



RMB Internationalisation

May 2025

# RMB Opportunities at a Glance

RMB in the past two decades has made significant progress in international usage



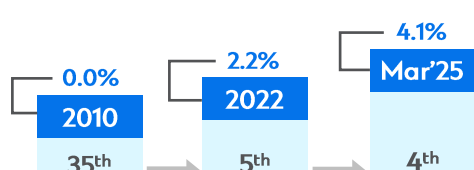
Trade / Payment Currency



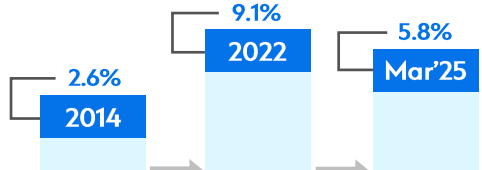
Investment Currency



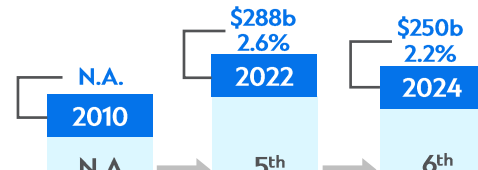
Reserve Currency



Global Ranking of International Payments currency (SWIFT)



Foreign Ownership of total China Interbank Bonds – China Government Bonds (CGBs)



Global ranking of FX reserves currency (IMF)

## RMB Opportunities for Corporates

### 1 Attractive Financing Cost in RMB

- With US interest rates rising in recent years, funding cost in RMB is much lower than USD or local currency (LCY). Thus, more corporate clients are switching to RMB for financing. Some are borrowing directly from Standard Chartered (SC) China, while others are borrowing from local SC entities. Based on SWIFT RMB tracker, RMB surpassed EUR to become the 2nd largest global currency in trade finance market for 8 out of 10 months since Jun'24, capturing market share of over 7%.
- Among all the offshore markets, SC HK has the strongest RMB balance sheet with good RMB liquidity. By leveraging on that, other SC entities can provide a more stable and lower offshore RMB financing cost to our clients. We continue to conclude RMB-denominated financing for both Chinese corporates and multinational corporations in ASEAN and Africa riding on this arrangement.

### 2 Rising Trend to Settle Trades in RMB

- More markets are exploring to settle trades in other currencies as alternatives to USD. Among all, RMB is one of the popular choices given their strong bilateral trade flows with China.
- For instance, Brazil and China reached a deal to trade in their own currencies<sup>1</sup>. Iraq settled imports from China directly in RMB apart from commodities and oil trade<sup>2</sup>. Argentina also started to pay for Chinese imports in yuan instead of USD<sup>3</sup>. Vietnam and China signed memorandum of understanding to facilitate bilateral cooperation in areas such as local currency settlement, currency swaps and cross-border payment connectivity<sup>4</sup>.
- Since 2023, we have witnessed clients having trade and business flow with China exploring the possibilities and implications of redenominating their invoices in RMB. Some have already started, for example, Engie, TotalEnergies, Pavilion Energy have conducted oil and gas trades in RMB with CNOOC; ADNOC and Petro China also conducted a yuan-settled LNG from United Arab Emirates<sup>5</sup>.
- SCB has RMB capability in 34 markets and expertise to advise our clients on this.

Source:

1: China says it will set up yuan clearing arrangements in Brazil | Reuters

2: Iraq to allow trade with China in yuan - state media | Reuters

3: Argentina to pay for Chinese imports in yuan rather than dollars | Reuters

4: Chinese, Vietnamese central banks sign MOU to enhance bilateral cooperation

5: China's CNOOC, French energy firm Engie complete yuan-settled LNG trade | Reuters

### 3 Enhanced Infrastructure for Flexible RMB FX Hedging

- As more corporates adopt RMB in trade financing and settlement, there is increased demand for RMB FX conversion and risk management.
- There are 2 RMB FX markets – onshore and offshore.
  - i. Offshore RMB (CNH) is a freely tradable currency with no restriction.
  - ii. Onshore RMB (CNY) is mainly used within Mainland China. It is also accessible by offshore corporates for specified trade purposes with the need of proof of underlying transactions.
- SC has CNH FX capabilities in more than 30 markets. Among which, SC can also provide onshore CNY FX rates to corporate clients in more than 22 markets allowing clients to enjoy the most favourable RMB FX rates.

#### Case Study

**Background:** The client is a digital TV operator, providing digital pay-TV and streaming services to over 30 African countries.

**Business needs:** For expansion of business to increase program / content production and procure sufficient hardware such as set-top boxes, decoders, dish sets etc. to boost business ahead of African Cup of Nations and Olympic Games in 2024.

**Challenge:** Shortage of USD liquidity and high interest rates in African market.

**Operating flow:** The client purchases via central procurement arm in CNY from Hong Kong and China suppliers, and repayment will be from conversion of local currency sales proceeds.

**Solution:** By leveraging on the strong RMB balance sheet from SC HK, our African franchise is able to extend competitive RMB loan to the corporate entity based in Africa. The value for client includes:

- Diversify currency risks
- Lower funding cost compared to USD
- Client can face local SC entities for direct RMB borrowing which client has existing banking relationship with
- More stable RMB funding quotes and competitive pricing leveraging on SC HK's balance sheet strength

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**Market Pioneer in  
RMB Solutions**



**RMB Capabilities  
in 34 Markets**



**Strong Regulators'  
Engagement**



**Best RMB Bank in  
21 Markets\***

\* The Asset Triple A Treasuries Awards 2025: Best Renminbi Bank

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