

# RMB Internationalisation Study 2015

March 2015



PUBLIC

# RMB Internationalisation Study 2015

## Who did we talk to?

- Those interviewed were selected on the basis they currently have international business with mainland China (for those in China, business outside mainland China), either with import/ export activities or with a physical presence in mainland China
- Respondents were financial decision-makers/those with influence over the selection of financial service providers for their business
- A total of 1,610 businesses were interviewed in 14 markets between 7 Jan and 12 Feb 2015. The markets included were: Mainland China, Hong Kong, Singapore, Australia, Taiwan, Korea, Malaysia, Germany, UK, France, Canada, US, UAE and Brazil
- This is the fourth year we've undertaken the survey and in these slides we compare against 2014
- All businesses selected for the research have an annual sales turnover of USD 3M+ and are split as follows:
  - *Circa 50% businesses with annual sales turnover USD 3M-<50M*
  - *Circa 40% businesses with annual sales turnover USD 50-<500M*
  - *Circa 10% businesses with annual sales turnover USD 500M+*

# RMB International Study 2015

## A guide for interpreting the findings



The following annotations indicate small sample sizes, where findings should be read with caution:

- # Small base with a sample size of less than N=50
- ## Very small base with a sample size of less than N=30



The following symbols are used throughout the report:

- \* Indicates less than 0.5%
- Indicates zero mentions



Each of the 14 markets included in this survey contributes an **equal weighting** to the global results, in order to ensure that no bias is added by any one market.



Market and segment analysis is only shown in this report where base sizes are larger than 20. Where data is only shown for some markets, this is due to the fact that base sizes are too small for other markets.

# Key Highlights



## Key Highlights

The renminbi (RMB) has now become a topic of debate in more than a fifth (22%) of company boardrooms around the world, just five years after China began to liberalise its currency.

Outside of Greater China about a quarter of senior management teams in Singapore, Malaysia, Germany and the UAE have discussed the RMB as a business enabler and just under a fifth have done so in Australia, Canada, the UK and the US.

The research implies that many companies outside China used to see RMB adoption as a somewhat niche opportunity to gain first mover advantage, they're now adjusting to it becoming a mainstream tool.

In late 2014 RMB became the fifth most-used currency for global payments, according to data from SWIFT, after the value of RMB payments more than doubled in a year.

Having climbed by 8% against the dollar from January 2011 to January 2014, the RMB has declined by about 3% since the start of this year as the pace of US economic growth accelerated. Over the past six months it has appreciated against currencies including the euro, pound sterling and yen.

## Key Highlights

When comparing responses from 2015 and 2014 across the original 11 markets (Brazil, Malaysia and Korea included in 2015) slightly fewer businesses expect to gain financial advantages from doing business with China in RMB – 44% versus 47% in 2014. Similarly slightly fewer expect to gain relationship advantages from conducting their China business in RMB – 47% versus 49%.

That said, more than half (54%) of all the businesses surveyed this year expect to increase their cross-border trade with China in the next 12 months. Of the companies outside Asia with the highest expectations of China trade growth, such as those in the US (65%), the UK (64%), the UAE (71%) and Germany (60%), a fifth to a quarter said their management teams have discussed the RMB as an opportunity. Moreover, 27% of firms across all 14 markets that aren't using the RMB today said they plan to use it in the future.

