# Indonesia
## at a glance

# Executive message: Welcome to Indonesia

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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
**15,416** (4Q 2023 est.)

# 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.

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# Optimism, dynamism, futurism

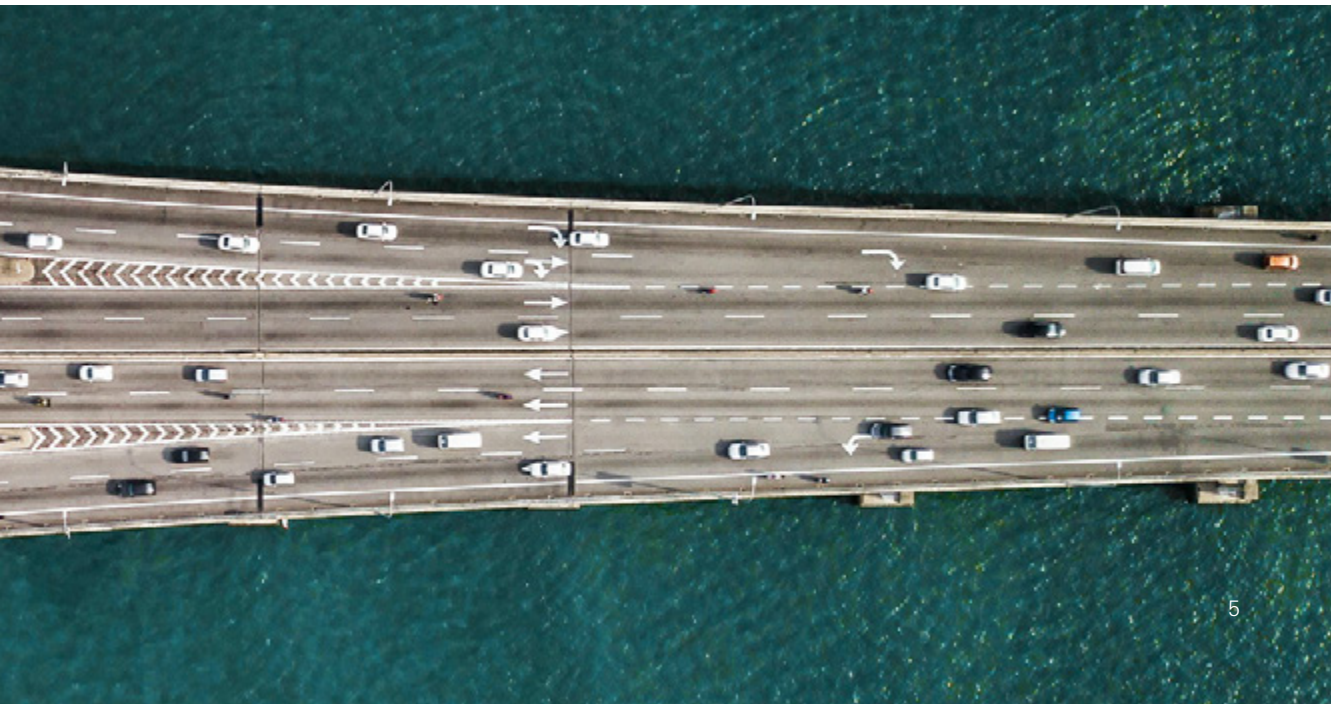
With a population that will reach 700 million by 2030 – 61% of which is currently under the age of 35[2] – ASEAN's expanding and tech-literate middle class is expected to double domestic consumption by the end of the decade. Much of this demand will be digital, with healthcare, biotech and education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

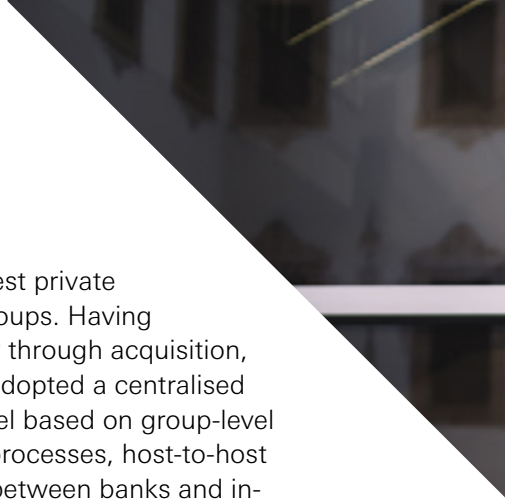
Unsurprisingly perhaps, the region's businesses are also among the most optimistic in the world. More than 90% are more upbeat about the region's prospects than they were a year ago, according to an HSBC survey of decision-makers in its six biggest economies[3].

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.

