



MEDIA RELEASE

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FOR IMMEDIATE RELEASE

SINGAPORE-LONDON RMB FORUM

The Singapore – London Renminbi (“RMB”) Forum to promote the development of the international RMB business was held on 27 January 2015 in Singapore. The meeting was attended by senior representatives of sixteen financial institutions¹ (“forum participants”) from both Singapore and London. Forum participants engaged and shared the key outcomes with over 50 corporates following their discussions.

Outlook for 2015

Forum participants noted that the RMB gained significant traction as a trade and investment currency in 2014, on account of major strides made by China in capital account liberalisation and financial reforms. Both Singapore and London saw rapid growth in their RMB markets, and consolidated their positions as major offshore RMB centres.

Forum participants expect continued robust growth in the offshore RMB market in 2015. In particular, the RMB is expected to make considerable headway as an investment currency, and in the future, as a reserve currency, reaping the benefits of favourable policy and market infrastructure².

¹ Bank of America – Merrill Lynch, Bank of China, Barclays, DBS, Deutsche Bank, Fullerton Fund Management, HSBC, Industrial and Commercial Bank of China, London Stock Exchange, Nikko Asset Management, OCBC, Royal Bank of Scotland, R5, Singapore Exchange, Standard Chartered Bank, and UOB

² They include the roll-out of new Free Trade Zones (“FTZs”) in Tianjin, Guangdong and Fujian, the launch of new RMB clearing banks, and the expansion of two-way investment (e.g. RQFII/RQDII) and capital markets schemes (e.g. offshore bond issuance regime in China).



RMB Usage Survey

The RMB Usage Survey³ demonstrated that corporates and institutional users based in Singapore and the region were highly involved in offshore RMB activities, especially FX, trade and deposits, and they expect their usage to increase in the future⁴. Key factors influencing usage of the RMB include regulatory certainty, cost benefits, as well as availability of investible assets.

Opportunities and Areas for Collaboration

Forum participants noted that both Singapore and London are well-positioned to support the growth of RMB activities, given their roles as international financial centres, commodity trading hubs and riding on strong business/trade links between China, ASEAN and Europe. Forum participants agreed to step up their engagement and deepen their capabilities to create more RMB products and services to better serve their clients' needs. Specifically:

- Foster cooperation between Singapore and London in educating and raising users' awareness of offshore RMB market developments e.g. to further enhance knowledge sharing and familiarity of RMB business amongst corporates and investors.

For corporates:

- Work with corporates, and finance and treasury centres to incorporate RMB into their trade settlement and suite of treasury and cash management services, and enhance awareness of the efficiencies and opportunities of managing RMB liquidity offshore and connecting RMB flows amongst China, Singapore and the UK.
- Raise corporate awareness of the benefits of RMB bond issuances e.g. diversification of liabilities and access to wider investor base.

³ ABS commissioned Asset Benchmark Research ("ABR") to conduct a survey of corporate and institutional users of offshore RMB to provide constructive feedback on RMB usage patterns, advantages and operational challenges. The survey captured the responses of 52 companies mostly based in Singapore, and around two-thirds of the respondents reported annual turnovers of above USD 1 billion. Close to 50% of the respondents are active in the UK.

⁴ Companies currently settling 32% of overseas trade in RMB expect this to increase to 42% on average in two years' time. Two-thirds of respondents predict that they will be using 3 or more offshore RMB products in 6 months' time, up from 40% today.



For investors:

- Address investor needs by structuring a wider range of RMB-denominated products and promoting offshore RMB investments, catering to the suite of expanded RMB investment channels with China, such as RQFII and RQDII schemes.

For financial institutions:

- Encourage greater participation in the electronic trading of RMB FX products by enhancing accessibility to trading platforms, increasing product development, and raising awareness of the suite of capital-efficient products available.
- Encourage the growth of the RMB retail market by developing more retail RMB products and educating the market on the investment opportunities available.
- Explore the provision of more capital efficient hedging tools which can enhance market liquidity and price discovery in offshore RMB markets.

Mr Samuel Tsien, Chairman, The Association of Banks in Singapore and Group CEO, OCBC Bank, said: “These areas of collaboration will support the continued growth of the RMB business in Singapore and London as well as strengthen their status as leading offshore RMB centres in Asia and Europe. We look forward to more exchanges and cooperation between the financial institutions in Singapore and London to further spur the development of the offshore RMB market.”

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About:

The Association of Banks in Singapore

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of 145 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg.

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