

Asia Market Intelligence

Singapore

Presence

HSBC has 10 branches and 27 automated teller machines (ATMs) in Singapore, of which 8 are located at offsite locations. The Bank offers a comprehensive range of financial services, including commercial and corporate banking, transaction banking (including cash management), trade, custody and clearing services, investment and private banking, insurance, forfaiting and trustee services, securities and capital markets services. The Bank operates in Singapore as a full bank, and has been awarded Qualifying Full Bank (QFB) privileges by the Monetary Authority of Singapore (MAS), allowing direct membership in all local clearing systems.

Singapore has one of the largest number of treasury centres in Asia Pacific. Singapore's infrastructure, political stability, favourable time zone, and central location in the Asia Pacific region, have greatly benefited multinational corporations in establishing global treasury centres. Another growing trend is for companies to streamline their supply chain, financial and operational processes and cash management to attain greater efficiencies.

Population:
4.44 million

Total Area:
699 sq km

Currency:
Singapore dollar (SGD)

Major Languages:
English, Malay, Mandarin and Tamil

Time zone:
GMT + 8 hrs

Central bank:
Monetary Authority of Singapore (MAS)

Gross domestic product
228.1bn total (2007); 7.7% real growth rate (2007); 49,714 per capita (2007)

Inflation rate (consumer prices)
2.1% (2007)



HSBC 
The world's local bank

Clearing Systems and Payment Instruments

MAS governs the cheque and electronic clearing system in Singapore. All banks have adopted the five-day clearing week system from 15 May 2006. There are three principal clearing systems in Singapore:

CLEARING SYSTEM	COMMENTS
MAS Electronic Payment System (MEPS+)	MEPS+ is a real-time gross settlement (RTGS) system. It enables instantaneous and irrevocable transfer of funds (SGD) and Singapore government securities. The cut-off times are 3.30pm for electronic instructions and 2:00pm for paper instructions.
Cheque Truncation System (CTS)	<p>The CTS is an image-based automated clearing system for SGD and locally issued US dollar cheques. It is operated by Banking Computer Services Pte Ltd (BCS). All banks participating in this clearing system use image-based technology to provide a cheque clearing service. The cheque deposit cut-off times are:</p> <ul style="list-style-type: none"> Monday to Wednesday, 3:00pm. Funds available on the next banking day after 2:00pm; Thursday, 3:30pm. Funds available the following Monday after 2:00pm; and Friday, 3:30pm. Funds available the following Tuesday after 2:00pm.
eGIRO System (automated clearing house – ACH)	The eGIRO system is also operated by the BCS. It is designed for electronic transfer of high-volume smaller-value payments. The cut-off time is 5:00pm.

Banking System and Bank Accounts

- The Monetary Authority of Singapore (MAS) is the central bank of Singapore. It formulates and executes Singapore's monetary policy, manages its foreign reserves, and issues Singapore's currency and government securities. As supervisor and regulator of Singapore's financial services sector, it has prudential oversight over the banking, securities, futures and insurance industries.
- Singapore's three large local banking groups, DBS, UOB and OCBC, which formed after recent consolidation, dominate the local retail banking scene. In order to liberalise commercial banking in Singapore, MAS has awarded qualifying full bank status to a number of foreign banks, which will allow them to open up to 25 sub-branches or offsite automated teller machines. Other foreign banks have been awarded wholesale bank status to allow them to serve commercial customers in Singapore.
- Documentation requirements for opening bank accounts are unremarkable for domestic corporations and include items such as shareholder list, memorandum and articles of association, etc. However, for foreign corporations wishing to open bank accounts 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 an 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 (for tax haven countries); and
 - Letter of authorisation to debit account opening fee (for tax haven countries).
- The following types of bank account are currently available:

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

Account type	Local currency current	Local currency savings ¹	Foreign currency current	Foreign currency savings ¹
Resident	Yes	Yes	Yes	Yes
Non-resident	Yes	Yes	Yes	Yes
1. In Singapore, savings accounts are not offered to corporates.				

Cash management products and services at a glance²

INVESTMENT PRODUCT ³	TRANSACTION MANAGEMENT		LIQUIDITY MANAGEMENT ³
	PAYMENTS	COLLECTIONS	
<ul style="list-style-type: none"> Interest bearing local and foreign currency current accounts Time deposits Structured deposits USD Liquidity Fund 	<ul style="list-style-type: none"> Telegraphic Transfers MEPS (RTGS) GIRO (ACH) Foreign Currency Demand Draft Cashier's Order Cheque Outsourcing Service (local currency and local USD cheques) Payment Advising delivered via email/fax/ paper mail/sms 	<ul style="list-style-type: none"> Cash collection Direct debit (GIRO collection) Direct Debit Authorisation Outsourcing Over the counter deposit (cheques/cash) USD cheque collection/cash letters Retail lockbox Wholesale lockbox Receivables Management System (RMS) Virtual Accounts Bill payment (on personal Internet banking and phone banking) 	<ul style="list-style-type: none"> Pooling Cash Concentration

¹ Cash management services are delivered via *HSBCnet*, HSBC's global Internet banking platform, and *HSBCconnect*, HSBC's host-to-host electronic banking system.

