



Renminbi's stellar ascension:

Are you on top of it?



RMB Tracker
Sibos 2015 Edition

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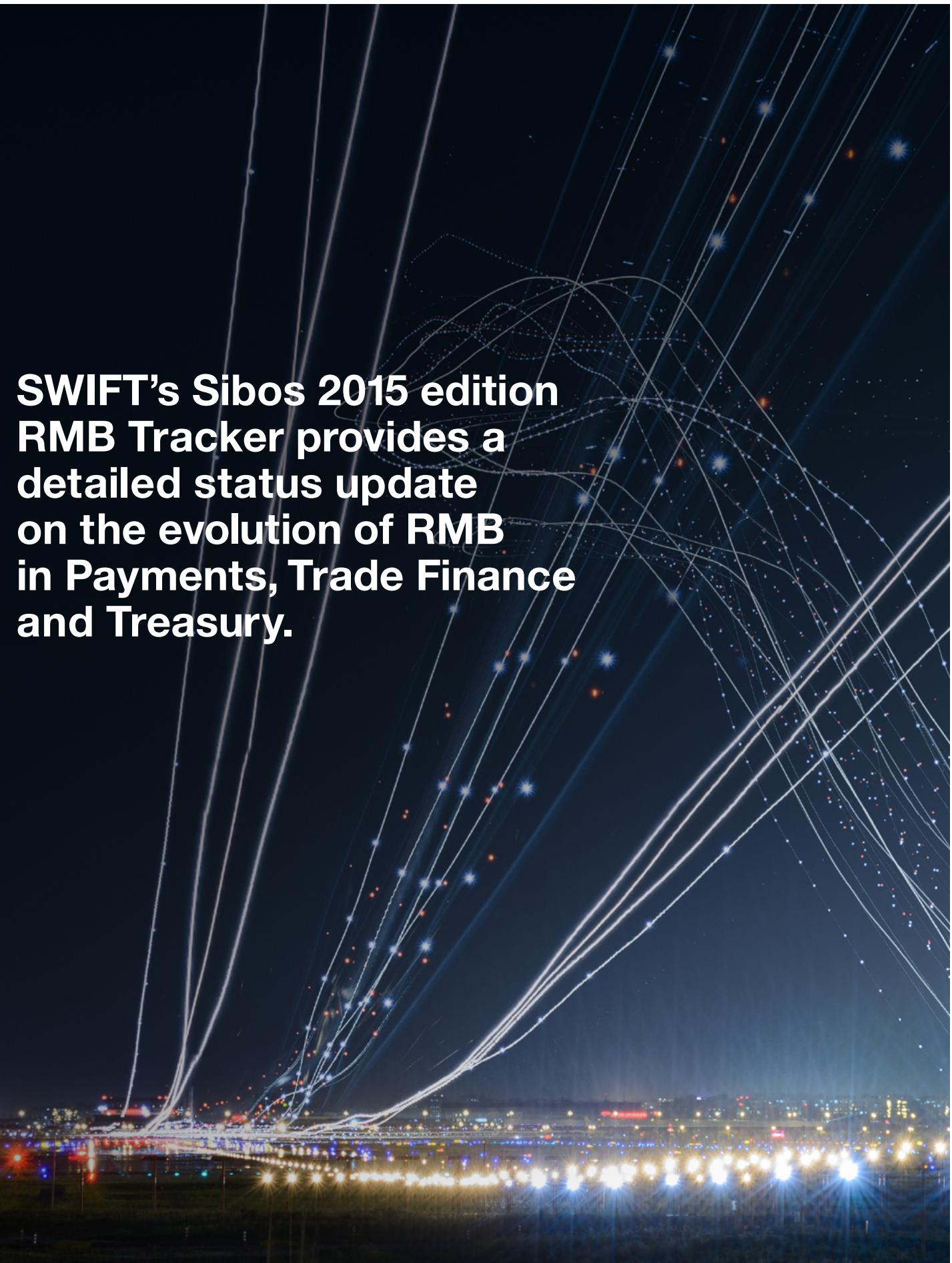
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SWIFT's Sibos 2015 edition RMB Tracker provides a detailed status update on the evolution of RMB in Payments, Trade Finance and Treasury.

FOREWORD

By Alain Raes
Chief Executive,
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The SWIFT RMB Tracker issued on a monthly basis aims to provide community insights into the focal conversation about China's Renminbi (RMB) and its growing influence on the world. This special Sibos edition of the SWIFT RMB Tracker looks at the RMB from different viewpoints, and at the opportunity which the RMB presents for the world.

SWIFT believes that the data is positively indicating that RMB internationalisation is increasing by all measures, such as payments, trade, treasury, bank adoption, and offshore clearing centre growth. SWIFT is optimistic about RMB's journey towards a more international currency and calls for attention from the community on the following aspects which are essential to continuous success of RMB internationalisation.

Expand the connectedness of RMB

In order for RMB to become an international reserve currency, it needs to be supported by the broader connectedness and its progress correlates with more banks serving their customers in RMB, and through offshore clearing centres.

