

Press Release

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Top Banks forge MOA for Peso-Renminbi Trading

Bank of China and 13 of the country's biggest local banks have signed an MOA to officially create the Philippine Renminbi (RMB) Trading Community.

Under the agreement, the Philippine RMB Trading Community will facilitate direct foreign exchange trading of the Chinese renminbi and the Philippine peso. The Philippine RMB Trading Community will establish, administer, and promote the RMB/PHP market. This market is an end-to-end platform for the quick conversion of Philippine peso to Chinese RMB (and vice versa), covering all stages of a trade cycle.

The initial members of this community include: Asia United Bank, Bank of China, Bank of Commerce, Bank of the Philippine Islands, BDO Unibank, China Banking Corp., East-West Banking Corp., Metropolitan Bank & Trust Co., Philippine Business Bank, Philippine Bank of Communications, Philippine National Bank, Rizal Commercial Banking Corp., Security Bank Corp., and Union Bank of the Philippines.

Trade between the Philippines and China is seen to increase further after this landmark signing. In fact, a Bank of China Manila study expects the RMB transaction volume in 2018 between Filipino and Chinese traders to surpass 10 billion RMB.

"The Philippine RMB Trading Community will likely lead to increased direct trade between Chinese and Philippine businesses because there will be no need to first exchange Philippine pesos to US dollars for conversion to Chinese RMB," said Bank of China Manila's Country Head, Mr. Deng Jun. "With this, pesos can be converted directly to Chinese RMB."

The local RMB Transfer System (RTS), as the first stage of the three Stage Development Plan to develop the domestic RMB services in the country, has been launched successfully since 2014. The Philippine RMB/PHP Trading Market, to be operated by the Philippine RMB Trading Community, is the second stage of the Development Plan.

The Community is expected to: oversee the activities of the community; create and implement systems, conventions, rules, regulations, and standard operating procedures on the trading and settlement, internal rules of the community, appointment of system providers (Bloomberg or Reuters), and other matters for the operation of the community; and report to the regulator, BSP, any non-compliance issues that were noticed.

"With the improved relations between our two countries, local companies are expected to benefit greatly with the establishment of the Philippine RMB Trading Community", said Mr. Deng Jun.

Many in the industry have expressed their support and confidence in the future of the RMB market, including Amado M. Tetangco Jr., the third Governor of the BSP and considered by many as the founder of the RMB market in the Philippines. "This is something beneficial to both sides and will benefit the Philippine economy as a whole down the road. As well as contribute to the further strengthening of the economic and financial relations between the Philippines and China." said Tetangco.

The RMB/PHP Trading Community is a pioneering structure and will be a self-regulated body, in which ideas will be shared among its members and with financial regulators. It will develop and adapt standards in infrastructure building, trading conventions and other standard protocols.

“We understand that it will take time for the local businessmen to change their habit to accept RMB as the 1st choice in global payments. Nevertheless, we must remember that the RMB/PHP Trading Community’s ultimate goal is to lower transaction cost and promote the use of RMB as it will definitely help Filipino businesses,” Mr. Deng Jun said.

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