



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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Hong Kong is a free market economy with a liberal regulatory framework, an efficient payment system and sound macroeconomic fundamentals. Hong Kong's high degree of trade and financial openness makes it highly reliant on world demand and global capital flows while its currency board system (the HKD is pegged to the USD) means its monetary policy is tied to that of the US Federal Reserve. At the same time, the Hong Kong economy is highly integrated with Mainland China, through trade, tourism and financial links.

Annual average real GDP growth slowed to 2.8% in 2014-2018 from 3.5% in 2007-2011. The Hong Kong economy fell into recession in 2019 due to slower world trade growth, slower Chinese growth, US-China tensions, social protests and weaker domestic confidence. The COVID-19 shock exacerbated negative growth. Merchandise exports, tourism, private consumption and investment all fell sharply in H1, 2020 after several quarters of decline. Since Q3, 2020, activity (except tourism) has rebounded strongly, driven by large fiscal stimulus, loose monetary conditions and the surge in China's external trade. Real GDP is projected to grow by 7.2% in 2021, after falling by 1.7% in 2019 and 6.1% in 2020. Hong Kong's medium-term economic outlook has been weakened by recent institutional and legal developments. At the same time, it remains supported by its strong macroeconomic fundamentals, high-quality services sector serving as a gateway to Chinese markets and role as a key financial hub for Chinese firms.

Summary

BNP Paribas presence

BNP Paribas has been present in Hong Kong since 1958. Hong Kong is one of the bank's key global locations, with 2,500 employees. It is one of only a few major international banks supporting the domestic, regional and global requirements of corporate customers, including cash management and trade finance. BNP Paribas is a member of the local clearing house and provides a comprehensive offering for managing payments and collections, including offshore RMB accounts. In addition, the bank has well-established partnerships with leading local vendors for providing cash in transit, lock box facilities and card issuing and acquiring solutions. BNP Paribas was awarded the Greenwich award for "Quality Leader Large Corporate Cash Management No.1, Total Asia, 2018".

Currency

Currency

- Hong Kong dollar (HKD).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: HKD per USD	7.762	7.793	7.839	7.836	7.76

Source: IMF, International Financial Statistics, June 2021.

Central Bank

- The Hong Kong Monetary Authority (HKMA) acts in the capacity of Hong Kong's central bank (HKMA – www.hkma.gov.hk).

Bank accounts

Resident / non-resident status

- A company is considered resident in Hong Kong if is incorporated in Hong Kong. A resident company must have a registered office with a company secretary that is either an individual or incorporated company resident in Hong Kong.

Bank accounts for resident entities

	Within HONG KONG S.A.R.	Outside HONG KONG S.A.R.
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within HONG KONG S.A.R.	Outside HONG KONG S.A.R.
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

Lifting fees











- Per item-based charges and/or subscription fees are applied on payments.
- Larger companies are able to negotiate [lifting fees](#).

BNP Paribas Cash Management Capabilities


Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	●
Virtual accounts	✓
International incoming transfers	✓
Card acquiring	✓

Payments

Cash withdrawals	
Cheque payments	
Direct debit payments	
Domestic outgoing transfers	
Commercial cards	
Virtual cards	
International outgoing transfers	
SWIFT gpi	
Real-time international payments through BNP Paribas' network	
Card issuing	

Channels

Local e-Banking	
Global e-Banking - Connexis	
SWIFT/ host to host	

Payments & collections

Market overview

Cash remains an important payment instrument for low-value transactions in Hong Kong. However, the use of digital payments is on the increase. In February 2021, there were more than 7.3 million personal users of the FPS, which enables users to make payments in HKD and RMB with just a mobile phone number or email address, and over 84,000 corporate users.

Adoption of digital wallets, such as Alipay HK and WeChat Pay HK, are on the rise, while Octopus, Hong Kong's most popular e-money card, is encouraging the use of digital payments through its integration into Apple Pay.

Electronic banking services are available from most banks. There is no national electronic banking standard in Hong Kong, so companies use banks' proprietary services. Online and mobile banking services are available. Of the eight virtual banking licences granted, seven banks are operational. Hong Kong's EBPP platform allows individuals and companies to pay for transactions through online banking and mobile banking accounts.

