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Comparison of Istanbul with Hong Kong and Singapore for Regional Treasury Centers

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Abstract

The purpose of the study is examining Istanbul to find out whether or not it has the ability to become an appropriate location to host regional treasury centers. Hence; Simkova's 11 location criteria are compared across Istanbul additionally Hong Kong and Singapore, being already attractive locations in South East Asia for multinational corporations to set up their regional finance offices, to specify Istanbul's weaker facilities even if it is not regarded as a rival for Hong Kong and Singapore. The study contributes to the understanding of Simkova's location criteria assessment before establishing a regional treasury center in any location, as it is applied to some European countries and three Asian countries: Brunei, Hong Kong and Singapore, previously. Lastly, it is concluded that Istanbul is not as superior as Hong Kong and Singapore but it has reasonable conditions to become an attractive location for regional treasury centers.

Keywords: Treasury center, Regional treasury center, Multinational corporations, Location criteria

Introduction

The purpose of the study is to compare Istanbul, aiming to become a financial center in the region of Eurasia, with Hong Kong and Singapore, being already leading financial centers of South East Asia, referring to the similar studies prepared by Polak between European countries also Brunei and the mentioned locations to host regional treasury centers (RTCs) according to Simkova's location criteria (LC). Because of the fact that the treasury center (TC) is perceived as total treasury management of a holding company, RTC is assumed to be the regional finance office of multinational corporations (MNCs) with treasury functions; tax environment, banking transactions fees, business environment, and regime of the location should be analysed when the appropriate location for RTC is considered.

Treasury center and regional treasury center

There are various definitions of the word “treasury”. In its strictest sense, it refers to one function: asset liability management, especially when used in the context of banks. In a wider sense, treasury includes a whole range of activities encompassing various markets (Finacle, 2009, p.2). Furthermore, currency risks management, funds management and cash management, also banking relationships are mentioned as the main functions of treasury by Mulligan (2001). But in general, it is possible to define treasury as cash management.

According to San Jose et al. (2008, p.192) the main functions of the treasurer are basic cash management (the management of collections and payments, liquidity monitoring in banking operations, short-term treasury forecasts, the management of banking balances on value date and negotiation with financial organizations) and advanced cash management (the management of the financing of treasury deficits, the management of the positioning of treasury peaks, and the management of financial risks).

Due to the increasing globalization of operations, the companies are required to manage the risks linked to their international business environment to create more added value (Giegerich, 2002) in accordance with corporate treasury manner. So because the balance of power has shifted from local subsidiaries to a central treasury function, the central treasury has progressively become responsible for managing bank relationships, providing loans, trading on the financial markets, and more generally managing financial risks, i.e. acting as a bank for the group e.g. the MNCs (Casalino, 2001).

Giegerich (2002) defines TC as a centralized treasury management function which is legally structured as a separate group entity or as a branch and is normally located in a tax efficient environment. So, TCs can act as two base models. As the first one, a TC is a central agent operating all financial transactions for the group companies compensated on a cost plus basis. In the second model, a TC is the group’s central-in-house clearing bank, either group entities have direct relations with TC or it is in competition with third-party banks. The base model choice having direct impact on the selection of the appropriate location causes the character of TC to be clear: a cost, service or profit center.

Zink and Griffiths (1995) state that TCs are considered by most companies for financial benefits, such as reduced interest expense, elimination of idle cash, and lower bank and foreign exchange costs. Besides, TC organization structure is simplified as one US headquarter with one or more RTCs under its control, providing services according to the group policy to the group entities located in the region (Roslan and Polak, 2009, p.8). So that; attracting MNCs to set up each of their RTCs to serve their treasury functions as a regional finance office at a reasonable location requires very important factors like tax regimes, business and banking environments, as mentioned above.

Each of the RTCs has a key role to play in ensuring that the company maintains an appropriate knowledge of local issues and local peculiarities and therefore is in touch with the local markets. It also needs to ensure that these local issues are duly reflected and understood by the group treasury function (Levieux, 2007). The functions of an RTC are suggested as asset and liability management, sales and trading of currency,

credit and derivatives products in capital markets, and financial risk management. Fundamentally, RTCs provide financial management and transaction services for the other group entities, that is, the subsidiaries located in different regions than the headquarters (Polak, 2010, p.92).