Enhance RMB products and services suite

To support the growth of RMB in a manner that is safe, reliable, secure and resilient – financial institutions will need to invest into infrastructure to facilitate their RMB products and services. SWIFT suite such as business intelligence, messaging conversion and networks contribute to an essential foundation for growing the global utility of RMB.

Ongoing focus on standards and compliance

The march towards a global reserve currency requires ongoing industry focus on efficiency, automation and the global message standardisation. As part of the journey, compliance to local and global regulations is ever more important.

SWIFT serves as a cooperative for global transaction banking, we commit to support the community unceasingly, to help them further develop their RMB business. Today SWIFT connects over 370 China-based financial institutions to over 10,800 banks and corporates around the world. SWIFT supports multiple RMB payment and settlement infrastructures such as RMB RTGS in Hong Kong, Taiwan, Sydney and Malaysia; and has published the RMB best practice guidelines to harmonise the global RMB back office operation in collaboration with the community. And as the China International Payment System (CIPS) rolls out, SWIFT's remit of working with the Chinese and the international financial community continues to be the provision of connectedness, standardisation and other value-added services. Pursuing an industry-wide goal with a utility approach will undoubtedly underpin the ongoing success of RMB internationalisation.

I hope you find this Sibos edition of the SWIFT RMB Tracker informative. In terms of emerging economic opportunities, I truly believe the RMB is the game changer for many, not just for countries with designated offshore RMB centres, but for businesses and consumers around the world.



EXECUTIVE SUMMARY

In SWIFT's capacity to support its community, many initiatives are taking place to facilitate Renminbi (RMB) transactions worldwide.

SWIFT has been tracking the internationalisation of the RMB since 2010 and produces a public, freely available monthly tracker on [swift.com](#).

With the occasion of Sibos, SWIFT's annual conference taking place in Singapore on 12-15 October 2015, SWIFT has produced a special edition of the RMB Tracker that provides an updated and consolidated overview of the Renminbi's rise as an international currency. In addition to SWIFT's analysis, the report also includes insights and commentary from financial industry experts reflecting on the evolution of the RMB as well as their views on what's to come.

Since 2011, the RMB has steadily progressed along its path to become a global currency in international trade. SWIFT's data indicates that many RMB data points continue to progress positively in areas such as payments, trade, treasury, bank adoption, and offshore clearing centre growth.

Based on August 2015 data, the special Sibos edition of the RMB Tracker includes the following key highlights:

#1

for Asia Pacific intra-regional payments with China & Hong Kong
Up from #2 last year.

1,134 banks

use RMB for payments with China & Hong Kong

Representing 36% of all financial institutions exchanging payments with China and Hong Kong.
Up 21% since August 2013.

#4

International Payments Currency by value

2.79% of global payments by value,
up from #12, 0.84% in August 2012.

#2

for global issuance of Letters of Credit by value

9.1% of Letters of Credit global activity share.
USD still far ahead at 80.1%.

Singapore remains the

#1

RMB clearing centre after Hong Kong

Processing 24.4% of RMB payments by value, excluding China and Hong Kong.
Strong year-on-year growth in Taipei (+83%), Seoul (+56%) and Sydney (+126%).

+1 million mark

of foreign exchange transactions in RMB reached in August 2015
50% year-on-year growth.

Our indicators confirm RMB's journey in becoming an international currency. There is a call to action for the financial community, which is essential to the RMB's continued success:

Expand the connectedness of RMB

The internationalisation of the RMB depends upon the broader connectedness of the community. The more banks serving their customers in RMB and through offshore clearing centres, the more the RMB will progress.

Enhance RMB products and services suite

To support RMB growth safely, reliably, securely and resiliently, investments in infrastructure and products & services suites such as business intelligence, messaging conversion and networks are an essential foundation for growing the global utility of RMB.

Ongoing focus on standards and compliance

The march toward a global reserve currency requires ongoing industry focus on efficiency, automation and the global message standardisation. Along the journey, compliance to local and global regulations is increasingly important.

As a critical service provider for financial markets infrastructure, SWIFT is committed to helping its community further develop their RMB business.

- Today SWIFT connects 370 China-based financial institutions and large corporates to over 10,800 banks and corporates around the world.

- SWIFT supports multiple RMB payment and settlement infrastructures such as RMB RTGS in Hong Kong, Taiwan, Sydney and Malaysia

- SWIFT offers a wide range of business intelligence solutions to help the community have a better view and planning of their business

- A complete financial crime compliance product suite including Sanctions Screening, Sanction Testing, Compliance Analytics, and The KYC Registry helps the community manage compliance matters easily and cost effectively

- Working with the community, SWIFT published the RMB best practice guidelines to harmonise global RMB back office operations.

Importantly, as the China International Payments System (CIPS) rolls out, SWIFT will continue working with China and the international financial community by providing connectivity, standardisation and other value added services.

This will undoubtedly underpin the ongoing success of RMB internationalisation.