² The Bank is obliged to withhold tax on interest payments to certain non-tax resident corporations of Singapore. Please refer to the Bank for more details.

Legal, Company and Regulatory

- Singapore's regulatory environment is among the least restrictive in the world and is complemented by a similarly competitive tax environment. Low withholding taxes and double taxation agreements with more than 50 countries provide a favourable environment for large corporates looking to establish regional treasury centres.
- MAS does not encourage the internationalisation of the SGD; therefore, restrictions apply to the extension of credit facilities that are denominated in SGD to non-resident financial institutions.
- The banking secrecy provisions of the Banking Act of Singapore prohibit the disclosure of customer information except in circumstances permitted in the act.
- Singapore provides incentives (mainly tax-related) for locating a company's operational headquarters (OHQ) or a finance and treasury centre (FTC) in Singapore. There are also incentives for locating regional treasury centres (RTC), subject to pre-defined minimum criteria set out by the Singapore government.

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

- A foreign entity may invest in Singapore either through a locally registered branch or an incorporated subsidiary. There is no restriction on the percentage of equity ownership, nor any restriction on the repatriation of profits out of the country, so funds can easily be remitted in and out of Singapore.
- In general, there are no minimum capitalisation requirements in Singapore (except for financial institutions) and there are no thin capitalisation rules. Further information on regulatory requirements can be found at www.acra.gov.sg.

Liquidity, Currency and Tax

- Singapore has a large number of treasury centres, managing foreign exchange and liquidity on behalf of the region. In general, there are no restrictions on liquidity management structures in Singapore, enabling complex structures to be put in place. This applies to both cash concentration and notional pooling on both a multiple- or single-currency basis. This enables large multinational companies to set up their regional liquidity centres and shared service centres in Singapore.
- A wide range of local yield enhancements options are available for surplus liquidity. Interest-bearing local and foreign currency current accounts are commonly used, as well as money market funds and structured deposits.
- Singapore's liberal financial system generally does not have any currency or capital controls. However banks have to observe the government's policy of discouraging the internationalisation of the SGD (as mentioned earlier). MAS's policy on the non-internationalisation of the SGD essentially restricts the lending of SGD by banks in Singapore to non-resident financial institutions for the purpose of speculation in the SGD currency market:
 - Banks in Singapore may not extend aggregate SGD credit facilities exceeding SGD5m to non-resident financial institutions where they have reason to believe that the proceeds may be used for speculation against SGD.
 - For a SGD loan to a non-resident financial institution exceeding SGD5m or for a SGD equity or bond issue arranged by a bank in Singapore for a non-resident financial institution where the proceeds will be used to fund overseas activity, the SGD proceeds must be swapped or converted into foreign currency before remitting outside Singapore.
- These SGD lending restrictions do not apply to non-resident financial institutions and there is currently a large offshore market in SGD abroad.
- The prevailing corporate tax rate in Singapore is 18% and there is no capital gains tax. Certain payments made to non-residents are subject to Singapore withholding tax. For more information, please refer to www.iras.gov.sg/iras.
- Whether there are any tax considerations arising from cash concentration/pooling schemes will depend on the circumstances of each case and companies are well-advised to seek independent tax advice in this respect.

Market Watch

Singapore's 2008 Budget includes an extension of the unilateral tax credit claim process for foreign-sourced income, lowering tax costs for inward remittances, which makes Singapore an attractive location for regional cash-concentration header accounts.

Singapore's regulatory environment is among the least restrictive in the world. The regulatory regime is complemented by one of the most competitive tax environments in the world. The low withholding taxes and high number of Double Taxation Agreements with over fifty countries provide a favourable environment for large corporates to set up regional treasury centres in Singapore.

- The MAS does not encourage the internationalisation of the Singapore dollar; therefore, restrictions apply to the extension of credit facilities that are denominated in Singapore dollars to non-resident financial institutions.
- The banking secrecy provisions of the Banking Act of Singapore (the Act) prohibit the disclosure of customer information except in circumstances permitted in the Act.
- Singapore provides incentives (mainly tax-related) for locating a company's Operational Headquarters (OHQ) or a Finance and Treasury Centre (FTC) in Singapore. There are also incentives for locating 'Regional Treasury Centres (RTC)' subject to pre-defined minimum criteria set out by the Singapore government. Please contact our cash management specialist below for details.

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

- A foreign entity may invest in Singapore either through a locally registered branch or an incorporated subsidiary. There is no control on the percentage of equity ownership, nor is there any prescribed debt-equity ratio. There is also no restriction on the repatriation of profits out of the country and funds can easily be remitted in and out of Singapore.

Contacts

Mr Iain Taylor

Head of Global Payments and Cash Management, HSBC, Singapore

21 Collyer Quay #07-02, HSBC Building, Singapore 049320

Tel: (65) 6239 8028

E-mail: iaintaylor@hsbc.com.sg

Banking hours:

Mon – Fri

9:30am – 3:30pm (branch business hours)

8:30am – 6:00pm (office hours)

Sat*

9:30am – 12:00 noon (branch business hours)

* No clearing services on Saturday

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	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