

## Media Release

# Asian SMEs engage with the RMB

(11 May 2015 – Hong Kong) More than half of Micro and Small and Medium-sized Enterprises in Hong Kong now trade in the Renminbi (RMB), signalling an increase of 7.7 percent in the last six months, according to research from East & Partners Asia (E&P Asia).

The 'Asian Business Foreign Exchange' (ABFX) report interviewed 1849 SMEs in Hong Kong, Singapore, Malaysia and the Philippines in February, gathering data on market share and wallet share for providers, product engagement and satisfaction levels.

"There is a clear shift towards the RMB, particularly among businesses and in countries that have historical ties to China." said Lachlan Colquhoun, Chief Executive of East & Partners Asia.

"The ABFX report also highlights that RMB engagement was present at all levels of business, not just among large institutions."

The fourth round of the ABFX program found that the RMB comprised 32.1 percent of the FX trading volumes for Hong Kong SMEs, with a forecast that this would increase to 33.5 percent in six months.

RMB engagement among SMEs is also growing in Singapore, where 33.3 percent of SMEs report they now trade in the Chinese currency, up from 31.6 percent in the six months from August 2014.

Among Singapore SMEs, the RMB currently comprises 14.7 percent of their trading volumes, with a forecast that it will increase to 17.2 percent.

This ranked the RMB as the second most popular trading currency among smaller businesses in both Singapore and Hong Kong, behind the USD and significantly ahead of the Euro.

There was no engagement with the RMB among SMEs in either the Philippines or Malaysia, suggesting that its impact was so far limited to countries with links to the Chinese diaspora.

"In many cases these Hong Kong and Singapore SMEs are very tied in to the Chinese business diaspora, so it is natural that they will start to engage strongly with the RMB," said Colquhoun.

"Ongoing liberalisation in China, and the strengthening of these trading relationships over time, should ensure steady growth in RMB trade among this SME segment.

"It is well on its way to being a major trading currency for businesses across in these two markets all segments in the region, and it points the way to a very different currency landscape in the future in Singapore and Hong Kong."

## RMB Engagement

	% of Enterprises Trading	% of Volume	Forecast % of Volume in 6 Months
Hong Kong	56.3	32.1	33.8
Singapore	33.3	14.2	17.2

Source: East & Partners Asia 'Asian Business Foreign Exchange' Program

## About the Asia Business Foreign Exchange Markets Program

The Asian Business Foreign Exchange Markets program provides industry wide rankings of banks and market participants across pivotal industry benchmarks. A bi-annual research program, it measures industry-specific market share, wallet share, mindshare and customer satisfaction levels in addition to Foreign Exchange (FX) volume analysis across four key Asian markets. Hong Kong, Singapore, Malaysia and the Philippines.

Business segmentations:

- › Micro Businesses: US\$1-5 million annual turnover
- › Small and Medium-sized Enterprises: US\$5-20 million annual turnover

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