Chinese Yuan demonstrates strong momentum to reach #4 as an International Payments Currency

According to SWIFT data, the RMB has entered the top four of world payment currencies in August 2015, overtaking the Japanese Yen by value. Just three years ago, in August 2012, the RMB was ranked at position #12 with a share of 0.84%.

In August 2015, the RMB reached a record high share of 2.79% in global payments by value and overtook seven currencies during the last three years.

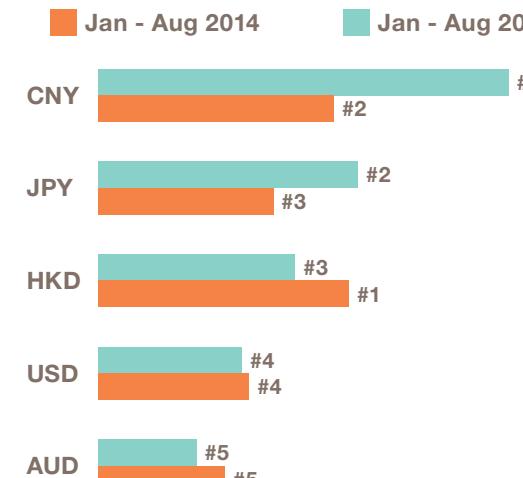
The Japanese Yen is now trailing the Renminbi 2.76% to 2.79% so the gap between both currencies is minor. Important to note is the volatility in the Chinese market and the devaluations of the RMB which took place in August 2015. These facts likely played a significant role in its increased usage.

On top of the impressive growth of the RMB as an international payments currency, recent SWIFT data also shows that the Chinese currency is the currency most actively used in Asia Pacific for payments with China and Hong Kong. Compared to last year, the Chinese currency moved from position number

two to the top currency used in Asia Pacific to do business with China and Hong Kong. Overall, global RMB payments increased in value by 9.13% in August 2015, while the growth for payments across all currencies decreased in value by 8.30%.

Currency weight evolution within Asia for payments with China and Hong Kong

Payments sent and received with CN and HK, by value



Source: SWIFT Watch

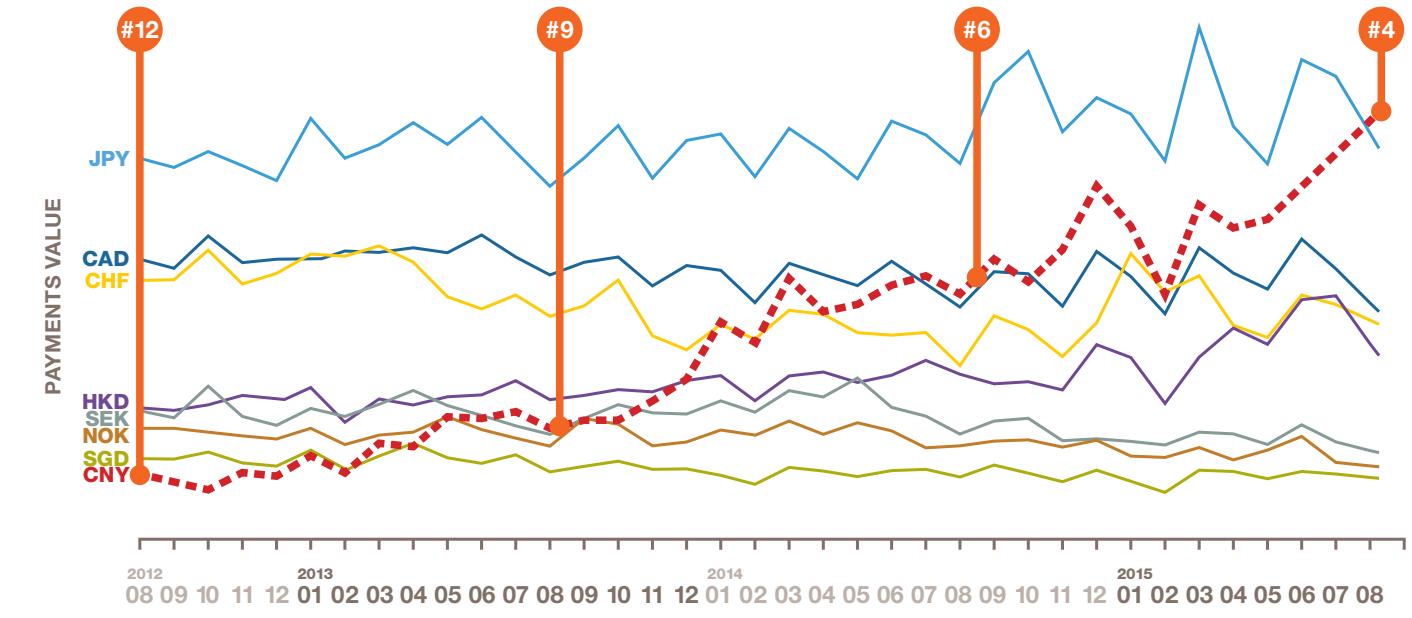
According to the August data from SWIFT, RMB enjoyed higher acceptance in global market and became the fourth most active global payment for the first time, reflecting RMB's huge potential and staggering momentum as a major currency. Meanwhile, China has been using correct strategy during the process of RMB internationalization. China has also introduced RMB settlement to the fields with real demand, such as cross-border trade and investment, developed the Hong Kong offshore RMB market, and made huge progresses for offshore RMB usage in merely 5 to 6 years.

