

Media Release

How much FX risk are Asian corporates really willing to take?

(26 April 2016 – Asia) This year continues to be a challenging for the financial industry. We see certain sectors taking on greater business risk, and some de-risking their business and adopting a more conservative approach in their business strategies.

One key area of financial risk lies in Foreign Exchange (FX), an area where corporates engage with on a daily basis. With a variety of solutions at their disposal, how do businesses decide which are best suited for them? And with innovation being delivered by a growing army of “fintech” players looking to stake a claim in cross border payment chains, we can be sure to expect new and potentially disruptive changes being brought to market.

Key insights from East & Partners Asia’s ‘Asian Business FX Markets Program’

- Regional – Product penetration for Options and Forwards continue to climb, with forwards growing at a faster pace at a 2.3 percent increment over the past half year. FX risk solutions experience higher levels of adoption in more matured markets such as Singapore and Hong Kong.
- Hong Kong – Wallet share continues to converge for the majority of FX providers, market-wide wallet share has declined by 1.1 percent.
- Malaysia – Mindshare of the top two providers fell 0.6 and 0.5 percent, to 30.3 and 21.8 percent respectively. Positive progression in mindshare, recognising the influence this has over both customer and wallet share outcomes, can be seen in other providers at their expense.
- Philippines – Results are showing a strong shift away from using the Peso (PHP) over the last six months, declining 3.1 percent to 60.6 percent. The USD continues to take a growing share of offshore trade for Philippines exporters and importers.
- Singapore – Business are giving Spot FX solutions the highest rating in terms of importance compared to the region. A majority of providers in Singapore continue to see improvements in satisfaction ratings, lifting the total average by 0.03 to 1.78 on a reversed 1-5 scoring scale (where 1=best and 5=worst).

Jonathan Chng, Senior Analyst with East & Partners Asia commented:

“With regards to foreign exchange, a tool which is unavoidable for businesses in Asia, it’s interesting to see just how much risk corporates are continuing to take on unhedged FX positions.”

“Banks and providers clearly need to continue investing in customer education, especially amongst smaller businesses, around the business benefits of risk management in their FX trades”, he added.

About the Asian Business Foreign Exchange Markets Program

The Asian Business Foreign Exchange Markets program provides industry wide rankings of banks and market participants across pivotal industry benchmarks. A bi-annual research program, it measures industry specific market share, wallet share, mindshare and customer satisfaction levels in addition to Foreign Exchange (FX) volume analysis across four key Asian markets.

This is a powerful reporting service for FX providers looking to understand the Asian market. The program is based on primary research conducted on business FX customers in Hong Kong, Singapore, Malaysia and the Philippines.

The report is cut by the following business segmentations:

- » Micro Businesses US\$ 1 – 5 million annual turnover
- » SMEs US\$ 5 – 20 million annual turnover

For more information or for further interview based insights from East & Partners Asia, please contact:

Hong Kong Office

Perpetua Ngo

t: +852 3175 1966

e: perpetua.ngo@eastandpartners.asia

Singapore Office

In Kai Khor

t: +65 6579 0533

e: inkai.khor@eastandpartners.asia



www.east.com.au