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## **SBI, ICICI seek Singapore QFB licence**

Shriya Bubna & Anita Bhoir / Mumbai January 11, 2008

The country's two largest banks, State Bank of India (SBI) and ICICI Bank, which had earlier expressed interest to launch full banking operations in Singapore, have now applied to the Monetary Authority of Singapore for a qualified full banking (QFB) licence.

The regulator, meanwhile, is unlikely to insist on a government guarantee from SBI for granting it approval to launch full-fledged banking operations in the South-East Asian country.

SBI and ICICI Bank both have an offshore banking unit in Singapore. "We had applied in November. They are processing our application. They did not ask for a government guarantee," said an SBI official. ICICI Bank, the country's largest private lender, had applied for a QFB licence towards the end of 2007.

A QFB licence allows banks to access the retail market in Singapore. Under the approval, banks can set-up offices, automated teller machines (ATMs) and branches in 25 locations. Besides, banks can transact business in Singapore dollars.

"We have applied for qualified full bank (QFB) status recently. The QFB status will permit the bank to conduct business in Singapore dollar, which will give a boost to our wholesale banking business. On the retail side though the market seems to be saturated, a bank can create a niche for itself," said Chanda Kochhar, deputy managing director, ICICI Bank.

Under the Comprehensive Economic Cooperation Agreement (CECA) between India and Singapore, MAS is prepared to offer three QFB licences to Indian banks that meet prudential criteria.

According to the CECA, India had to give three Singapore banks free access to the Indian banking space. The CECA was implemented in 2005 and covers investment, trade in services and merchandise goods.

Singapore banking major DBS Bank has two branches in India. The other two banks to be considered under the treaty are United Overseas Bank and Overseas Chinese Banking Corporation.

The Reserve Bank of India (RBI) had preferred to treat Temasek and the Government of Singapore Investment Corporation (GIC) as related entities as the Government of Singapore has a significant shareholding in the entities, restricting them from raising their holding in ICICI Bank.

However, last year, the RBI, agreed to treat the two investment arms of the

Singapore government as separate entities only for the purpose of their investments in ICICI Bank before ICICI Bank's follow-on public offer in June 2007.

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### **WHAT IS QFB LICENCE?**

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