Moreover, the wide use of RMB within the Asia Pacific region has not only established closer trade relations between Asia Pacific region and China but also helped to overcome the economy slowdown and repair the harm to the global monetary system caused by the financial crisis. According to the SWIFT data, RMB payment amount within Asia Pacific region is growing rapidly. RMB payments related to Singapore, Taiwan and South Korea accounted for more than half of the total, which set a good example for the United States and other regions, attracting more institutions and enterprises to use RMB and further enhancing the status of RMB in the global payments.

— Mr. Jian Ying, Senior Economist, RMB Business Division, Bank of China Hong Kong

RMB overtook 7 currencies during the last 3 years

International payments sent and received by value



RMB as World Payments Currency

Customer initiated and institutional payments. Messages exchanged on SWIFT. Based on value.

January 2014

USD	#1	38.75%
EUR	#2	33.52%
GBP	#3	9.37%
JPY	#4	2.50%
CAD	#5	1.80%
AUD	#6	1.75%
CNY	#7	1.39%
CHF	#8	1.38%
HKD	#9	1.09%
THB	#10	0.98%
SEK	#11	0.97%
SGD	#12	0.88%
NOK	#13	0.80%
DKK	#14	0.60%
PLN	#15	0.58%
ZAR	#16	0.40%
RUB	#17	0.40%
MXN	#18	0.39%
NZD	#19	0.35%
TRY	#20	0.34%

August 2015

USD	#1	44.82%
EUR	#2	27.20%
GBP	#3	8.45%
CNY	#4	2.79%
JPY	#5	2.76%
CAD	#6	1.79%
AUD	#7	1.60%
CHF	#8	1.55%
HKD	#9	1.41%
THB	#10	1.04%
SGD	#11	0.89%
SEK	#12	0.84%
NOK	#13	0.65%
PLN	#14	0.49%
ZAR	#15	0.46%
DKK	#16	0.40%
NZD	#17	0.40%
MXN	#18	0.37%
TRY	#19	0.26%
CLP	#20	0.21%

Source: SWIFT Watch

Clearing centres outside China and Hong Kong are fuelling Renminbi Internationalisation

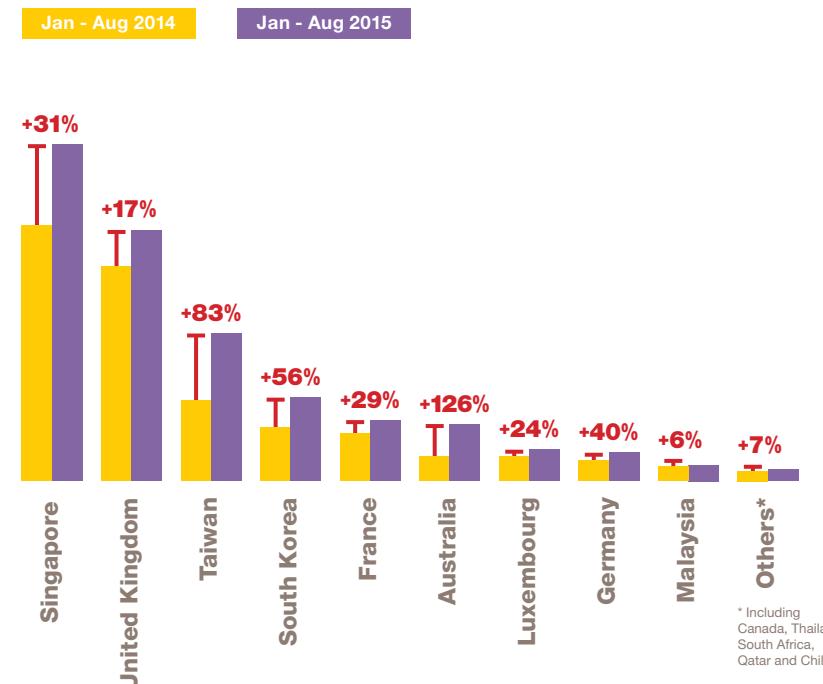
When it comes to handling global payments in Chinese Renminbi, Hong Kong is the world's largest offshore RMB centre, processing 70.4% of RMB payments. Although more than 100 countries used RMB for payments in August 2015, more than 90% of flows are concentrated in 10 countries; Singapore processed 24.4% followed by United Kingdom with 21.6%. Compared to last year, Taiwan jumped ahead of the United States and is now a top three RMB offshore centre.

Singapore and London still play a key role in driving RMB adoption outside of Hong Kong, but the emergence of other RMB clearing centres in the past year have also accelerated its usage.