Levieux (2007) compared Singapore and Hong Kong to determine which country would provide better financial facilities for MNCs looking to set up RTCs in Asia. As a result of the comparison, the author came to a decision that the TC as counterparty model would operate more efficiently in Singapore, owing to Hong Kong's restriction on deductibility of interest expense and the TC as an agent for the underlying operating entities would be better in Hong Kong. Hence, different financial regulations provided by different locations will suit different structured TCs. Anyway, MNCs embarking on setting up RTCs in Asia tend to have both of the countries on the top of their lists of locations. Levieux (2007) reasons that the popularity of these two countries is due to "their roles as international financial center, solid telecommunication and transport infrastructures, easy availability of qualified staff, loose foreign exchange controls, and their benign tax environments".

Criteria influencing location of regional treasury center

Simkova (2005) cited in Polak and Kocurek (2007, p.93) offers the following criteria to set up an international treasury center (ITC):

- Bank transaction fees - to minimize
- Prices for foreign incoming and outgoing payments (including urgent payments) - to minimize
- Withholding and corporate tax - to minimize
- Withholding tax for intra-group yield - to minimize
- Reporting requirements - to minimize
- Rating - as good as possible
- Currency environment - Euro, USD, GBP, CHF
- Treasury centers - existence of an important treasury center

Besides, the criteria shown below can be considered as external factors effecting the success of a TC: (Giegerich, 2002)

- Good banking facilities
- Easy access to major stock exchange
- Professional expertise
- Availability of trained personnel
- Stable communication network
- Liberalized capital market
- Political stability and favorable regulations
- Thin capitalization rules

➤ Double tax treaty networks

Murphy (2000, p.56) compiled the non-tax criteria as costs (people, premises, IT and telecoms), outsourced option availability, location of other operations, high quality treasury expertise, control (whether directors, CEOs and CFOs are taking direct interest in control of treasury activities), availability of modern banking and strong regulations, prominent financial language (English) and name recognition (well known region for setting up TCs) to locate RTC. Criteria, such as restrictions for finance companies and resident/non-resident MNCs, central bank reporting requirements, licence involved in setting up companies in a foreign land, concentration of cash, national pooling and fees, mainstream corporate and withholding tax rates, applicability of tax treaties, accession opportunities to regional and international affiliates and appropriate time zone relative to the region of RTCs are also mentioned to be location criteria, additionally (Casalino, 2001; Roslan and Polak, 2009, p.9).

According to Roslan and Polak (2009, p.11), becoming a suitable location to attract MNCs for setting up an RTC depends on the conditions, such as already having a strategic location, political and economic stability, comprehensive and up-to-date legislation, strong regulatory and supervisory frameworks, low costs for business operations, presence of liquidity, time zone convergence, advanced physical infrastructures, diverse domestic support service, excellent international education and health facilities, well-educated labor force and further refining the financial and banking regulations.

Because of the fact that Simkova's location criteria cited in Polak and Kocurek (2007) is considered to be the primary list of criteria that is commonly assessed when searching certain locations for setting up RTCs, they are, consequently, taken into consideration to determine the most suitable location to set up a treasury center for a holding company, which enable the best conditions for cash flow, controlling administration and suitable tax environment.

Istanbul, Hong Kong and Singapore as financial centers

Istanbul has a strategic location between Europe and Asia in the crossroads of the "old world" since the ancient era. At the same time, Turkey has Europe's 6th also the world's 16th biggest economy, and Turkish economy has a rapid economic developing rate which is suggested to be sustainable. Furthermore, Istanbul, with the title of "Turkey's economic capital", has competitive advantages in the region called as "Eurasia" especially in the period after 2008 global finance crisis in the sectors such as banking, industry, agriculture, tourism, transportation, communication, health, education and financial services via the young, well educated and qualified labour force. So, the city certainly has opportunities to become a regional financial center soon (Dizkırııcı, 2012).