Payment Systems

HKD CHATS	Type	<ul style="list-style-type: none"> Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> 162 direct.
	Transaction types processed	<ul style="list-style-type: none"> High-value and urgent HK-denominated electronic payments. Bulk clearing of stock market transactions.
	Operating hours	<ul style="list-style-type: none"> 08:30 to 18:30 HKT, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> Payments are cleared and settled in real time. Interbank payment cut-off time = 18:30 HKT.
	System holidays	<ul style="list-style-type: none"> HKD CHATS is closed on all Hong Kong bank holidays. Hong Kong's bank holidays are: <ul style="list-style-type: none"> 2nd half 2021: July 1, September 22*, October 1, 14*, December 25, 27. 2022: January 1, February 1-3, April 5, 15, 16, 18, May 2, 9*, June 3*, July 1, September 12*, October 1, 14*, December 26, 27. <p><i>The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.</i></p>

<i>EURO CHATS</i>	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> • 38 direct, 17 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • High value and urgent EUR-denominated electronic payments. • Low-value bulk clearing items.
	Operating hours	<ul style="list-style-type: none"> • 08:30 to 18:30 HKT, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Interbank payment cut-off time = 17:30 HKT. • Standard Chartered Bank (HK) is the settlement institution.
	System holidays	<ul style="list-style-type: none"> • EUR CHATS is closed on all Hong Kong holidays. (Dates as above)
<i>USD CHATS</i>	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> • 113 direct, 20 indirect.
	Transaction types processed	<ul style="list-style-type: none"> • High-value and urgent EUR-denominated electronic payments. • Low-value bulk clearing items.
	Operating hours	<ul style="list-style-type: none"> • 08:30 to 18:30 HKT, Monday to Friday
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time. • Interbank payment cut-off time = 17:30 HKT. • HSBC is the settlement institution.
	System holidays	<ul style="list-style-type: none"> • USD CHATS is closed on all Hong Kong holidays. (Dates as above)
<i>RMB CHATS</i>	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> • 145 domestic, 65 overseas.
	Transaction types processed	<ul style="list-style-type: none"> • RMB-denominated payments (local and cross-border cheques, interbank fund transfers and low-value bulk clearing items).
	Operating hours	<ul style="list-style-type: none"> • 08:30–05:00 T+1 HKT, Monday to Friday. • The RMB RTGS is now open on special Saturdays and Sundays which are designated as working days in Mainland China with operating window between 08:30 hours and 21:00 hours.

	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real-time. • Interbank payment cut-off time = 17:30 HKT. • Bank of China (HK) is the settlement institution.
	System holidays	<ul style="list-style-type: none"> • RMB CHATS is closed on all Hong Kong holidays. (Dates as above)
CLG	Type	<ul style="list-style-type: none"> • Net settlement system.
	Participants	<ul style="list-style-type: none"> • 128 direct for HKD-denominated items, 109 direct for USD-denominated items and 81 direct for RMB-denominated items
	Transaction types processed	<ul style="list-style-type: none"> • Paper-based payments (cheques, demand drafts, cashier's orders and remittance advices). • Cheques are truncated into electronic items before being processed. • Paper-based payments (primarily checks) must be truncated into electronic items before processing. High-value checks (i.e. checks greater than HKD 100,000 in value) and special items (such as suspicious checks, regardless of their value) are still presented physically along with their image to the paying banks. • Two-way cheque clearing is also available with Guandong and Shenzhen provinces for HKD checks.
	Operating hours	<ul style="list-style-type: none"> • Monday to Friday.
	Clearing cycle details (e.g. cut off times)	<ul style="list-style-type: none"> • Payments (excluding autodebits) are settled on a next-day basis. • autocredit cut-off time = 08:45 HKT. • JETCO ATM cut-off time = 09:00 and 11:30 HKT. • EPSCO POS cut-off time = 10:00 HKT. • autodebit items (direct debits) are cleared each Friday and settled the following Monday. Cut-off time = 09:00 HKT.
	System holidays	<ul style="list-style-type: none"> • CLG is closed on all Hong Kong bank holidays. (Dates as above)
ECG	Type	<ul style="list-style-type: none"> • Net settlement system.
	Participants	<ul style="list-style-type: none"> • 130 direct for HKD, 110 direct for USD, 88 direct for RMB.
	Transaction types processed	<ul style="list-style-type: none"> • Low-value and bulk electronic payments (autopay, JETCO ATM, EPSCO POS).
	Operating hours	<ul style="list-style-type: none"> • Monday to Friday.