In 2015, five new clearing centres have been appointed, including Kuala Lumpur, Bangkok, Sydney, Chile and recently South Africa. Over the last eight months, SWIFT has noted that most countries where an RMB clearing centre has been appointed, still show a significant increase compared to the same period last year, with Taipei (+83%), Seoul (+56%) and Sydney (+126%) showing the highest growth.

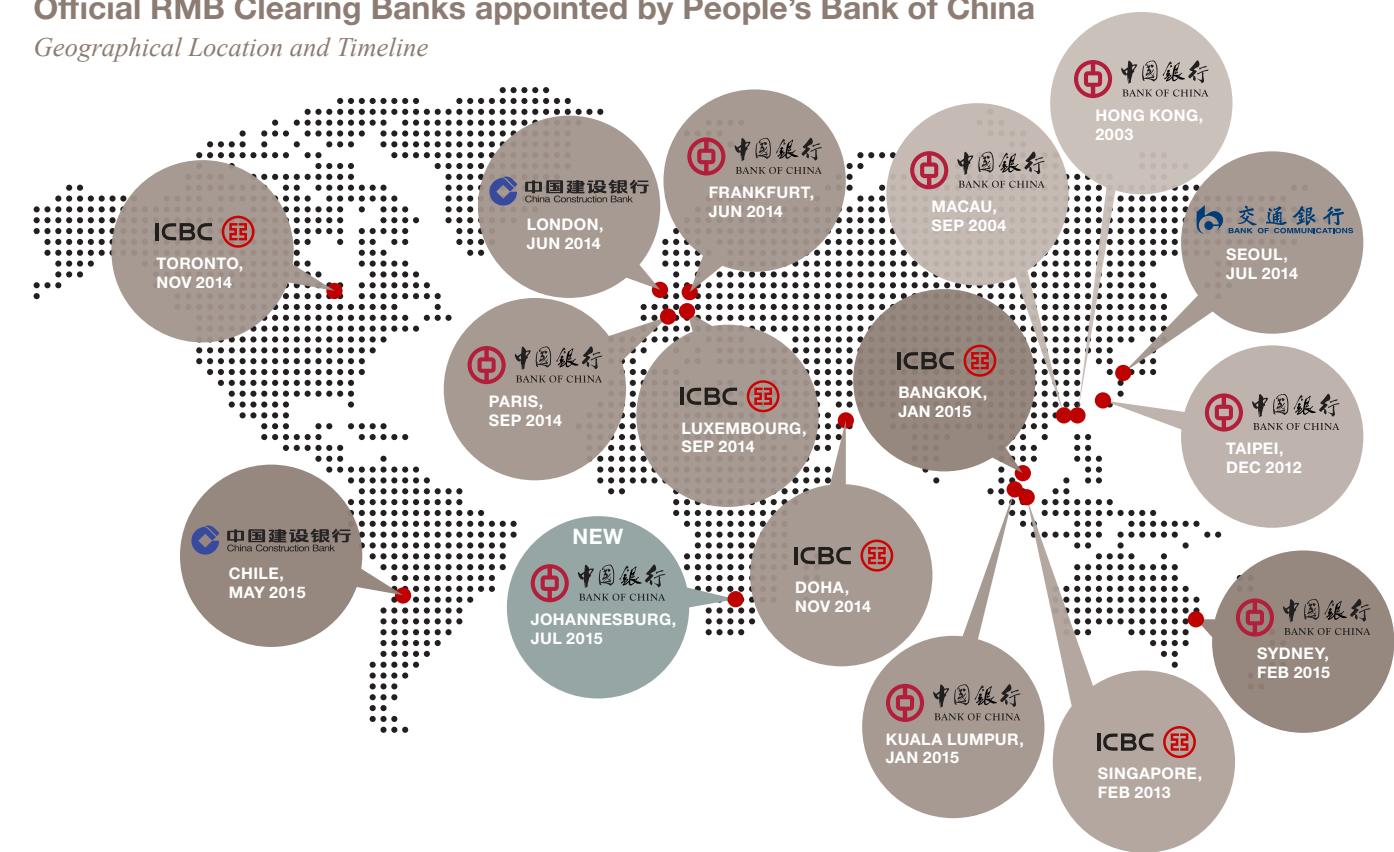
Evolution of RMB payments in countries with RMB clearing centres

Payments sent and received by value, excluding China and Hong Kong.



Source: SWIFT Watch

Official RMB Clearing Banks appointed by People's Bank of China Geographical Location and Timeline



Growing use of RMB globally despite recent market volatility is a strong testament to a truly international currency underpinned by significant cross-border flows with Mainland China. It has now surpassed Japanese yen and become the fourth most commonly used payment currency according to SWIFT. New RMB offshore centres appointed in the past two years will continue to facilitate and drive use of RMB. Outside of Hong Kong, eight offshore RMB centres have recorded double digit year-on-year growth as of August 15. HSBC forecasts that use of RMB for cross-border trade with Mainland China will reach 30% and 50% by end of 2015 and 2020 respectively.

