

Press Release

July 2020

PH ranks #1 in RMB growth rate in SEA

Statistics from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network shows that, as of June 30, the Philippines ranks first in Southeast Asia in terms of growth rate of RMB clearing volume, ahead of countries like Singapore, Indonesia, and Malaysia.

The total volume of RMB cleared in the Philippines in 2020 is CNY 302,511 million, a 138 percent increase compared to last year's total of CNY 127,234 million. This makes the Philippines the 22nd largest RMB clearer among 46 countries and regions around the world.

According to Deng Jun, Country Head of Bank of China Manila, the growth can be attributed to the improved understanding of the currency by the local market. "There is an increased awareness about the benefits from using RMB as a settlement and payment currency between China and the Philippines," he said. "More and more enterprises are finding that direct conversion of renminbi to peso, instead of converting it first to US dollar, can help save on friction costs and hedge FX (foreign exchange) exposure risks."

Bank of China's Manila branch is the officially designated RMB clearing bank for the Philippines and a member of the Philippine RMB Trading Community (PRTC), a community of 14 banks with a mission of promoting direct peso-yuan exchange. Since its establishment in 2018, the PRTC has enacted several initiatives that have helped grow the RMB market in the country. These include building the local RMB infrastructure as well as holding several local and international RMB market education sessions.

Looking to the future, Bank of China Manila remains optimistic about the future of RMB in the Philippines despite the economic slowdown brought on by the global pandemic.

"Our confidence in the continuous growth in RMB clearing volume comes from the increasing trade volume between China and the Philippines," said Deng. "There are many upcoming investments from China to the Philippines that will be cleared in RMB and we will continue to promote RMB as a payment and settlement currency for the trade and investment activities between the two countries by highlighting it as an efficient and cost-saving payment currency."

Bank of China Manila's optimism extends to its outlook for the Philippine economy as well. Deng hopes that the economy will start its recovery by the fourth quarter of this year and continue into the first half of 2021 under the new normal. "As you may know, China's second quarter GDP growth recovered to 3.2% after its GDP declined by 6.8% in the first quarter of 2020. A positive indication for all other countries on the road to recovery," he added.

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