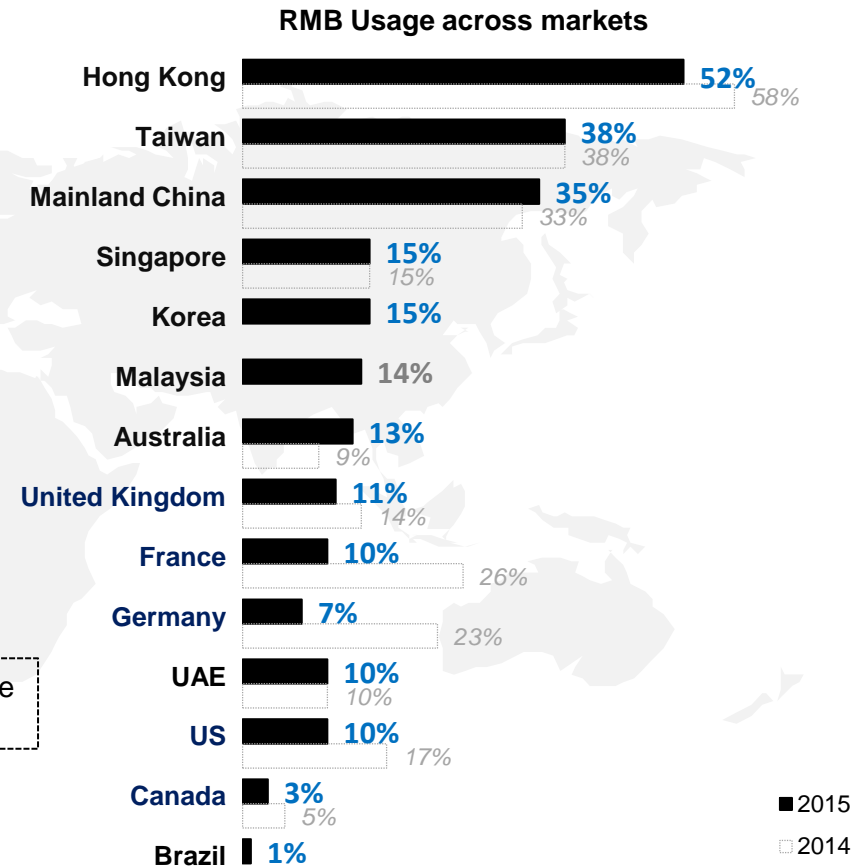
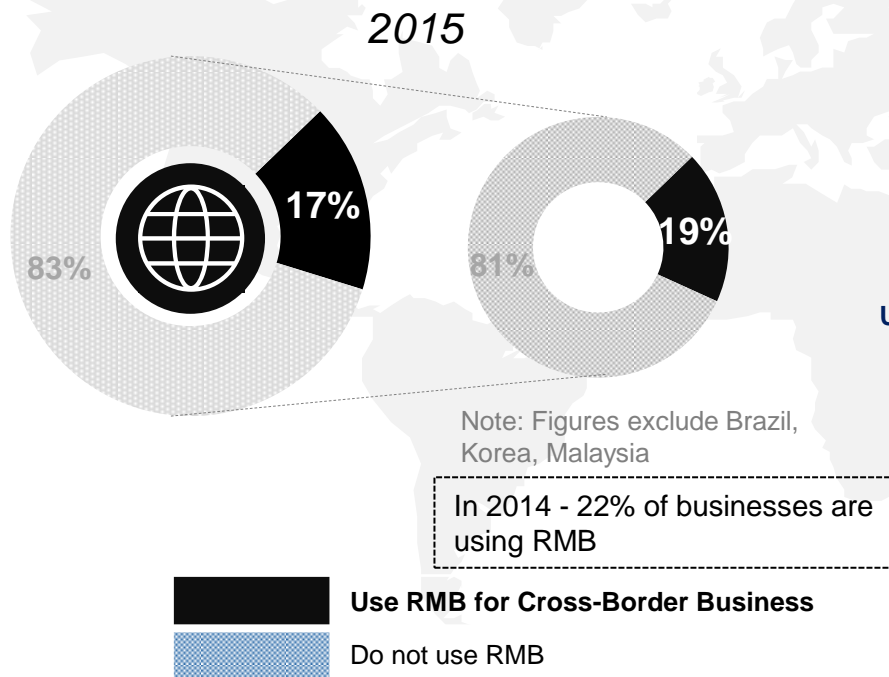
More businesses in the UK, the UAE, the US and Singapore now think the RMB will be used to settle non-China trade within five years, just as the dollar is used today for transactions that don't involve US counterparties and businesses are more hesitant in Taiwan and in Germany – this could be a sign that the RMB is maturing as a global currency; one that fluctuates in value and one for which demand can be influenced by developments outside mainland China.

During 2014 the Chinese authorities made a number of regulatory changes to make the RMB easier for companies to use and more responsive to market forces; including the introduction of two-way cross-border sweeping and a widening of the onshore trading band against other major currencies. Clearing banks were mandated for 10 countries including France, Canada, Thailand, Qatar and the UK to help spur the development of offshore RMB hubs.

## RMB usage remains primarily driven by the Asia Pacific markets, specifically the Greater China region, and usage levels in the region remain broadly on a par with prior year.

Outside of the Asia Pacific region, however, usage remains comparatively low and has weakened compared to prior year. In particular, usage has significantly declined in both France and Germany – likely as a result of the appreciation of the Yuan against the Euro.