— Angus T.Y. Tsang
Global Head of RMB Internationalisation, HSBC



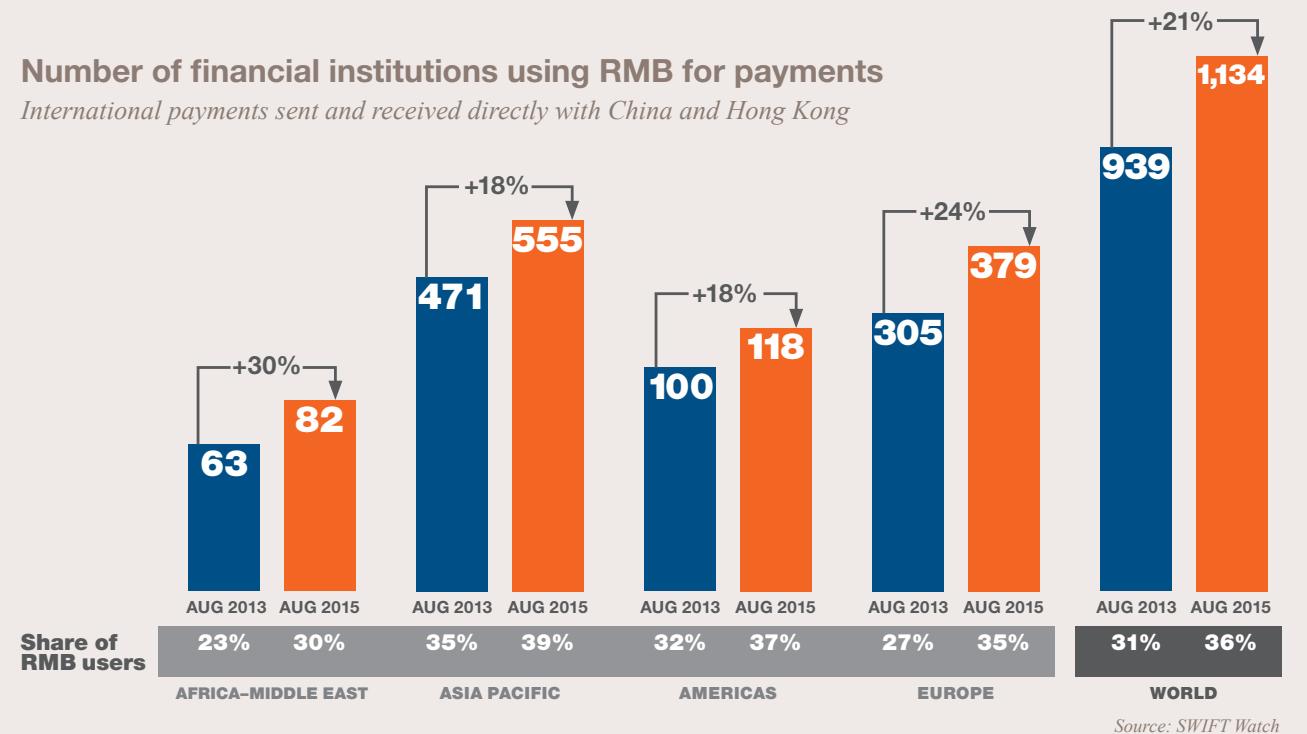
More financial institutions use RMB for payments with China and Hong Kong

Recent SWIFT data shows that 1,134 financial institutions used the RMB for payments with China and Hong Kong, representing 36% of all institutions exchanging payments with the latter across all currencies. Asia Pacific leads the way with nearly 40% adoption, followed by the Americas at a 37% adoption rate. Europe falls closely behind the Americas at 35% and the Middle East and Africa are at 30% adoption, with the most significant increase compared to 2013 (+30%).

In August 2015, more than 1,700 financial institutions made worldwide payments in RMB, representing a 14% increase compared to last year. This also shows that approximately 600 financial institutions use the Chinese currency for payments without a leg with China or Hong Kong.

Number of financial institutions using RMB for payments

International payments sent and received directly with China and Hong Kong



According to market feedback we received from our Deutsche Bank International Payments Forum in 8 European markets, an efficient, interoperable and internationally accessible payments market infrastructure is vital for enabling RMB to become a robust international payments currency. The use of RMB of financial institutions could be further expedited through (1) consistency in service model, (2) simplicity in payments formatting and FX conversion, and (3) accessibility at global scale to make the RMB payments experience similar to that of mainstream currencies.

With the upcoming development of China's Cross-Border Inter-Bank Payments System (CIPS) and the enhancement of Hong Kong's RMB Clearing House Automated Transfer System (CHATS), it is expected that more financial institutions will use RMB for payments to enable their end-clients to gain efficiencies, save costs and enhance their access to China through the use of RMB for cross-border trade and investments.

— Joe M.K. Ng
Director and Head of Renminbi Payments Product Management, Asia Pacific,
Institutional Cash and Securities Services, Global Transaction Banking, Deutsche Bank

A silver medal for RMB in Trade Finance

Next to the steady climb as an international payments currency, the Renminbi now has a 9.1% activity share in the global issuance of letters of credit by value, which strengthens the RMB's position as the second most used currency for this purpose. With a share of 80.1%, the USD remains the dominant currency for this type of trade finance instrument when looking at 2015 year-to-date data.