Additionally, it is possible to arrive directly from nearly all of the capitals and major cities in Continental Europe, Central Asia, the Middle East, and Northern Africa by a single flight to Istanbul. There are also many offices located in Istanbul belonging to international and private corporations operating through the territories of Southeastern Europe, Central Asia, Caucasus, the Middle East and Northern Africa. The United Nations Population Fund (UNFPA), International Finance Corporation (IFC World Bank Group), European Bank for Reconstruction and Development (EBRD), the

Coca Cola Company, Unilever, Microsoft, Intel, and Benetton operate in Istanbul through their missions, including the countries in the region (UN, IFC, EBRD and AA).

Contrary to the advantages mentioned above, Istanbul is absolutely not a ideal choice for regional corporate treasurers at the current time. However, Istanbul is required to attract MNCs to set up their regional corporate treasuries in Eurasia, due to the plans to become a financial center in the region.

Hong Kong, being a center to manage the South East Asian funds internationally, which is amounted approximately USD 100 billions, has regular markets and stock exchanges processing issuance of shares and debt instruments, with interest rates also futures transactions. There are effective corporations of Hong Kong, such as the Hong Kong Stock Exchange, Futures Exchange, Monetary Authority (HKMA) and Hong Kong Interbank Money Market (HIBOR) defining the interest rate for interbank exchange transactions. Via 500 foreign banks, 120 international insurance corporations and 90 international funding managers, Hong Kong has become a head office organizing international syndicated loans through the states in the region (Uzunoğlu et al, 2000, p.66-75).

Singapore is a regional financial center as well in Asia-Pacific. Hong Kong is increasing the volume of financial services toward China, whereas Singapore is supplying financial services to other developing countries of the region like Malaysia, Thailand, Indonesia, Philippines and Vietnam. Singaporean economy has existed as the manufacturing and trading center of the multinational industry and trade corporations, rather than dominance of utility sectors like Hong Kong (Uzunoğlu et al, 2000, p.76-82). Nevertheless, Singapore Financial Center, keeping in continuous interaction with financial hubs worldwide, is quite operative in banking, insurance, interbank money market, foreign exchange market and management of funding also futures market. In addition to the financing of investments and foreign trade within the countries of the region.

There are 123 commerce banks, 47 investment banks, 160 insurance corporations, and three stock exchanges, including the Singapore Exchange (SGX), and 251 firms authorized to operate in capital markets in the Singapore Financial Center, a well organized financial system, administrated by The Monetary Authority of Singapore (MAS). The SIBOR interest rate is defined to use in the interbank transactions through the Asia-Pacific states' borrowing operations (MAS, 2011). According to MAS (2007) cited in Roslan and Polak (2009, p.10), treasury activities into Singapore's treasury market in 2004 were worth 204 billion in USD.

For the time being, Istanbul is aiming to transform into a financial center in the near future, whereas both Singapore and Hong Kong have existed as financial centers for a long time. Unlike its South East Asian counterparts, Istanbul has many things to overcome before it can be treated as a viable candidate, due to the requirement of attracting MNCs for setting up RTCs. Istanbul -of which conditions, such as economic, financial, political, geographical and demographic, has been quite different from South East Asian counterparts- should be compared according to the LC to specify its weaker facilities even if it is not regarded as a rival for Hong Kong and Singapore.

Location Criteria (LC)

According to Simkova's LC, foreign payment is a very important issue regarding to the other criteria because of the fact that cash management is considered to be the main function of treasury. Hence, the mentioned LC are achieved by focusing on functions, such as prices of banking facilities, tax environment and business climate.

Although the LC utilized in this study is significant for assessment, it is merely one means of examining a location, despite there being additional possible variables (Roslan and Polak, 2009, p.21).

There are 11 criteria to be examined to assess the condition of a location to determine its suitability by Simkova (2005) cited in Roslan and Polak (2009, p.12) as follows: (LCn1) Monthly banking fees, (LCn2) Bank transaction fees, (LCn3) Price of incoming foreign payment, (LCn4) Price of outgoing foreign payment, (LCn5) Price of outgoing urgent foreign payments, (LCn6) Withholding tax, (LCn7) Corporate tax, (LCn8) Important treasury centers, (LCn9) Reporting requirements, (LCn10) Currency environment, and (LCn11) Ratings and a summary description of each criterion is denoted in Table 1 below:

Table 1: Description of location criteria (LC)