**17% of businesses are using RMB for settlement at the total market level.**

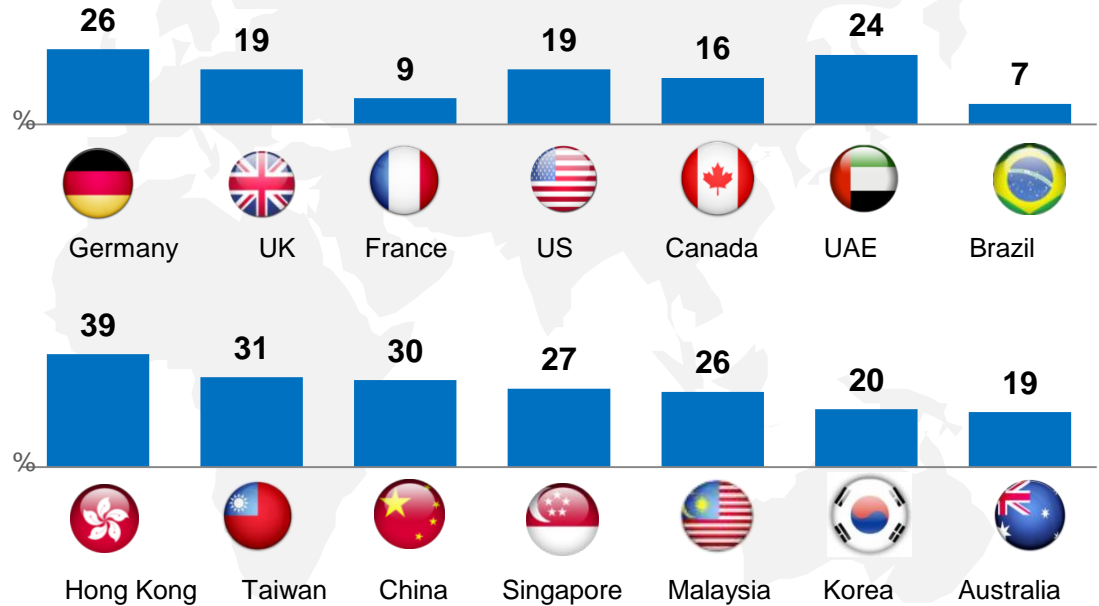
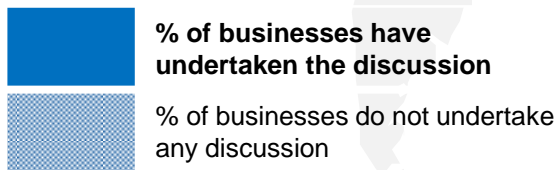
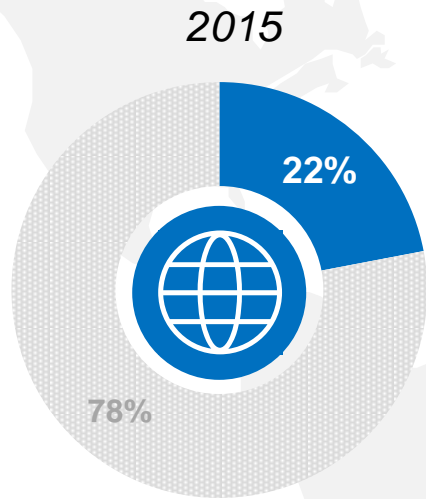


Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

*Does your organization currently use RMB for cross-border business, or for any purpose outside your country?*

**Alongside general optimism that international / cross-border trade with China will increase, more than a fifth of all businesses have undertaken management discussions about the RMB being a potential opportunity or business enabler.**

**22%** of businesses have undertaken management discussions about the RMB as a potential opportunity or business enabler



Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

*Has your company's management team discussed the RMB as a [potential] business enabler or opportunity?*

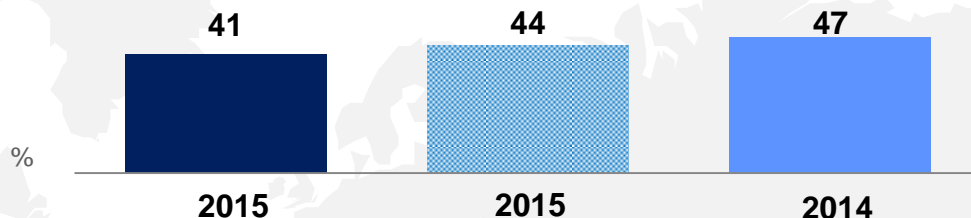


**Businesses in Greater China, Mid Market Enterprises (with sales turnover of USD 5M-500M) and current RMB users generally are more likely to perceive that foreign businesses using the RMB gain financial advantages.**

