

## **Canadian businesses bound for Asia/Pacific benefit from pre-planning**

Understanding some of the differences in the way banking is conducted in the Asia/Pacific region can help ensure successful results for any Canadian company expanding into this region. If you are planning to do business in Asia/Pacific, here are some tips to take into consideration.

**Allow extra time to open your first bank account.** It can take months for a Canadian business to open its first bank account in the Asia/Pacific region, due to differing legal systems and regulatory requirements.

**Multiple accounts may be necessary.** Deposit accounts may be required for designated purposes. In China, for example, companies may have to hold multiple accounts – often in different banks – to meet all of their banking needs.

**Stamping Duty may be required.** To be legally enforceable, some documents require the payment of Stamping Duty, or Stamp Tax. These can include documents for the transfer of property, as well as commercial documents, such as invoices.

**It may not be possible to freely convert currency.** Some countries do not allow their currencies to be freely converted to other currencies; government agencies control currency conversions. Where such conversions are possible, they typically require evidence of an underlying business arrangement, such as an invoice or a permit to invest in a specific country.

**Payment methods vary within Asia/Pacific.** While businesses can make and receive payments in many ways, the popularity of each type of payment varies throughout the Asia/Pacific region. Cheques, for example, are used for over 90 per cent of non-cash transactions in India; in Japan, they are used very infrequently. Credit cards are very seldom used in countries such as China and India; they are very common in Hong Kong and Indonesia. In many Asian countries, debit cards (bank cards) are widely used; however, Canadian bank cards will be accepted at certain ATMs only.

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**ATM locations and access may be limited.** Business travelers should note that in China, ATM locations are limited to a few sites in larger cities, as well as most international airports; in Hong Kong, ATMs are widely available. Check with your Canadian financial institution for information about ATMs around the world and what types of cards – including CHIP-enabled and PIN cards – they will or won't accept. The government of Canada also provides useful information for specific countries in the Travel and Currency section on its Travel Reports webpage, which can be found at <http://www.voyage.gc.ca/index-eng.asp>.

**Payments often must be reported to the central bank.** Resident companies, for example, must report details of their international payments to the country's central bank. Threshold amounts for reporting, what information is required, and the frequency of the reports, vary by country.

“Some of the banking and business processes can be rather complex in the Asia/Pacific region,” advises Jana Henderson, director of Global Solutions, RBC Royal Bank.

“Knowing how to navigate those processes will help Canadian companies succeed, wherever in the world they wish to do business.”

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