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RMB internationalisation: can the Belt and Road revitalise the RMB?

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SWIFT's RMB Tracker provides new data and analysis into five key enablers of RMB internationalisation

Beijing, 28 July 2017 – Latest data and insights from SWIFT highlight five prominent factors that support a positive outlook for the internationalisation of the renminbi (RMB), despite a decline in usage of the Chinese currency in international payments.

With the [SWIFT Business Forum China](#) taking place on 28 July 2017, a special edition of the RMB Tracker has been published. This focuses on 2017 half year statistics and analysis from SWIFT, as well as expert industry insights about the internationalisation of the RMB, with a particular focus on five key enablers driving global adoption of the currency:

- The Belt and Road initiative
- China's Cross-border Interbank Payments System (CIPS)
- Hong Kong's role as an essential RMB intermediary
- The relaxation of capital market controls, and
- FinTech's contribution to the last mile of RMB connectivity

Alain Raes, Chief Executive APAC & EMEA, SWIFT, said: "The exclusive insights shown in the special edition of the RMB Tracker offers a fresh look at RMB internationalisation. As a member-owned cooperative, we are committed to serving financial institutions with optimised products and services that can support their customers' growth. Broader connectivity to RMB markets is becoming essential; at SWIFT we support China's financial institutions, market infrastructures and corporations with connectivity to the global economy. This in turn supports the internationalisation of the Chinese currency."

In June 2017, the [SWIFT RMB Tracker](#) ranked the RMB as #6 in world payment currencies. This indicates a slowdown in internationalisation, with the proportion of international currency payments (customer initiated payments and institutional transfers) denominated in RMB falling from 2.09% in June 2015 to 1.98% in June 2017.

In spite of this trend, [more than 1,900 financial institutions worldwide](#) are using the RMB for payments as of June 2017. Out of the 1,900 cited, nearly 1,300 institutions are making RMB international payments with China or Hong Kong, representing a 16% increase from June 2015.

The report also notes that, despite efforts to internationalise the RMB, the US dollar remains the major currency for payments to China. For example, 98% of payments sent from the United States to China by volume are in US dollar, and the RMB's share of payments remains low for all countries - between 1 and 2% - with the exception of Taiwan, where 15% of payments were made in RMB.

Additional insights from the report include key factors that support long-term RMB internationalisation, such as:

- Promising RMB growth in South East Asian countries along the Maritime Silk Road;

- Strong increase in RMB Credit Transfer Payments in value from China to Germany, Poland and Czechia (formerly Czech Republic). This is in contrast to substantial decreases from China to the Netherlands, France and Italy;
- Hong Kong's continued role as an essential intermediary, increasing its RMB activity share to 76%. 49.4% of all RMB payments currently transit through Hong Kong; and
- Major Chinese banks are investing in cross-border payments innovation through the SWIFT gpi service. SWIFT gpi provides Chinese banks' customers with a same-day payment experience around the world. Over 110 banks are part of the initiative, of which 16 in China.

To download a full copy of the report, please [click here](#).

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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 click [here](#) for more information about RMB Internationalisation or join our new 'Business Intelligence Transaction Banking' LinkedIn group.

About SWIFT

SWIFT is a global member owned cooperative and the world's leading provider of secure financial messaging services. We provide our community with a platform for messaging and standards for communicating, and we offer products and services to facilitate access and integration, identification, analysis and regulatory compliance. Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories. While SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby supporting global and local financial flows, as well as trade and commerce all around the world. As their trusted provider, we relentlessly pursue operational excellence; we support our community in addressing cyber threats; and we continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs. SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern. Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

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