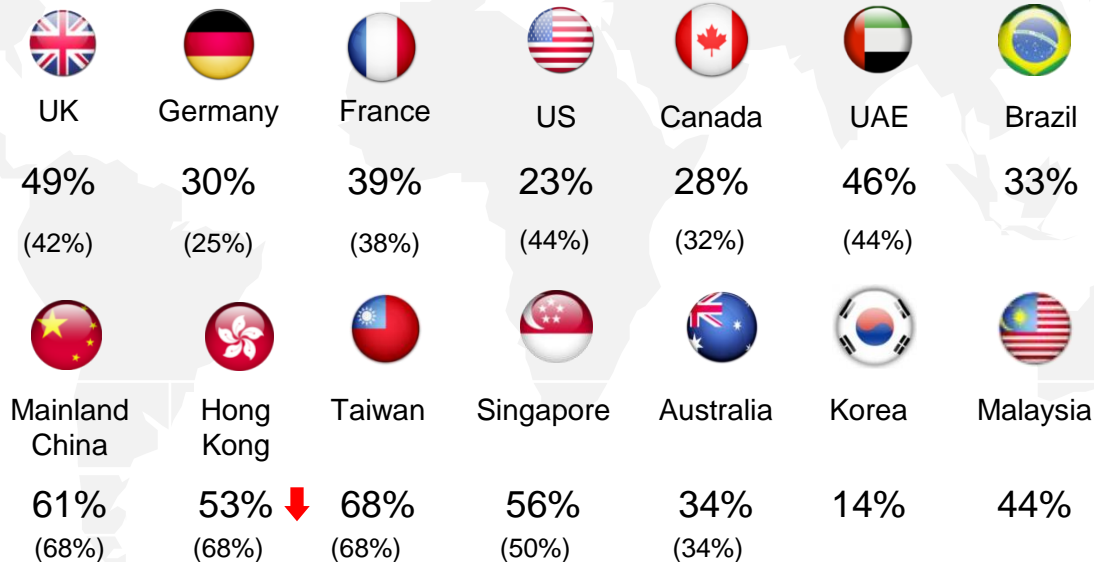


**Perceived Financial Advantage**

**Perceived Financial Advantages for foreign business using RMB**



\*Exclude Brazil, Korea, Malaysia



( ) Denote the 2014 figures

Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

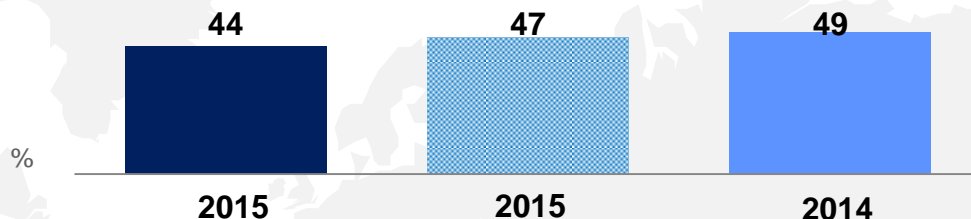
*When doing business with China, do you think that a foreign company using the RMB...*

Similarly, businesses in Greater China and Singapore and current RMB users also perceive that foreign businesses using the RMB gain relationship advantages. Additionally, large corporates (with sales turnover of USD500M+) also believe that utilising RMB will bring relationship advantages and benefits when doing business with Chinese companies.

