD19 billion with exports amounting to USD2.3 billion.
  - Energy – Growing demands are turning the country into an energy hub; in terms of installed renewables capacity it ranks #6 in Europe and #14 in the world.
  - Agrifood-Market – USD103 billion with exports of USD19 billion to around 200 countries.
  - Iron & Steel – One of the world's leading players in steel manufacturing, at 34 million tons. Its main export region is the European Union, in which it has a 29% market share.
  - New Tech and Infrastructure – Solid potential in E-commerce, AI, Gaming and Fintech. PPP investment of USD170 billion (1986-2021).
  - Apparel Retail – Strong international brands operating and growing globally. #3 in Europe and #7 in World in terms of textile and ready-to-wear exports.

- Financial Services – Istanbul Financial Center Hub, serving 53 banks, including local and international banks.
- Chemicals – Türkiye is used as a manufacturing hub for multinational companies and local brands with a strong ranking in Europe and globally.
- Tourism – 214 million air passengers came to Istanbul in 2023, which makes it the #1 city in Europe by passenger traffic and the #4 most popular tourist destination in world. Tourism income reached USD54.3 billion in 2023, up by 16.9% on a yearly basis. In the first quarter of 2024, compared to the same period in last year, tourism income rose by a significant 5.4%.

• Türkiye recorded all-time high exports in 2023, valued at USD255.5 billion. Annual average growth of exports between 2002 and 2023 is 9.8% for Türkiye, whereas it is 6.4% for the rest of the world. Türkiye's share of global exports of good is in an increasing trend.

	Exports	Imports
Value (2023)	**USD255.5 billion**	**USD361.8 billion**
% of GDP (2023)	**22.9%**	**32.8%**

Taxation

There has been a lot of recent activity in Türkiye's tax system such as inflation accounting and general tax rate increases. The corporate tax rate for general business income is determined as 25%, but this rate is applied as 30% for banks and other financial institutions such as electronic payment and money institutions, asset management companies, insurance, and pension companies. Also, exporting companies can benefit from a reduced corporate tax rate of 5% on their export income. Türkiye's standard Value Added Tax (VAT) stands at 20%. Transactions performed by banks and insurance companies are generally exempt from VAT, but they are subject to Banking and Insurance Transaction Tax (BITT) at a rate of 5% in general which is levied over the gains of such corporations from their transactions. For individuals, income taxes are on a progressive scale of 15% to 40%.

Tax incentives

- There are several incentives designed to support investment in key sectors or regions, including: testing centres; research and development (R&D) projects; pharmaceutical; tourism, cultural and education products and services; and railway investments. Incentives may include: reduced CIT rate; VAT exemption; exemption for social security premiums (employer's portion); customs duty exemption; interest support; or allocation of land for investments.
- The government has also created a number of free trade zones, and companies can apply for a licence to operate within the zones from the Ministry of Finance, depending on whether their activities meet set criteria.

Corporate Income Tax (Rate)	**25%**
Personal Income Tax (Rate)	**15–40%**
Value Added Tax (Rate)	**20%**
IMD World Competitiveness Ranking number (2023)	**47**

Regulations – Companies Related

- 100% foreign ownership is allowed for companies in most sectors.
- Foreign investors can incorporate or invest in companies and open branches or representative offices.

Legal Environment

- Türkiye's legal system is based on civil law.
- Türkiye's investment legislation is simple and complies with international standards while offering equal treatment for all investors.
- The fundamental parts of the overall investment legislation include the Encouragement of Investments and Employment Law No. 5084, Foreign Direct Investment Law No. 4875, the Regulation on the Implementation of the Foreign Direct Investment Law, multilateral and bilateral investment treaties, and various laws and related sub-regulations on the promotion of sectoral investments.

Sources: HSBC Türkiye

HSBC Business – Your partner for growth I HSBC Türkiye

United Arab Emirates (UAE)

The outlook for the UAE remains positive, with robust economic growth forecasted, led by the non-oil sector and driven by rising investment and services sector exports. The non-oil economy grew by 6.7% year-on-year in Q4 2023, and by more than 6% over 2023 as a whole. In 2024, OPEC restraints are likely to see the oil sector contract for a second successive year but further gains in non-oil output will likely lift growth towards 4%. In 2025, we see normalising oil output and ongoing non-oil sector gains taking overall growth to around 5% .

Non-oil sectors including tourism and real estate are earmarked to drive growth, along with growing levels of foreign direct investment (FDI) and deeper capital markets in Dubai and Abu Dhabi.

Overview

Population
9.36 million

Total area
83,600 sq km

Capital
Abu Dhabi

Major language(s)
Arabic

Time zone
UTC +4

Currency
Emirati Dirham (AED)

Central bank
Central Bank of the UAE (CBUAE)

Gross domestic product (GDP)
USD53,758 per capita

Regulations – Liquidity Management Consideration

- LCY and FCY pooling allowed
- Cross Border cash concentration allowed in foreign currency

Regulations – Repatriation

- Free repatriation of profits, dividends and capital
- No exchange tax is applied to the currency
- No capital gains tax
- With the exception of banks and oil companies, no corporate tax is in practice payable by businesses

Legal Environment

- The existence and interaction of federal laws, individual Emirate laws and free zone laws can be complex

Economic Update

- The generally liberal trade regime has helped to sustain momentum for growth.
- The economy is significantly more diversified than that of its peers, generating less than half of its export receipts from the sale of hydrocarbons.
- The UAE Vision 2031 sets the key themes for the socio-economic development of the UAE for the coming years, and aims to double GDP to USD800 billion, raise value of foreign trade to USD1.08 trillion and to be among the world's top 10 countries in attracting global talent.
- The Make it in the Emirates campaign is an open invitation for local and international investors, innovators and developers to join the UAE on its journey of industrial growth. The UAE Ministry of Industry and Advanced Technology's comprehensive national programme aims to drive industrial growth in the UAE by boosting its GDP contribution from AED133 billion to AED300 billion by 2031.