Location Criterion	Description
(LCn1) Monthly banking fees	Business account minimum monthly maintenance fees charged by banks.
(LCn2) Bank transaction fees	Minimum fee per transaction charged by banks for business accounts.
(LCn3) Price of incoming foreign payment	Inward remittance fees – minimum charge for fund transferred (buying foreign currency) by foreigners to their country of residence.
(LCn4) Price of outgoing foreign payment	Outward remittance fees – minimum charge for fund transferred (selling foreign currency) by foreigners to their country of residence.
(LCn5) Price of outgoing urgent foreign payment	This service fee is similar for making outgoing payments but more expensive (minimum charge).
(LCn6) Withholding tax	Percentage of payment payers made to resident or non-residents that are withheld for the local tax authority.
(LCn7) Corporate tax	Tax imposed on profits made by companies by local authority.
(LCn8) Important treasury centers	The existence of RTCs in Istanbul, Singapore and Hong Kong.
(LCn9) Reporting requirements	Amount of transactions that require to be reported to the central bank or monetary authority.
(LCn10) Currency environment	Possibility of financial transactions in foreign currency accounts and services.
(LCn11) Ratings	Credit ratings by rating company Coface given to countries as A1, A2, A3, A4, B, C, D; respectively. A1 (best) to D (worst)

Comparative analysis

All of the data gathered for Hong Kong and Singapore is provided from Roslan and Polak (2009) and those for Istanbul is provided from different sources (mostly internet, institutions, experts and academics) by the author. The data collection procedure for each criterion (whether quantitative or qualitative) in each country is described in more details by Table 2.

Table 2: Summary of the data sources used for each criterion

Criterion	Data Source (Istanbul/Turkey)	Data Source (Hong Kong)	Data Source (Singapore)
Monthly banking fees	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)
Bank transaction fees	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)
Price of incoming foreign payment	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)
Price of outgoing foreign payment	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)
Price of outgoing urgent foreign payment	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)	Calculating the average minimum charge of top 3 banks (by asset size)
Withholding tax	Republic of Turkey Prime Ministry Investment Support and Promotion Agency- invest.gov.tr	Asia Treasurer's Handbook 2008	Online source / lowtax.net
Corporate tax	Republic of Turkey Prime Ministry Investment Support and Promotion Agency- invest.gov.tr	Asia Treasurer's Handbook 2008	Asia Treasurer's Handbook 2008
Important	Search of recent	Search of recent	Search of recent

treasury centers	articles from academic databases and world wide web also institutions, experts and academics	articles from academic databases and world wide web	articles from academic databases and world wide web
Reporting requirements	From the Central Bank of the Republic of Turkey	From Monetary Authority/Central bank website – Hong Kong Monetary Authority	From Monetary Authority/Central bank website – Monetary Authority of Singapore
Currency environment	Banks (Ziraat Bankası, İş Bankası, Garanti Bankası) Top 3 banks of Turkey by asset size	Banks (HSBC, Bank of China & Hang Seng Bank) Top 3 banks of Hong Kong by asset size	Banks (DBS, United Overseas & OCBC) Top 3 banks of Singapore by asset size
Ratings	Ratings website-coface.com	Ratings website-coface.com	Ratings website-coface.com

The data provided for Hong Kong and Singapore were demonstrated in Australian dollars (AUD) by Roslan and Polak (2009) and the data gathered for Istanbul are in Turkish Liras (TL). Each of the amounts in different currencies are calculated as USD according to exchange rates of Bloomberg and the Central Bank of the Republic of Turkey by the author to be indicated together. (October 5th 2012; 1 AUD=1,0364 USD and September 20th 2012; 1 USD=1,7881 TL)

Each of the the LCn is analyzed seperately for the similarities and differences of three countries to be notified one by one.

Table 3: Monthly banking fees (USD)

LCn1	Istanbul	Hong Kong	Singapore
Monthly banking fees	2,95	5,96	13,29

According to the data gathered for LCn1; Istanbul offers the lowest average fee and Singapore does the highest one to maintain a business account.

Table 4: Bank transaction fees (USD)

LCn2	Istanbul	Hong Kong	Singapore
Bank transaction fees	6,06	9,22	0,29

Table 4 indicates that Singapore offers the lowest and Hong Kong offers the highest fees for bank transactions.

