

# Asia Market Intelligence

## Bangladesh

### Presence

HSBC commenced operations in Bangladesh in 1996 and currently has a network of 11 branches, (including 1 Amanah Branch) and 5 Offshore Banking Units, making it the second largest foreign commercial bank in the country. HSBC Bangladesh also has a national network of 29 Automated Teller Machines (ATMs), 7 Sales and Services Centres (including ATM Machines, 6 EasyPay Machines, phone banking, access to HSBC's Internet website and a dedicated officer at the premises, together forming the HSBC Customer Service Centre). EasyPay is a sophisticated bill payment machine, developed with a touch screen formula, enabling both HSBC and non-HSBC customers to pay their utility bills, deposits, HSBC credit card payments and other bills.

At HSBC, we understand that running a business takes time, money and planning. That is why we have designed an extensive range of products and services for your business needs in Bangladesh, all of which are designed to give you maximum value with the minimum of paperwork and effort. These product and service offerings, coupled with our local team of cash management experts and commitment to innovation, makes HSBC the perfect partner for your business growth.

**Population:**  
158.67 million

**Total Area:**  
143,998 sq km

**Currency:**  
Taka (BDT)

**Capital:**  
Dhaka

**Major Languages:**  
Bengali (Bangla) and English

**Time zone:**  
GMT + 6 hrs

**Central bank:**  
Bangladesh Bank

**Gross domestic product:**  
206.7bn total (2007 est.); 5.6% real growth rate (2007 est.);  
1,300 per capita (2007 est.)

**Inflation rate (consumer prices)**  
8.4% (2007 est.)



**HSBC**   
The world's local bank

## Clearing Systems and Payment Instruments

Clearing system	Comments
BB clearing houses	Operates in Dhaka and BB branches in seven other cities.
Sonali Bank's clearing houses	Operates in 31 towns where there are no BB branches.
BB large-value cheque settlement system	For items with value above BDT500,000.
BB foreign currency clearing system	Based in Dhaka – clears and settles foreign currency cheques and pay orders.

There are also a limited number of clearing systems in upcountry rural locations. In these collection areas, beneficiary bank representatives physically take cheques to the drawee bank for clearing. If cheques are deposited on Day D, clearing through clearing systems will be completed on Day D+1. Upcountry collection cheques will clear between Day D+3 and Day D+5.

## Banking System and Bank Accounts

- Bangladesh Bank (BB) is the central bank of Bangladesh. It has legal authority to supervise and regulate the financial sector and issue the country's currency. It also formulates and implements monetary policy and manages foreign exchange reserves.
- The banking system of Bangladesh consists of BB as the central bank, four nationalised commercial banks (which hold 47% of the industry's assets and 50% of deposits), five government-owned specialised banks, 30 domestic private banks and 10 foreign banks.
- For locally incorporated companies, the opening of a bank account requires the following documentation:
  - Board resolution;
  - Certified copy of the company's memorandum of association;
  - Copy of the company's certificate of incorporation;
  - Trade licence;
  - Tax identification number; and
  - Photo identifications of all signatories, directors, principal shareholders and beneficial owners.
- In the case of foreign corporations, all documentation must be attested by the Bangladesh High Commission (Embassy) from the corporation's country of origin.
- The following types of bank account are currently available:

Account type	Local current	Local savings	Foreign current	Foreign savings
Resident	Yes	Yes	Yes	No
Non-resident	Yes	Yes	Yes	No
Credit interest	No	Yes	No <sup>1</sup>	No
1. Interest applicable only in non-resident foreign currency term deposit accounts.				

- Non-resident BDT accounts can be opened by companies resident outside Bangladesh, subject to approval from BB.
- Convertible short-term deposit accounts (7-30 days' special notice) are allowed for foreign diplomatic missions and their expatriate personnel, foreign airlines and shipping lines in Bangladesh, international non-profit organisations, including charitable organisations, and United Nations organisations and their expatriate personnel.

Australia   **Bangladesh**   Brunei   Hong Kong SAR   India   Indonesia   Japan   Korea   Macau SAR   Malaysia  
 Mauritius   New Zealand   People's Republic of China   The Philippines   Singapore   South Africa   Sri Lanka   Taiwan   Thailand   Vietnam

- Resident foreign currency accounts can be opened subject to travel history and local exchange control regulations.

