

Press Release

4 February 2014

Maybank to offer Ringgit Trade Financing in China

Maybank is now able to offer customers across China trade financing in Malaysian Ringgit (MYR) - making it the first bank to offer such a facility in the country. Available through Maybank's branches in Beijing and Shanghai, customers in China may now benefit from the convenience of settling their cross-border trade transactions with their Malaysian counterparts directly in MYR and leverage on the various trade financing and hedging instruments available in MYR which encompasses letters of credit, financing of imports, exports, currency swaps and other services.

Under this arrangement, other Chinese banks may also apply to be Maybank's appointed agent to offer MYR financing to any of their customers across China - effectively enabling these financial institutions the opportunity to leverage on Maybank's wide network in Malaysia and the competitive MYR funding it has to offer as the largest bank in Malaysia.

With the introduction of this service, Maybank now offers a comprehensive banking solution for Malaysian - Chinese business flows. "The MYR Trade Financing service further reinforces Maybank's position as the key go-to Malaysian bank for businesses in China as it was the only Malaysian bank appointed by People's Bank of China (PBOC) as a market maker for MYR/RMB, and since 2012, Chinese customers have been allowed to maintain Ringgit accounts at Maybank Shanghai branch," said Maybank Global Head of Transaction Banking, John Wong.

John explained that the MYR Trade Financing facility offers significant benefits to both Chinese customers and their Malaysian counterparts. It provides a new liquid currency with hedging options, helps minimise foreign exchange exposures and more importantly, enable both parties to benefit from better trade terms and a reduced supply chain costs, all of which are in line with Maybank's mission to humanise financial services.

As at 2013, Malaysia was China's third largest trade partner in Asia, after Japan and South Korea. "Two-way trade between Malaysia and China has been on an upward trend reaching US\$106 billion in 2013 compared with US\$94.0 billion in 2012," said John. "This demonstrates the potential that is open to us arising from this new service which we fully intend to leverage." This new capability would help entrench Maybank's leadership in Trade Finance in Malaysia where it enjoys a market share of over 26% currently, John added.

John also said that this scheme will spur the future development of a broader range of MYR products and services to meet the evolving business needs. “Greater China is one of the key markets that Maybank has been focusing on over the last few years, especially given the growing trade and investments between the region and ASEAN,” said John. “While we already offer a full suite of Trade Financing facilities in China including imports, exports and other trade services, we are looking to introduce more new products in 2014, particularly in the area of Supply Chain Financing that supports open account trades which are the dominant form of trade in Asia”.

He said both Malaysia and China can leverage on their respective strengths in Islamic financing and Renminbi business to promote the development of RMB sukuk market. Furthermore, the recent launch of the Shanghai Pilot Free Trade Zone in September 2013, presents the opportunity for Malaysian businesses to tap into China's fast expanding domestic market.

Maybank has been actively expanding its regional presence and today it has a global network of over 2,200 offices and more than 800 correspondent banks that enable it to tap on globalisation opportunities and shifting trade flows.