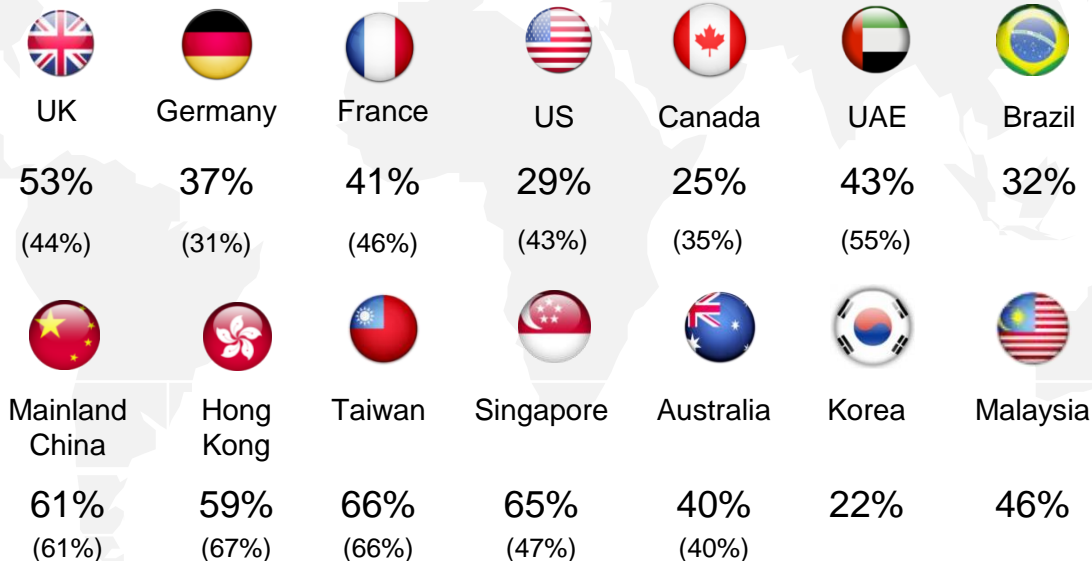


**Perceived Relationship Advantage**

**Perceived Relationship Advantages for foreign business using RMB**



\*Exclude Brazil, Korea, Malaysia



( ) Denote the 2014 figures

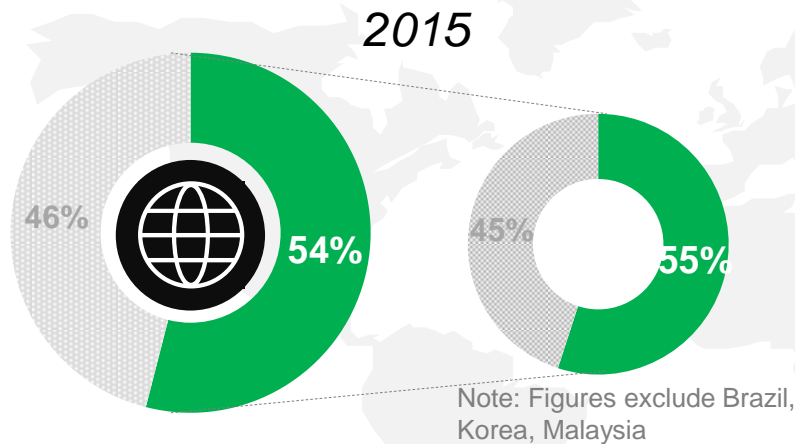
Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

*When doing business with China, do you think that a foreign company using the RMB...*

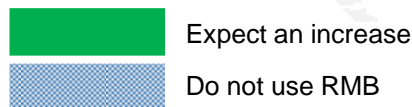
## Business confidence in future growth of international/cross-border trade with China is relatively strong at an overall level, with over a half of businesses predicting that trade will grow during the next 12 months.

Similar to 2014, businesses in the UAE continue to see the highest potential for future growth. However, overall anticipated growth levels are lower than seen in 2014, primarily driven by significant declines in growth forecasts in the UK and France. Positively, however, significantly stronger growth is anticipated in Germany, which has increased to 60% (up from 45% in 2014).

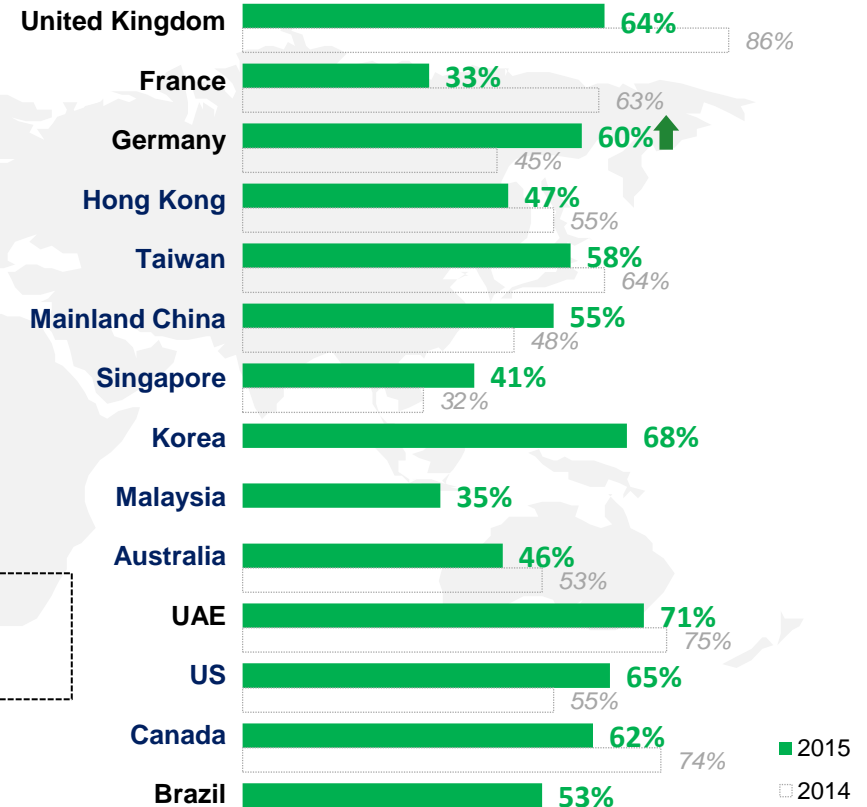
### 54% of businesses expect an increase in international/ cross-border business with China in next 12 months