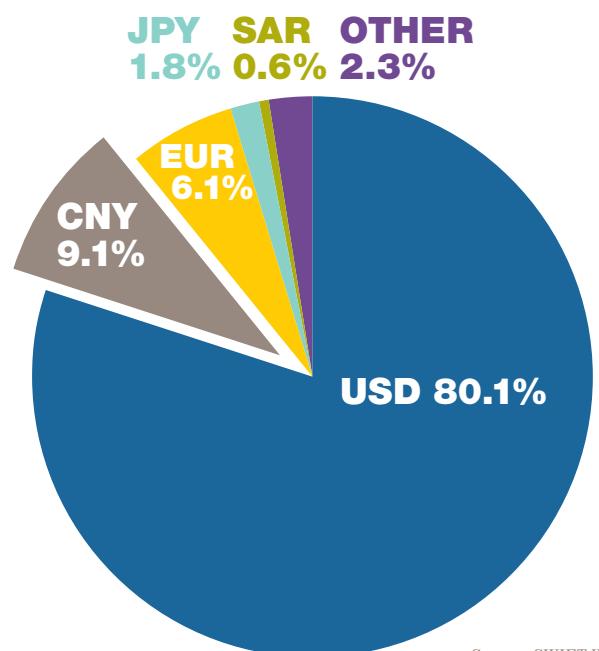
The top three countries using RMB in August 2015 were China, Hong Kong and Singapore, so the business is clearly concentrated in Asia Pacific. Well over 50% of all letters of credit by value are sent by banks between China and Hong Kong followed by nearly 30% flows between China and Singapore.

While the RMB's internationalisation journey has had its ups and downs, the direction is clear – RMB is available both as a choice and an opportunity for the market. The recent currency volatility has highlighted the significance of hedging. Given that the RMB is embedded in the supply chain, re-denominating trade into RMB will enable corporates to optimise the hedging cost of their supply chain with access to onshore and offshore FX markets. It is thus important for corporates to take a holistic, end-to-end view of the supply chain and consider using the RMB, especially along the China's trade corridors. Additionally, given the potential inclusion of the RMB into the IMF's SDR basket and with China being one of the fastest-growing countries in terms of GDP, corporates should take a longer view on China and re-examine their RMB strategy.

— Frankie Au
Head of RMB Products,
Transaction Banking
Product Management,
Standard Chartered Bank

RMB as World Currency for Documentary Credit

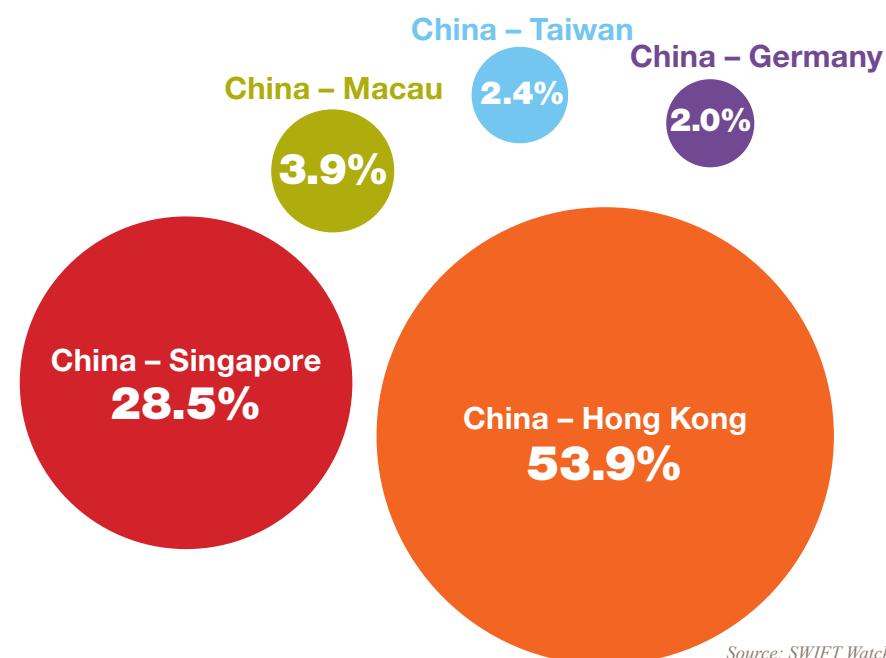
Documentary Credits sent and received by value with the rest of the world, YTD August 2015