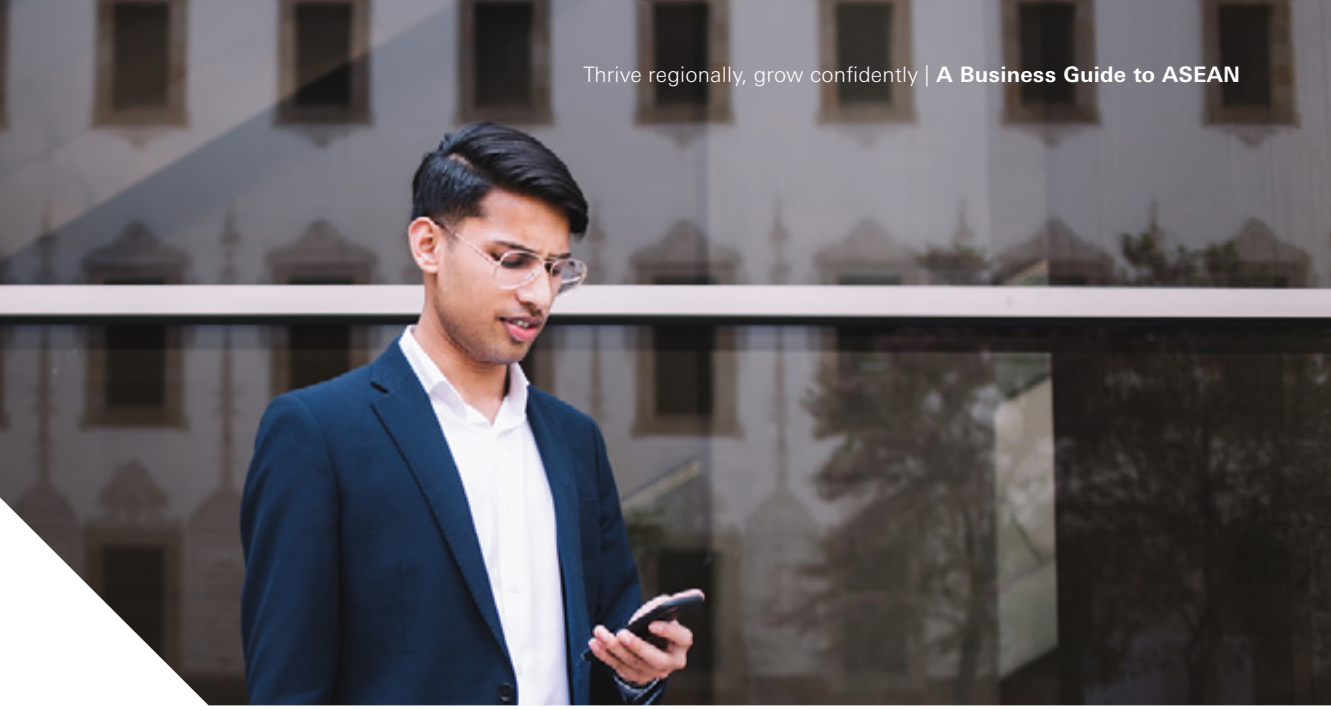
Firms appreciating the benefits of digitised control and visibility across their ASEAN operations include IHH Healthcare, one of Asia's largest private healthcare groups. Having grown rapidly through acquisition, the firm has adopted a centralised treasury model based on group-level policies and processes, 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. Authorities of various countries in the region 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 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. HSBC developed a solution by digitising the highly labour-intensive and paper-driven process that not only improves operational efficiency, but is a major step towards being responsible in 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.

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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

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# 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.<br>• BI has set a policy that funds transfers above IDR100 million should be defaulted via RTGS.<br>• 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.<br>• 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.<br>• 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.<br>• 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.<br>• Introduced by the BI, SKN runs on a net settlement system basis with two daily settlement cycles carried out by the central bank.<br>• SKN enables voucherless or electronic clearing by connecting all 151 clearing operators in Indonesia with BI's headquarters.<br>• SKN is designed for low-value domestic payments (below IDR100 million).<br>• 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.<br>• 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:

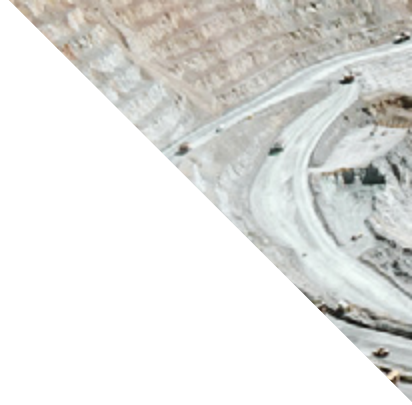
- Carbon tax expected to be in place in 2025, following initial introduction in July 2022.

# 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; 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 | ✓ |

# 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.

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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

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