In 2014 - 59% of businesses expect an increase in international/ cross-border business with China in next 12 months



### Expect an increase (across markets)



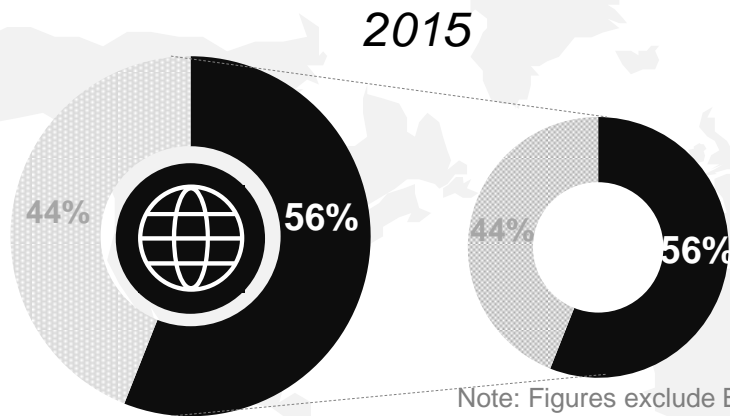
Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

In the next 12 months do you expect your level of international/ cross-border business with China to increase?

**It is anticipated that RMB cross-border business will increase over the course of the next 12 months, particularly in Hong Kong and China.**

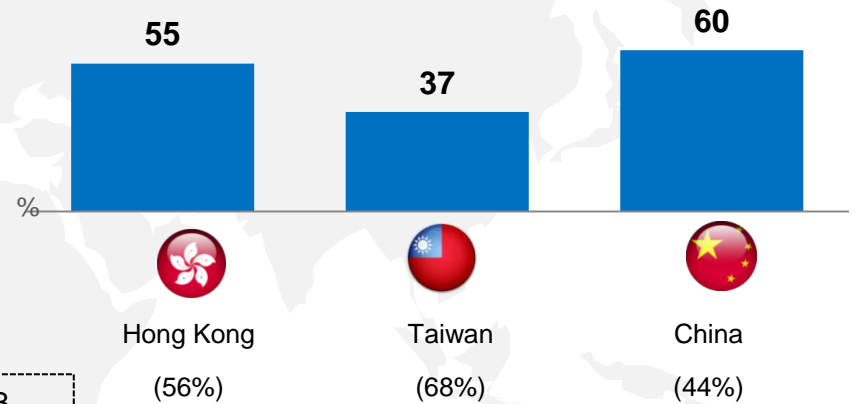
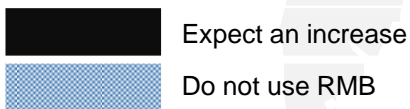
Overall, over half of current RMB users expect the level of RMB cross-border business to increase. Strong growth forecasts are particularly notable in Mainland China and Hong Kong, with the number of businesses anticipating growth in Mainland China increasing during 2015, compared to 2014 (up from 45% to 60%).

**56% of businesses using RMB expect their level of RMB cross-border business will be increased in next 12 months**



Note: Figures exclude Brazil, Korea, Malaysia

In 2014 - 59% of businesses using RMB expect their level of RMB cross-border business will be increased in next 12 months



Base : RMB users – Total (n=323), Mainland China (n=70), HK (n=105), Taiwan (n=38#)

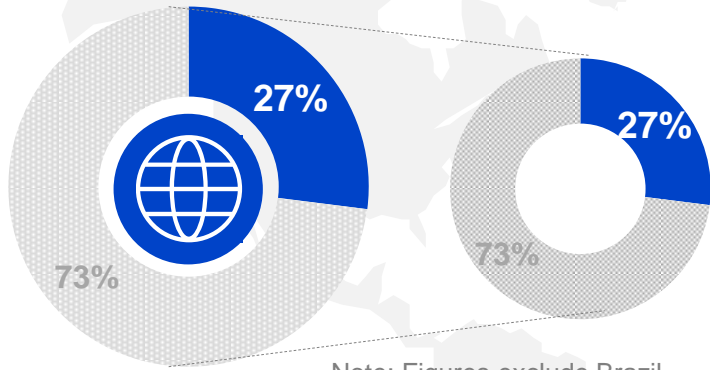
*In the next 12 months, do you expect your level of RMB cross-border business to increase? By what percentage compared to your RMB cross-border business in 2014*

