

## Press Release

September 2019

### **Bank of China Manila named RMB clearing bank for PH**

Bank of China Manila today has been designated as the clearing bank for the renminbi (RMB) business in the Philippines. This follows a Memorandum of Understanding signed by the People's Bank of China and the Bangko Sentral ng Pilipinas.

“A clearing bank will not only make local RMB transactions easier in support of the already existing Philippine RMB Trading Community that was launched last year, it will also boost local investments and other financial activities, further strengthening the economic relationship between the Philippines and China,” said Deng Jun, Country Head of Bank of China Manila.

As an RMB clearing bank, Bank of China Manila will enable local financial institutions to transfer RMB funds and participate in China's foreign exchange market, security market, and bond market. It will also help local banks expand their product scope and provide better convenience for clients and investors looking to enter the Chinese financial market, increase their RMB asset holdings, or diversify their investment portfolios.

With a local clearing bank in place, RMB transactions are projected to grow as more Chinese tourists, traders, and investors, along with their Filipino counterparts, grow more confident in using the currency. “This new facility will help drive the currency's use for payments and investments, further promoting cross-border settlements, trade financing, project investments, and loans. Ultimately, this projected surge in financial activity will foster the shared development of both countries,” Deng added.

Foreign direct investments may see an upturn as well with the increased international use of RMB through the clearing bank. “We are keen on fully taking on our role as bridge between the Philippines and China by better facilitating RMB liquidity management and enhancing cross-border capital flows,” Deng said. “This in turn will attract quality Chinese direct investors who can contribute to the Philippines' economic development by creating more job opportunities and raising the competitiveness of domestic firms.”

This appointment of an RMB clearing bank comes at an opportune time, as data shows that RMB transaction are already on the rise. According to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the total amount of RMB cleared in the Philippines from January to June 2019 was RMB 127.4 billion, an increase of 45.3 percent compared to the first half year of 2018. In terms of transactions, the total number of RMB clearing activities is up to 12,116 items, an increase of 73.9 percent compared to last year. But while Bank of China Manila expects this trend to continue, it also mentioned that its clearing facilities will take time to operationalize, and that its systems will need to be prepared.

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