Table 5: Price of incoming foreign payment (USD)

LCn3	Istanbul	Hong Kong	Singapore
Price of incoming foreign payment	15,97	6,78	8,86

Table 5 indicates that Istanbul's average price of incoming foreign payment is quite high compared to its South East Asian counterparts, about two times more than offered fees in Hong Kong and Singapore. Hong Kong offers the lowest average price for incoming foreign payments.

Table 6: Price of outgoing foreign payment (USD)

LCn4	Istanbul	Hong Kong	Singapore
Price of outgoing foreign payment	11,67	18,98	13,29

According to the data gathered for LCn4, Istanbul offers the lowest average price for making outgoing foreign payment and Hong Kong offers the highest.

Table 7: Price of outgoing urgent foreign payment (USD)

LCn5	Istanbul	Hong Kong	Singapore
Price of outgoing urgent foreign payment	25	25,49	13,29

Table 7 presents the urgent outgoing foreign payment prices. Istanbul and Hong Kong offer nearly the same prices to do the mentioned banking service. Herein, Singapore has the lowest offer and Hong Kong has the opposite one.

Table 8: Withholding tax

LCn6	Istanbul	Hong Kong	Singapore
Withholding tax	15%	N/A	15%

Hong Kong does not impose withholding tax rate, both Istanbul and Singapore offer the same rates: 15%.

Table 9: Corporate tax

LCn7	Istanbul	Hong Kong	Singapore
Corporate tax	20%	17,5%	18%

According to the data gathered for LCn7, Hong Kong imposes the lowest corporate tax rate for the profits of corporations by 17,5% and Istanbul offers the highest rate: 20%.

Table 10: Important treasury centers

LCn8	Istanbul	Hong Kong	Singapore
Important treasury centers	none	JP Morgan, P&O Nedlloyd's	Nokia, Ericsson, Nissan, Sony, UPS and etc

Table 10 shows that there exist few regional treasury centers in Hong Kong and some in Singapore while there are no TCs in Istanbul.

Table 11: Reporting requirements

LCn9	Istanbul	Hong Kong	Singapore
Reporting requirements	Minimal	Minimal	Minimal

While Istanbul and Hong Kong require reporting of gross amounts' transferring, Singapore offers very minimum reporting requirements.

Table 12: Currency environment

LCn10	Istanbul	Hong Kong	Singapore
Currency environment	USD, Euro, GBP, CHF and etc	USD, Euro, GBP, JPY, AUD and etc	USD, Euro, GBP, JPY, AUD and etc

Currency environment is suggested to be sufficient in all three countries, for MNCs to provide them the ability of making transactions in most common foreign currencies.

Table 13: Ratings

LCn11	Istanbul	Hong Kong	Singapore
Ratings	A4	A1	A1

Hong Kong and Singapore acquire the best ratings from the ranking between A1 and D, while Istanbul's (Turkey) business climate and country credit rating is A4, representing over medium.

Results

As a result of the data gathered, the summary is indicated in Table 14:

Table 14: Summary of results (USD)

No.	Location Criterion	Istanbul	Hong Kong	Singapore
LCn1	Monthly banking fees	2,95	5,96	13,29
LCn2	Bank transaction fees	6,06	9,22	0,29
LCn3	Price of incoming foreign payment	15,97	6,78	8,86
LCn4	Price of outgoing foreign payment	11,67	18,98	13,29
LCn5	Price of outgoing urgent foreign payment	25	25,49	13,29
LCn6	Withholding tax	15%	N/A	15%
LCn7	Corporate tax	20%	17,5%	18%
LCn8	Important treasury centers	none	JP Morgan, P&O, Nedlloyd's	Nokia, Ericsson, Nissan, Sony, UPS and etc

LCn9	Reporting requirements	Some control	Some control	Minimal
LCn10	Currency environment	USD, Euro, GBP, CHF and etc	USD, Euro, GBP, JPY, AUD and etc	USD, Euro, GBP, JPY, AUD and etc
LCn11	Ratings	A4	A1	A1

Because of the fact that the first seven criteria are quantitative, the higher values mean higher costs hence the lower value indicates the better condition for MNCs to choose the location for setting up their RTCs. LCn9, i.e. reporting requirement, being one of the four qualitative criteria, is also expected to be minimum to not to acquire more charges for the corporations. Consequently, the following criteria: LCn1, LCn2, LCn3, LCn4, LCn5, LCn6, LCn7 and LCn9 are demanded to be lowered for MNCs to select the location and it is the opposite for those remaining, i.e. LCn8, LCn10 and LCn11. That is why Table 15 is formed to emphasize the comparison between the locations by each of the criteria mentioned.