( ) Denote the 2014 figures  
# Base Size <50. Read in Caution

## Over a quarter of non-users of RMB intend to start using RMB for cross-border business in the future.

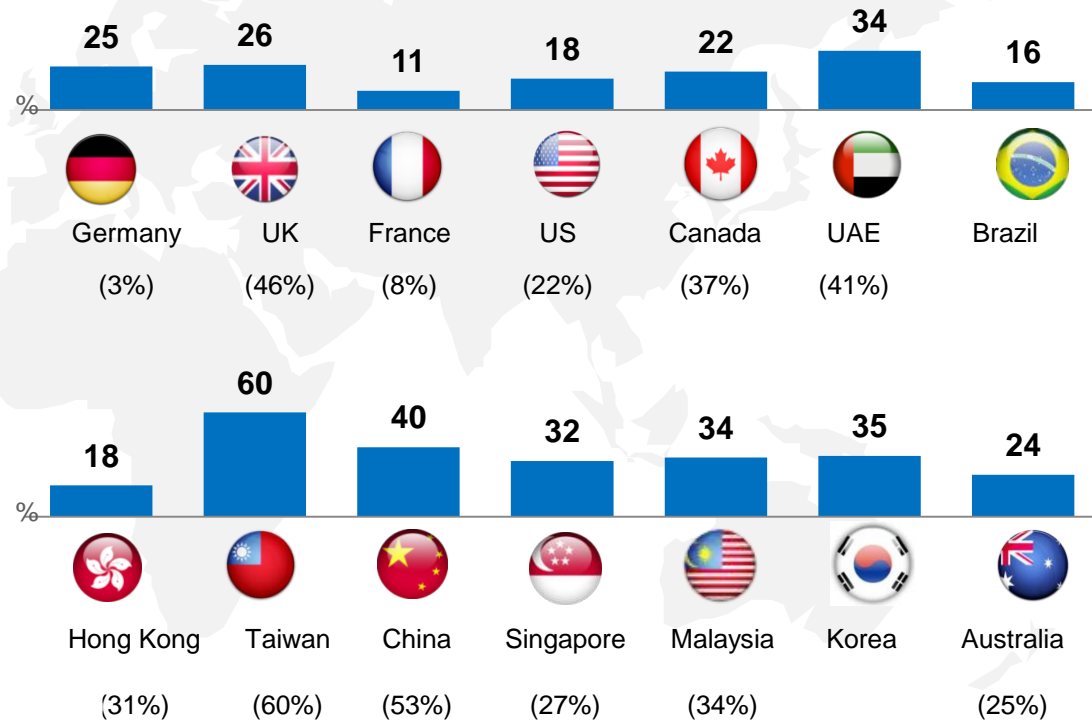
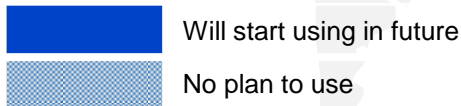
Future usage intent is strongest amongst non-users in Asia Pacific markets, particularly Mainland China and Taiwan. However, outside of Asia Pacific, there is a slight weakening in terms of future usage intent across all markets with the exception of Germany, which marginally strengthens future usage intent.

**27%** of non-users of RMB are planning to start using this currency for their cross-border business in future



Note: Figures exclude Brazil, Korea, Malaysia

In 2014 - 32% of non-users of RMB are planning to start using this currency for their cross-border business in future



( ) Denote the 2014 figures

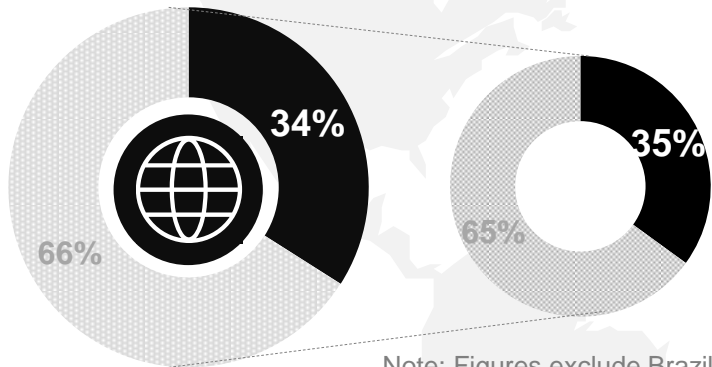
Base : All non RMB Users – Total (n=1,287), Mainland China (n=130), Hong Kong (n=95), Taiwan (n= 62), Singapore (n=85), Australia (n=87),Korea (n=85), Malaysia (n=89), UK (n=89), Germany (n=93), France (n=91), US (n=95), Canada (n=97), UAE (n=90), Brazil (n=99)

When do you expect to start using RMB for cross-border business in the future?