	Exports	Imports
Value (2022)	**USD335 billion**	**USD247 billion**

Taxation

Tax incentives

- VAT is being introduced in the country to help the government deliver on long-standing plans for economic diversification away from oil, as well as fulfil its commitment to delivering on social and economic programmes.

Corporate taxes

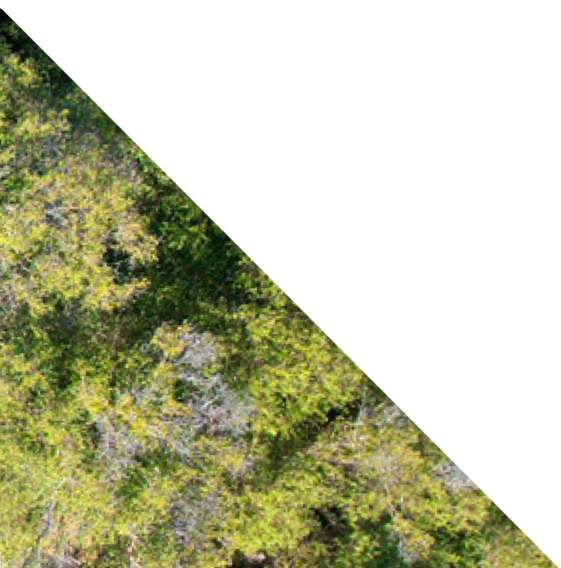
- The UAE introduced a standard rate of 9% business tax for companies exceeding AED375,000 from June 2023. Except for Bahrain, it's the lowest corporate tax rate in the Gulf Co-operation Council (GCC), and there are exemptions for some sectors.
- Small businesses with revenue up to AED3 million can benefit from a new tax relief programme until 31 December 2026. This is designed to support start-ups and other small or micro businesses by reducing their compliance costs and corporate tax burden.

Individual tax

- Individuals working in the UAE pay no income tax. Employees who are GCC nationals (including UAE nationals) are subject to a social security regime in the UAE, usually at a rate of 17.5%. UAE nationals contribute 5% and the remaining 12.5% is contributed by the employer. For other GCC nationals working in the UAE, social security contributions depend on the regulations in their home country.

Indirect tax

- The UAE was among the first of the Gulf countries to introduce a 5% VAT rate, agreed by all the GCC member states. It's applied on goods and services with a few exemptions including residential rental, life insurance, local transport and certain health and education services.
- For UAE-resident businesses, the threshold for VAT registration is AED375,000. Businesses may choose to register for VAT if they exceed the voluntary threshold of AED187,500. No threshold applies to non-resident businesses, but they are required to register if they make taxable supplies within the UAE.
- Free zones, designated zones and mainland areas are subject to different applications of VAT. Companies in free zones must register for VAT and free zones offering services and/or without physical controls for goods will be treated similarly to any other UAE mainland company. All transactions by companies inside designated zones, including importing, storing, and selling goods to countries outside the UAE, will be exempt from the UAE's VAT law.
- Products affected by the excise tax are:
  - 100% for tobacco and tobacco products
  - 100% for energy drinks
  - 50% for carbonated drinks, excluding bottled water
  - 50% for sweetened drinks
  - 100% for electronic smoking devices, liquids and tools



Corporate Income Tax (Rate)	**9%** (standard rate) on taxable income above AED375,000
Personal Income Tax (Rate)	**0%**
Value Added Tax (Rate)	**5%**
IMD World Competitiveness Ranking number	**7**

Sources: CBUAE, HSBC, World Bank

HSBC Business –
Your partner for growth | HSBC UAE

DISCLAIMER

This document is issued by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (UEN S16FC0010A) ("HSBC" or "we"). The Hongkong and Shanghai Banking Corporation Limited is incorporated in the Hong Kong SAR with limited liability. We make no representations, warranties or guarantees (express or implied) that the information in this document is complete, accurate or up to date. We will not be liable for any liabilities arising under or in connection with the use of, or any reliance on, this document or the information contained within it. It is not intended as an offer or solicitation for business to anyone in any jurisdiction. The information contained in this document is of a general nature only. It is not meant to be comprehensive and does not constitute financial, legal, tax or other professional advice. You should not act upon the information contained in this document without obtaining your own independent professional advice. The information contained in this document has not been independently verified by HSBC.

This document contains information relating to third parties. The information does not constitute any form of endorsement by these third parties of the products and/or services provided by HSBC or any form of cooperation between HSBC and the respective third parties.

Under no circumstances will HSBC be liable for (i) the accuracy or sufficiency of this document or of any information, statement, assumption or projection contained in this document or any other written or oral information provided in connection with the same, or (ii) any loss or damage (whether direct, indirect, consequential or other) arising out of reliance upon this document and the information contained within it.

HSBC does not undertake, and are under no obligation, to provide any additional information, to update this document, to correct any inaccuracies or to remedy any errors or omissions.

 Any products or services to be provided by HSBC in connection with the information contained in this document shall be subject to the terms of separate legally binding documentation and nothing in this document constitutes an offer to provide any products or services.

Today we finance a number of industries that significantly contribute to greenhouse gas emissions. We have a strategy to help our customers to reduce their emissions and to reduce our own. Find out more: https://www.hsbc.com/who-we-are/our-climate-strategy

HSBC

A Business Guide to ASEAN and Beyond

Market insights on the region and key trade corridors

HSBC