

# press release

FOR IMMEDIATE RELEASE

## **Singapore is world's second largest offshore RMB centre**

***Standard Chartered's newly launched Renminbi Globalisation Index:  
Singapore and London each account for over 10% of RMB offshore activity***

**14 November 2012, Singapore** – Standard Chartered today announced the launch of the Standard Chartered Renminbi Globalisation Index (RGI) – the first industry benchmark that effectively tracks the progress of Renminbi(RMB)-based business activity<sup>1</sup> worldwide. Scheduled for release on a monthly basis, the Index offers corporates and investors a quantifiable view of the latest trends, size and levels of offshore activity that are driving the adoption of the RMB as an international reserve currency.

Both Singapore and London have been contributing to headline RGI growth since August 2011. They have so far been neck-and-neck in the race to become the next big offshore RMB financial centre. As of September, the ratio of the relative sizes of Hong Kong, Singapore and London was 78:12:10.

The Index covers three markets which dominate the offshore RMB business: Hong Kong, London, and Singapore. It measures business growth in four key areas: deposits (denoting store of wealth), Dim Sum bonds and Certificate of Deposits (as vehicles for capital raising), trade settlement and other international payments (unit of international commerce) and foreign exchange (unit of exchange). As RMB internationalises, there is capacity to include additional parameters and markets, aligning the Index with future development.

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RMB-based business activity<sup>1</sup>: The Standard Chartered Renminbi Globalisation Index tracks RMB-based business activity, which refers to the currency as a store of wealth, a trade settlement currency and a means of capital raising, as well as its FX market trading volume

The Index works by sourcing data from several industry and official sources and leading providers of market data. The index is based from December 2010, the point from which sufficient meaningful information became available to produce a reliable measure. The RGI shows that between December 2010 and September 2012 the internationalisation of the RMB saw a seven-fold increase. All four parameters and the emergence of new markets contributed to the impressive growth, with trade-settlement and other international payments being the key driving force behind the increase.

The Index shows that Hong Kong dominates the offshore RMB business, with a four-fifth share, while Singapore and London are emerging as the upcoming centres, each taking up just over a tenth of the market. Taipei and New York are expected to join this club in the coming years.

Karen Fawcett, Standard Chartered's Group Head of Transaction Banking, who also sits on Standard Chartered's RMB Steering Committee said:

“We are delighted to continuously lead the market in the RMB space. Today's launch for the first time offers market participants access to a global offshore RMB benchmark that provides insights into the developments in three of the largest offshore markets covering the main product sets. Our conversations with clients reveal their keen interest of how the currency is gaining traction and to better understand how to leverage key trends for further business development. This index will provide a critical view of the currency's acceptance and offer clients various factors to consider while managing the RMB within their basket of working capital currencies.”

The Index's surge over the past two years reveals the momentum behind the international adoption of the Chinese currency, despite the headwinds from the global economy. Although RMB deposits were the initial drivers, the other three components have emerged as key engines of growth of the RMB offshore market, with wider geographical use providing an additional incentive. This is reflected in the survey results where a

majority of the respondents currently using the offshore RMB plan to use one or more of the other RMB products in the next six months.

Marios Maratheftis, Global Head of Macro Research, Standard Chartered Bank said:

“As our Standard Chartered Renminbi Globalisation Index highlights, the global RMB market has developed at a rapid pace over the past two years. Our survey suggests that this trend will continue. Our view is that the RMB is on an irreversible journey. It is becoming a major international currency that will play a substantial role in international trade and in central bank reserves.”

Both London and Singapore are looking to shift up a gear to become a premier offshore RMB centre. The second Hong Kong-London Forum, a private sector-led co-operation initiative between the two cities aimed at jointly promoting offshore RMB business and developing RMB capabilities, will be held in London in early December. Singapore, meanwhile, recently issued full banking licences to two Chinese lenders, paving the way for the establishment of a RMB clearing bank in the near future.

To complement the Index, Standard Chartered announced the results of its first quarterly Offshore Renminbi Corporate Survey, wherein companies across Asia and Europe shared their motivations and expressed a strong appetite for using RMB offshore in the next six months. Going forward, the survey will provide a qualitative indicator to forecast the direction of the market.

**Standard Chartered Renminbi Globalisation Index**

<b>Objective</b>	The first industry benchmark that effectively tracks the progress of RMB business activity. Offers corporates and investors a quantifiable view of the latest trends, size and levels of offshore activity that are driving RMB adoption
<b>Index Parameters</b>	Deposits Dim Sum Bonds and Certificate of Deposits Trade Settlement & Other International Payments Foreign Exchange Turnover
<b>Markets</b>	Hong Kong London Singapore
<b>Investability</b>	Non-tradable

<b>Frequency</b>	Monthly
<b>Base value and date</b>	100 at 31 December 2010
<b>Inception Date</b>	14 November 2012
<b>Methodology</b>	Weight of each of the four parameters are inversely proportional to their respective variances

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**Notes to Editors:**

**Standard Chartered – leading the way in Asia, Africa and the Middle East**

Standard Chartered is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns around 90 per cent of its income and profits in Asia, Africa and the Middle East. This geographic focus and commitment to developing deep relationships with clients and customers has driven the Bank's growth in recent years. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges as well as the Bombay and National Stock Exchanges in India.

With 1,700 offices in 70 markets, the Group offers exciting and challenging international career opportunities for 87,000 staff. It is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. Standard Chartered's heritage and values are expressed in its brand promise, 'Here for good'.

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