	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments (excluding autodebits) are settled on a next day basis. • autocredit cut-off time = 08:45 HKT. • JETCO ATM cut-off time = 09:00 and 11:30 HKT. • EPSCO POS cut-off time = 10:00 HKT. • autodebit items are cleared each Friday and settled the following Monday. Cut-off time = 09:00 HKT.
	System holidays	<ul style="list-style-type: none"> • ECG is closed on all Hong Kong bank holidays. (Dates as above).
<i>Faster Payment System</i>	Type	<ul style="list-style-type: none"> • Real-time gross settlement
	Participants	<ul style="list-style-type: none"> • 161 HKD, 56 RMB FPS
	Transaction types processed	<ul style="list-style-type: none"> • Low-value credit and debit transfers
	Operating hours	<ul style="list-style-type: none"> • 24/7/365
	Clearing cycle details (e.g cut-off times)	<ul style="list-style-type: none"> • Payments are cleared and settled in real time.
	System Holidays	<ul style="list-style-type: none"> • Faster Payment System is closed on all Hong Kong bank holidays. (Dates as above).

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments.
- High-value and urgent HKD-denominated credit transfers are settled in real time via HKD CHATS.
- EUR, RMB or USD-denominated credit transfers are settled in real time via EUR CHATS, RMB CHATS or USD CHATS.
- HKD, USD and RMB-denominated credit transfers between merchants and their customers can also be settled on a domestic and cross-border basis via the EBPP platform. The system enables the straight through processing of electronic bill payments from individuals and companies.
- Cross-border transfers can also be made via SWIFT and settled through correspondent banking relationships.
- Standard Chartered, the settlement bank for EUR CHATS, has a direct connection to the pan European TARGET2 RTGS system. HSBC, the settlement bank for USD CHATS has a connection to the CHIPS RTGS system in the USA.

- Low-value and non-urgent credit transfers are processed via the ECG system or via the FPS (transfers in HKD and RMB).

Direct debits

- Direct debits (autodebits) are used for regular payments, such as utility bills.
- Direct debits settled via the ECG system are cleared each Friday and settled the following Monday. Direct debits are also available via the FPS.
- RMB-denominated autodebits are available in Hong Kong. Hong Kong residents can make RMB-denominated payments to merchants in mainland China's Shenzhen region and the wider Guangdong Province by debiting either a China UnionPay HKD/RMB debit card or via an RMB bank account in Hong Kong.
- Direct debit payments are also supported by the FPS.

Cheques

- The cheque remains a popular cashless payment instrument, used by both consumers and companies.
- Cheques are truncated into electronic items before being processed via the CLG system.
- HKD-denominated cheques between Hong Kong and the Guangdong Province (including the Shenzhen Special Economic Zone) are settled within two business days via a cheque clearing process agreement between HKICL, the Guangzhou Electronic Banking Settlement Centre and the Shenzhen Financial Electronic Settlement Centre.
- A one-way joint clearing facility between Hong Kong and Macao for HKD and USD cheques also operates.
- A cross-border, one-way, e-cheque clearing service of HKD, USD and RMB-denominated e-Checks between Hong Kong-Guangdong and Hong Kong-Shenzhen is in operation.
- Twelve banks currently offer the e-Cheque issuance service via their internet/mobile banking platforms. Corporate e-checks accounted for 71% of the total number of e-checks issued at the end of 2019, compared with 56% at end-2018.
- RMB-denominated cheques are cleared and settled via RMB CHATS.

Card payments

- Card payments are popular in Hong Kong, especially for retail transactions.
- There were 19.3 million credit card accounts at the end of Q3 2020.
- Total volume and value of credit transactions for Q3 2020 was 207 million (a 1.9% increase on Q2) and HKD 147.8 billion (a 2.9% increase on Q2).

- China UnionPay, Visa and MasterCard-branded credit cards are the most widely issued.
- Debit cards in Hong Kong can carry more than one debit card brand, so the total number of debit cards in circulation is not available due to overlapping statistics from different card operators. In Q3 2020, the total number of debit card transactions totalled 36.2 million (a 2.2% increase on Q2) with a value of HKD 73.2 billion (an 6.1% decrease on Q1).