Table 15: Comparison between the locations

No.	Location Criterion	Istanbul	Hong Kong	Singapore
LCn1	Monthly banking fees	Lowest	Middle	Highest
LCn2	Bank transaction fees	Middle	Highest	Lowest
LCn3	Price of incoming foreign payment	Highest	Lowest	Middle
LCn4	Price of outgoing foreign payment	Lowest	Highest	Middle
LCn5	Price of outgoing urgent foreign payment	Middle	Highest	Lowest
LCn6	Withholding tax	Highest	Lowest	Highest
LCn7	Corporate tax	Highest	Lowest	Middle
LCn8	Important treasury centers	Non-existent	Existent	Existent
LCn9	Reporting requirements	Fair	Fair	Fair
LCn10	Currency environment	Existent	Existent	Existent
LCn11	Ratings	Fair	Best	Best

According to the quantitative data gathered between LCn1-LCn7, each of the locations has several highest, middle and lowest charges. Defining numerically might be possible to compare each of them by representing “lowest”, “highest” and “middle” via (+1), (-1) and (0) respectively. Hereby, both Hong Kong and Singapore receive (0) points, while Istanbul acquires (-1). As a result of the first seven criteria, Istanbul has the worst point, but the gap is small, since the points of other locations are only (0).

Moreover, the qualitative ones should be compared as well, according to the similar comprehension by representing “non-existent” and “existent” via the points (-1) and (+1) respectively for LCn8. Also, “fair” will be represented via (+1) and “best” via (+2) in order to be defined numerically. As a result of the remaining four qualitative criteria, Istanbul gets (+2) points, while both Hong Kong and Singapore get (+5). So the gap between Istanbul and its South Asian counterparts is expanded in terms of the qualitative data.

Consequently, while Istanbul acquires (+1) point, both Hong Kong and Singapore get (+5) points in total, according to the numerical method explained above. In addition, the method is considered to make sense of current statuses for the locations mentioned. The worst ranks (pointed by bold style), acquired due to LCn3, LCn6, LCn7, LCn8 and LCn11, probably explain the gap between Istanbul and South East Asian counterparts.

Conclusion

The objective of the current study is assessing the conditions of Istanbul, a candidate financial hub, via Simkova’s LC cited in Roslan and Polak (2009). To this end, it is compared with Hong Kong and Singapore, current financial centers, in order to find out whether or not Istanbul has the ability to become an appropriate location to host RTCs.

As it is seen by the tables composed, all the locations have different advantages and disadvantages related to their own conditions. For example, Istanbul offers the lowest monthly banking fee and the highest price for incoming foreign payment. But it is likely to state that the fees offered by Istanbul in addition to the reporting requirement and currency environment are similar when compared to the others. The withholding tax rate of Istanbul/Turkey and Singapore is equal, but higher than Hong Kong’s. Besides, the corporate tax rate offered by Istanbul/Turkey is the highest, but all the corporate tax rates are between 17,5% and 20%. That is to say, the tax environment of Istanbul/Turkey is not unfamiliar. Furthermore, Istanbul’s rating is worse comparing to Hong Kong and Singapore, but it is not suggested as “insufficient”. Moreover, while there are plenty of RTCs in Hong Kong and Singapore, no treasury center exists in Istanbul at the current time.

As a result of the study, Istanbul’s conditions are considered to be reasonable even though they are not as superior as in Hong Kong and Singapore, when LC are taken into account. In the case of progress in tax environment and ratings representing business climate and country risk, attracting MNCs to set up RTCs would probably be possible in Istanbul. In addition, the LC by Simkova are constituting only one of the methods to assess a location so it is possible to consider about various criteria not mentioned in the current study.

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