

## Press release

For business editors  
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### **New Commerzbank survey: geopolitics has a noticeable impact on the use of the Chinese RMB as a trading currency**

- **Increased interest: 46% of large corporations surveyed are now invoicing in RMB**
- **“Hedging against exchange rate risks” given as the main reason for invoicing in RMB**
- **11% of respondents refuse switching to renminbi billing “for political reasons” in light of the geopolitical environment – twice as many as in 2018**

Renminbi (RMB) is becoming increasingly important for Commerzbank’s corporate clients, with two thirds of companies with an annual turnover of more than EUR 250 million considering it highly relevant when responding to Commerzbank’s 2019 RMB survey. 46% now invoice their Chinese clients in RMB and a further 21% plan to adopt RMB invoicing in the next 12 months. Among small and medium-sized businesses (SMEs) with an annual turnover of between € 2.5 m and € 12.5 m, only 9% have switched to invoicing in RMB.

In its fourth RMB survey, Commerzbank, in cooperation with Forsa, surveyed more than 3,900 Europe-based corporate clients that have business interests in Asia and 100 Chinese corporate clients that conduct international business. In the previous surveys the Germany-Austria-Switzerland region was surveyed.

This year’s survey showed that businesses are closely watching the current geopolitical situation, responding by taking action within their purchasing and treasury departments. While cash services remain as important as ever, risk management solutions in particular are becoming increasingly relevant. When asked about the advantages of invoicing in RMB, an unprecedented 73% of clients gave “hedging against exchange rate risks” as the main driver (previous year: 60%). Other important reasons included “advantages in price negotiations” (57%; previous year: 62%), “advantages in entering the Chinese mainland market” (46%; previous year: 35%) and “preferences of Chinese trading partners” (38%; previous year: 37%).

According to the survey, the main barriers preventing companies from switching to adopting the RMB include “already established procedures” (57%; previous year: 59%) and the “preference of trading partners for euros or US dollars” (49%; previous year: 41%).

Due to the restrictions on capital leaving China, the reasons against invoicing in RMB are consistent with last year's results, with 11% of clients citing a "lack of trust in the sustainability of the currency", while the proportion of those expressing concerns about "political uncertainty" rose to 11% (previous year: 5%).

Asked about how the current geopolitical situation had affected their business, two-thirds of European companies said they had felt "no" to "hardly any" impact, while one-third stated the effects were noticeable. "Interestingly, 44% of clients with an annual turnover of more than € 250 m rate the impact on their business higher on average. Conversely, only 15% of our smaller corporate clients with an annual turnover of between € 2.5 m and € 12.5 m have noticed the change in global economic conditions as having an impact on their business," explains Michael Rugilo, Asia expert for Commerzbank.

The mood in China with regards to cross-border use of RMB is similar to that in Europe: 29% of Commerzbank's corporate clients in China already use the currency, 4% plan to switch within one year and 67% do not intend to change their invoicing. However, the reasons and barriers are weighted differently; 58% of clients in China state they were prompted to switch by demand from abroad, while currency hedging played a lesser role at 19%. Chinese firms also cite "trading partners and their preference" (53%) as well as "already established procedures" (23%) as barriers to switching to RMB.

Barbara Herbert, RMB expert for Commerzbank, summarises the survey's findings: "While last year's survey centred on the hope of a return to the liberalisation of the Chinese currency, corporate clients are now increasingly occupied with the impacts of the changed geopolitical conditions on their China business."

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**About Commerzbank**

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers, as well as Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to the clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is leading in financing for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 70,000 corporate clients, multinationals, financial service providers, and institutional clients worldwide. In 2018, it generated gross revenues of EUR 8.6 billion with approximately 49,000 employees.