ATM/POS

- ATM/POS transactions can be settled via a bulk settlement system for various card schemes. Participants (which include VISA, MasterCard and China UnionPay) run separate settlement times.
- There are over 30,000 EPS terminals in Hong Kong.
- JETCO operates over 3,000 ATMs across over 30 member banks.

Electronic wallet

- The dominant electronic wallet scheme is the Octopus card, which can be used on public transport and in vending machines. There are over 33 million Octopus cards currently in circulation.
- E-money payments are settled via their individual schemes.
- There are currently 18 stored value facilities (SVF) licensees. At the end of Q3 2020, there were 64 million SVF accounts. The total number of transactions was approximately 1.3 billion, with a value of HKD 56.3 billion, a decrease of 0.8% and an increase of 1.4% respectively on the previous quarter.
- Mobile payment services such as Alipay HK, Apple Pay and O! e-pay, are popular in Hong Kong and most banks offer e-wallet payment apps to customers.
- A Hong Kong Common QR Code (HKQR) for retail payments is used by merchants and payment service providers.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents.

Demand deposits

- Demand deposits denominated in HKD or major foreign currencies are available for various terms.

Time deposits

- Time deposits are available in HKD or major foreign currencies for any length term. Terms between one day and one year are typically offered.
- Restricted licensed banks are limited to offering time deposits of HKD 500,000 or more while deposit-taking companies are confined to offering deposits of HKD 100,000 or more, with a maturity of at least three months.

Certificates of deposit

- Domestic banks offer certificates of deposit in major currencies including the RMB. The minimum investment amount is HKD 50,000.
- Certificates of deposit can be issued paying fixed or floating interest.

Treasury (government) bills

- The HKMA issues Treasury bills (Exchange Fund Bills) for terms of one week, one, three and six months and one year.
- Bills are a popular short-term investment instrument for companies because they are tax-free, low risk, can be used for investment, trading or hedging and are exempt from profit tax and stamp duty.
- The minimum investment amount is HKD 500,000.

Commercial paper

- [Commercial paper](#) is not generally issued in Hong Kong.

Money market funds

- Money market funds are popular short-term investment instruments.

Repurchase agreements

- Repurchase agreements are available.

Banker's acceptances

- Banker's acceptances denominated in USD are available in Hong Kong, although they are not commonly used for short-term investments.

BNP Paribas Trade Finance Capabilities

Trade payments

Documentary credits	✓
Documentary collections	✓

Guarantees

Bank guarantees	✓
Standby letters of credit	✓

Supply chain management

Receivables	✓
Payables	✓
Inventory	✓

Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	✓
Connexis Connect	✓

- BNP Paribas Global Trade Solutions' (GTS) team in Hong Kong comprises 6 trade professionals. The GTS team in Hong Kong has established expertise in supporting corporates headquartered in, or doing business in Hong Kong in their export letters of credit requirements, and is complemented by excellent service delivery through the bank's ISO-certified middle and back offices.

International trade

General trade rules

- Hong Kong is a duty-free port.
- As a member of the Asia-Pacific Economic Cooperation (APEC) forum, Hong Kong has agreed to liberalise trade and investment rules between members.

Trade agreements

- Hong Kong has signed eight free trade agreements: Mainland China (June 2003), New Zealand (March 2010), European Free Trade Association (EFTA) member states (June 2011), Chile (September 2012), Macao (October 2017), Association of Southeast Asia Nations (ASEAN, June 2019), Georgia (February 2019) and Australia (January 2020). Hong Kong has concluded FTA negotiations with the Maldives.
- Hong Kong has signed a Closer Economic Partnership Agreement with China.

Imports / exports

Imports	Broadcasting equipment	Integrated circuits	Telephones	Diamonds	Office machinery
Primary Import sources	China (46.0%)	Taiwan (7.0%)	Singapore (7.0%)	South Korea (5.0%)	USA (5.0%)

Exports	Gold	Broadcasting equipment	Integrated circuits	Diamonds	Telephones
Export markets	China (23%)	India (14%)	Netherlands (6.0%)	UK (5.0%)	

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	501,550	540,460	568,131	547,844	552,091
	- services USD m	98,533	104,096	113,149	101,179	63,790
Imports	- goods USD m	518,254	563,387	600,403	563,910	558,109
	- services USD m	74,478	77,739	81,643	78,891	51,022
Current account as % GDP		4.0	4.6	3.7	6.1	6.6

Source: IMF, International Financial Statistics, June 2021.



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