Source: SWIFT Watch

Top RMB Corridors for Letters of Credit

International letters of credit, sent and received by value, YTD August 2015



Source: SWIFT Watch

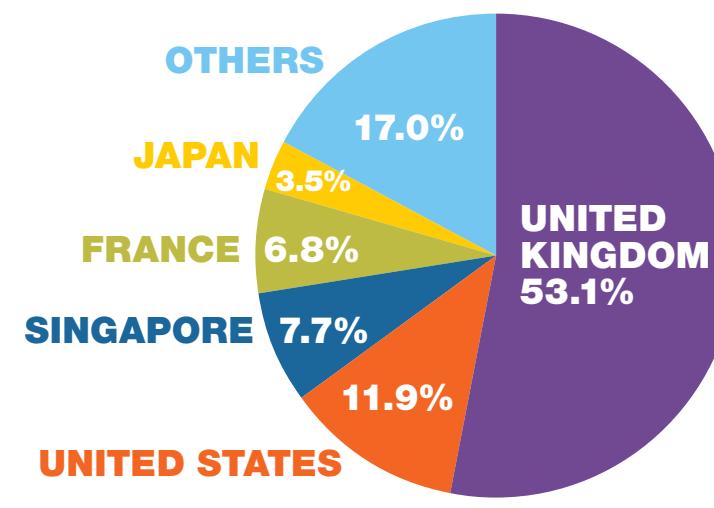
Over 1 Million foreign exchange transactions done in RMB in August 2015

Recent SWIFT data shows that in August 2015, the number of foreign exchange (FX) trades in RMB reached more than 1 Million and that RMB FX trading value increased by 50% compared to August 2014.

Foreign exchange transactions by value in RMB increased by 20% compared to July 2015, likely due to the devaluation of the RMB by the People's Bank of China.

More than 50% of the RMB FX trading activity outside China and Hong Kong is done with the United Kingdom, which is a reflection of the strong position London has in the global FX market. The United States are second with a weight of 11.9%, Singapore is third with 7.7% and France is the first Eurozone country at position #4 with a share of 6.8%. Japan also entered the top five in August, overtaking Switzerland and South Korea.

Top 5 countries doing FX transactions in RMB *Transactions sent and received by value, excluding China and Hong Kong, August 2015*



Source: SWIFT Watch

Foreign exchange transactions in RMB

New confirmations minus cancellations, worldwide transactions sent and received by value

+50% compared to August 2014
+20% compared to last month

Source: SWIFT Watch

Support your RMB strategy with fact-based insights

The growing importance of the RMB currency and its role in financial markets is evident. Because of this, financial institutions have already started to build their RMB strategy or are planning to do so in the near future, but need more fact-based information to identify where their organisation stands.

To address these issues, SWIFT Business Intelligence provides a free Monthly RMB Tracker. Furthermore, in order to obtain more granular market information and a competitive framework, SWIFT has developed a comprehensive offering:

- At the core of SWIFT Business Intelligence sits the Watch platform, a portfolio of online reporting and analytical tools that give customers direct and easy access to business intelligence about their financial institution and the global financial industry. For example, Watch Analytics provides customers with direct access to business data of RMB transactions allowing customers to perform a more dynamic search and analysis.
- In order to obtain more granular market information and a competitive framework, this can be acquired through its extended RMB Market Insights analysis report. SWIFT's RMB Market Insights report responds to the needs of SWIFT customers (both Watch product users and non-users). With this, financial institutions can benefit from fact-based quarterly market analysis using unique data only available through SWIFT Business Intelligence.
- Similarly, the customised RMB analysis leverages SWIFT's unique data and provides crucial competitive and strategic insights to optimise business operations and support decision-making.

**For further information about SWIFT's Business Intelligence
RMB Consulting Services and the full Business Intelligence portfolio,
please visit swift.com or e-mail watch@swift.com**

**About SWIFT and
RMB Internationalisation**

Since 2010, SWIFT has actively supported its customers and the financial industry regarding RMB internationalisation through various publications and reports.

Through its Business Intelligence Solutions team, SWIFT publishes key adoption statistics in the RMB Tracker, insights on the implications of RMB internationalisation, perspectives on RMB clearing and offshore clearing guidelines, supports bank's commercial RMB product launches and provides in-depth analysis and business intelligence, as well as engaging with offshore clearing centres and the Chinese financial community to support the further internationalisation of the RMB.

The SWIFT network fully supports global RMB transactions, and its messaging services enable Chinese character transportation via Chinese

Commercial Code (CCC) in FIN or via Chinese characters in MX (ISO 20022 messages). It offers a suite of dedicated RMB business intelligence products and services to support financial institutions and corporates. In addition, SWIFT collaborates with the community to publish the Offshore and Cross-Border RMB Best Practice Guidelines, which facilitate standardised RMB back office operations.

Please visit www.swift.com for more information about RMB Internationalisation or join our new 'Business Intelligence Transaction Banking' LinkedIn group.

About SWIFT

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,800 banking organisations, securities institutions and corporate customers in over 200 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

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Ready for RMB?



More than 1,700 Financial Institutions in over 100 countries are already doing business in the Chinese currency: the Renminbi (RMB). Is yours one of them? Are you looking to understand more about RMB internationalisation, or further expand your RMB business?

SWIFT's RMB Tracker provides a monthly report with a unique set of statistics to help you track and understand how the RMB is being used across geographies and financial sectors. To register for the free RMB Tracker or learn more about our RMB offering, visit www.swift.com or e-mail swiftforbanks@swift.com.





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