

News Release

China's rising trade and investment with Southeast Asia fuel growth of UOB's RMB deposits

Singapore, 31 March 2016 – As trade and investment between China and Southeast Asia continue to rise¹, United Overseas Bank's (UOB) Renminbi (RMB) deposits in Singapore have also doubled over the last 12 months. In 2015, nearly half of the companies UOB helped expand into Southeast Asia were from China and they are in industries such as real estate, trading, natural resources and consumer products and services.

The growth in deposits is driven by UOB's corporate clients from China who are expanding into Southeast Asia. These clients are increasing their RMB deposits in Singapore – a key regional offshore RMB hub – as they begin to use more of the Chinese currency for trade, settlement and working capital in a bid to reduce foreign exchange conversion and hedging costs.

Similarly, UOB's financial institution clients are also accumulating RMB deposits in Singapore to diversify their funding base as the Chinese currency becomes more widely-accepted globally² following its acceptance by the International Monetary Fund to be part of the Special Drawing Rights basket.

Mr Ben Chan, Head of RMB Solutions at UOB, said Singapore's position as a leading offshore RMB trading hub makes it a strategic gateway for Chinese companies looking for growth through regional expansion in Southeast Asia.

"The use of offshore RMB was previously driven primarily by trade between China and Hong Kong but now, it is increasingly fuelled by rising business flows between China and Southeast Asia. Despite the slowdown in China's economy, we expect to see continued interest from our Chinese corporate clients to invest in Southeast Asia to meet the region's expanding needs for infrastructure and consumer products," said Mr Chan.

¹ UOB expects that China's share of Southeast Asia's total trade will reach 24 per cent by 2030, from 14 per cent in 2013.

² According to data from SWIFT, RMB is today one of the world's five most widely-used currencies for trade and services.

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To help UOB's clients manage better their cross-border businesses and trade in RMB, the Bank has been strengthening its RMB capabilities over the past year.

One of the key initiatives undertaken by UOB was the set-up of a specialised RMB Solutions team in 2015. The team provides clients with advice on how policy and regulatory changes related to the use of RMB will affect their businesses. In addition, the team taps on the resources and expertise across UOB's network to offer financial solutions in the areas of cash management, foreign exchange, investment and hedging.

UOB partners academic institutions in support of RMB internationalisation

To promote the use of RMB as a currency for business, trade and settlement, UOB has partnered Nanyang Business School at the Nanyang Technological University Singapore and the China Centre for Financial Training of the People's Bank of China to found Asia's first research centre on RMB internationalisation.

Launched on 29 March 2016, the Centre for RMB Internationalisation Studies (CRIS) is located in Singapore and aims to help global business leaders and policy makers gain insight into the significance of RMB as an international currency.

Mr Chan said, "As bilateral trade and investment between China and Southeast Asia grow, we are likely to see greater demand from Chinese and Southeast Asian companies for a diversified suite of offshore RMB products and services, such as deposits, loans, hedging and cash management solutions, for their cross-border businesses. The formation of the CRIS is timely in helping to accelerate the development of RMB financial solutions and the currency's internationalisation."

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices.

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UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the eleventh consecutive year in 2015. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in China, Indonesia, Malaysia, Singapore and Thailand.

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