**The forecasts that the RMB will become an international trading currency used for settling trade deals with no connection to China continues to be similar to that in 2014, with one third of businesses supporting this statement at a total level.**

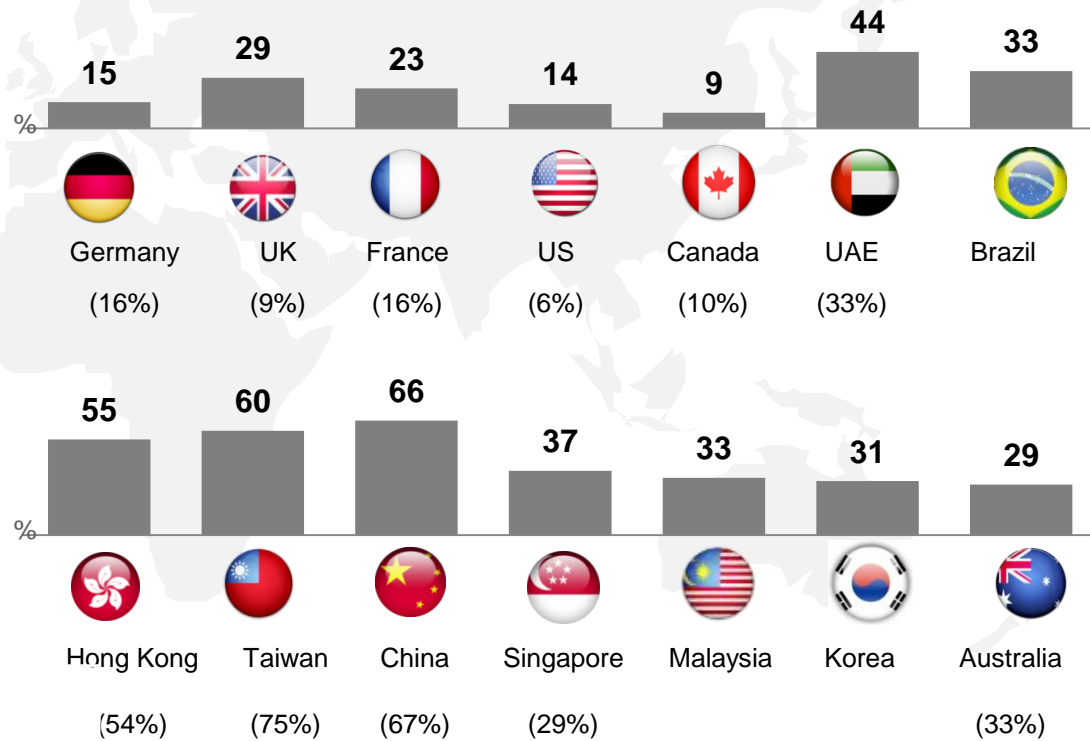
Businesses within Greater China have a much stronger belief that the RMB will become an international trading currency in the next five years compared to other countries. However, European markets are more positive in 2015 compared to 2014, with greatest optimism coming from the UK. This is potentially due to the increasing number of clearing banks in Europe, which was positively reported in the media.

**34%** of businesses foresee RMB as an International Trading Currency in the next 5 years



Note: Figures exclude Brazil, Korea, Malaysia

In 2014 - 32% of businesses foresee RMB as an International Trading Currency in the next 5 years



( ) Denote the 2014 figures

Base : All businesses (n= 1,610) – Mainland China (n=200), Hong Kong (n=200), Taiwan (n=100), Singapore (n=100), Australia (n=100), Korea (n=100), Malaysia (n=103), UK (n=100), Germany (n=100), France (n=101), US (n=106), Canada (n=100), UAE (n=100), Brazil (n=100)

Do you think that within the next five years companies will use RMB to settle trade deals that have no connection to China, just as the dollar is used today for transactions that don't involve a US counterparty?

## **About the RMB Survey**

HSBC commissioned Nielsen to conduct a market survey of 1,610 international companies that currently do business with Mainland China or are a business in Mainland China that imports/exports outside of the region. The survey was in field between 7 January and 12 February 2015 and was undertaken to understand the international companies' preference about using RMB for cross-border business, reasons of using / not using RMB for trade activities, as well as other insights they can offer about the RMB.

The research surveyed international businesses in Australia (n=100), China (n=200), Germany (n=100), Hong Kong (n=200), Singapore (n=100), the UK (n=100), the USA (n=106), Canada (n=100), Taiwan (n=100), France (n=101), the UAE (n=100), Brazil (n=100), Malaysia (n=103) and South Korea (n=100). Of the companies surveyed, approximately 50% had an annual sales turnover between of US\$3M-50M, 40% had a turnover of US\$50M-500M and 10% had an annual sales turnover above US\$500M. (Copyright © 2015, The Nielsen Company)"

## **About Nielsen**

Nielsen N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit [www.nielsen.com](http://www.nielsen.com)