## Cash management products and services at a glance\*

INVESTMENT PRODUCT	TRANSACTION MANAGEMENT		LIQUIDITY MANAGEMENT
	PAYMENTS	COLLECTIONS	
	<b>Electronic Payments</b> <ul style="list-style-type: none"> <li>Domestic Funds Transfers (within HSBC customer base) <ul style="list-style-type: none"> <li>Account to account transfers within HSBC</li> <li>Payroll (salary) payments</li> <li>Single/Bulk vendor payments</li> <li>Utility bill/other payments using Direct Debit (Standing Instructions)</li> <li>Telegraphic Transfer arrangements via alliance (partner) banks. Instructions placed to HSBC</li> <li>Telegraphic Transfer-Pay Order</li> <li>Payment Advising</li> </ul> </li> <li>International Funds Transfers <ul style="list-style-type: none"> <li>Outward Remittances (subject to compliance of all foreign exchange regulations)</li> </ul> </li> </ul> <b>Paper Payments</b> <ul style="list-style-type: none"> <li>Cheques</li> <li>Pay Orders (Cashiers Orders) for metropolitan areas</li> <li>Demand Draft drawn on Alliance (Partner) bank branches (HSBC has arrangement with Alliance/Partner banks to widen country-wide distribution coverage)</li> </ul> <b>Other Services</b> <ul style="list-style-type: none"> <li>Fax instructions, subject to fax indemnity</li> <li>Dispatch of instruments via courier</li> </ul>	<b>Electronic Collections</b> <ul style="list-style-type: none"> <li>Inward Remittances <ul style="list-style-type: none"> <li>Direct Debit (Standing Instructions)</li> <li>EasyPay Bill Collection Machines</li> </ul> </li> </ul> <b>Paper Collections</b> <ul style="list-style-type: none"> <li>Smart Collect – collection of cash/instruments deposited at HSBC branches.</li> <li>Collection of Cash/Instruments (Cheque/Pay Order/Draft etc) deposited at HSBC Branches</li> <li>Cash Pickup/Delivery Services</li> </ul> <b>Nationwide Network Collections</b> <ul style="list-style-type: none"> <li>Countrywide collections via alliance bank branches.</li> <li>Outsources coordinator service in upcountry collection locations</li> <li>Receivables Management System (RMS)</li> <li>Banker to Issue (Capital market collections)</li> <li>EasyPay Cheque/Bill drop box</li> </ul> <b>Banking Express</b> <ul style="list-style-type: none"> <li>Cash, Cheque and document delivery services available.</li> <li>Inward foreign currency remittance</li> </ul>	

\* Cash management services are delivered via HSBCnet, HSBC's global Internet banking platform, and HSBC Connect, HSBC's host-to-host electronic banking system.

## Alliance Network

Due to the limited number of HSBC branches outside of Dhaka, Chittagong, and Sylhet, HSBC has allied itself with some of the largest local banks, covering every region of the country to provide collection and payment solutions to its clients. The partner banks have a total of almost 800 branches nationwide.

	Network Collection				Network Payment			
	Cash Deposit	Local Cheque	Up Country Cheque	Cheque Pick Up	Payment Disbursement	Tax Payment	TT	Demand Drafts
Alliance Bank								
Islami Bank Ltd.	Y	Y	Y	Y	Y	-	Y	-
Sonali Bank	-	-	-	-	Y	Y	-	Y
IFIC Bank Ltd.	Y	Y	Y	Y	Y	-	Y	Y
Arab Bangladesh Bank	-	-	-	-	Y	-	Y	-

## Legal, Company and Regulatory

- Apart from BB, other important regulators include the Board of Investment, which handles applications relating to foreign direct investment and the creation of new companies, and the National Board of Revenue (the tax authority).
- Initial and average capitalisation requirements for companies in Bangladesh are BDT1m.
- Operating a company in Bangladesh requires permission; applications involve submitting a range of information to the Board of Investment, including:
  - Corporate details, such as name, address, nationality, place of incorporation;
  - Shareholding details, including authorised capital, paid-up capital (equity/preference), directors' details, shareholders' details and nationality;
  - Nature of business activity – whether trading, commercial, industrial, consultancy, etc.;
  - Details of any existing government permission to operate business;
  - Address where business will operate;
  - Sources of financing for the proposed business;
  - Whether any surplus earnings will be remitted abroad; and
  - Details of any foreign personnel to be employed and details of government approval for their employment.

## Liquidity, Currency and Tax

- Single currency domestic cash concentration is allowed, but this can only be done with all the accounts under the same master account. Cross-border cash concentration is not allowed.
- Typical local investment instruments for surplus liquidity include short-term deposits, time deposits and notice accounts.
- Outward remittance of currency is highly regulated by BB and foreign exchange hedging instruments are not available.
- Corporate income tax is levied at 45%. A 10% withholding tax and an excise duty is applied to all bank accounts. No distinction is made between offshore and onshore accounts.
- A 15% value-added tax is levied on all banking services charges/commission earned.

## Market Watch

The Bangladesh Automated Clearing House (BACH), a new automated cheque processing system, is due to go live in the second quarter of 2009. BACH will be responsible for the processing of cheques, credit and debit payment instruments on both an intra-regional and inter-regional basis. BACH will include systems and processes that support modern automated cheque processing using magnetic ink character recognition and imaging technologies. The system will be based at a centralised processing centre located in Dhaka and at branches in seven other cities.

## Contacts

### Mr Zahed Chowdhury

Head of Global Payments and Cash Management, HSBC, Bangladesh

Anchor Tower, 1/1B Sonargaon Road, Dhaka

Tel: (88) 02 9665998

Fax: (88) 02 9660554

E-mail: [zchowdhury@hsbc.com.bd](mailto:zchowdhury@hsbc.com.bd)

### Banking hours:

Sun – Thu

9:00am – 3:00pm

*The information contained herein is for general information purposes only. It is not intended to provide professional advice and should not be relied upon in that regard. Readers should seek appropriate professional advice where necessary before taking any action based on the information contained in this document. HSBC makes no guarantees, representations or warranties and accepts no responsibility or liability as to its accuracy or completeness. Information in this document is subject to change without notice.*

Australia	<b>Bangladesh</b>	Brunei	Hong Kong SAR	India	Indonesia	Japan	Korea	Macau SAR	Malaysia
Mauritius	New Zealand	People's Republic of China	The Philippines	Singapore	South Africa	Sri Lanka	Taiwan	Thailand	Vietnam