

US-China Trade Conflict: Asian Banks Seizing Trade Finance Opportunities in the Region

(3 September 2019 – Asia) China's appeal as an export market continues to increase amid the prolonged US-China trade row, new research from East & Partners has found.

Close to four in five (78.2 percent) large corporates in Asia are nominating the country as their key focus, up 0.6 percent from six months ago. This marks the third consecutive half-yearly growth since the outbreak of the trade conflict in the spring of last year, underlining Asia's growing supply chain connectivity with China.

The bi-annual research looks at demand for trade finance products and relationships from the Top 1,000 institutions across ten major markets in Asia including China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. It is based on direct interviews with 942 chief financial officers (CFOs) and corporate treasurers.

In comparison, the proportion of Asian businesses exporting to US grew 1.2 percent over the past six months, the slowest pace since H2 2018, to 68.5 percent. The trade dispute appears to be benefiting the large corporates in Asia, further strengthening the intra-regional trade network.

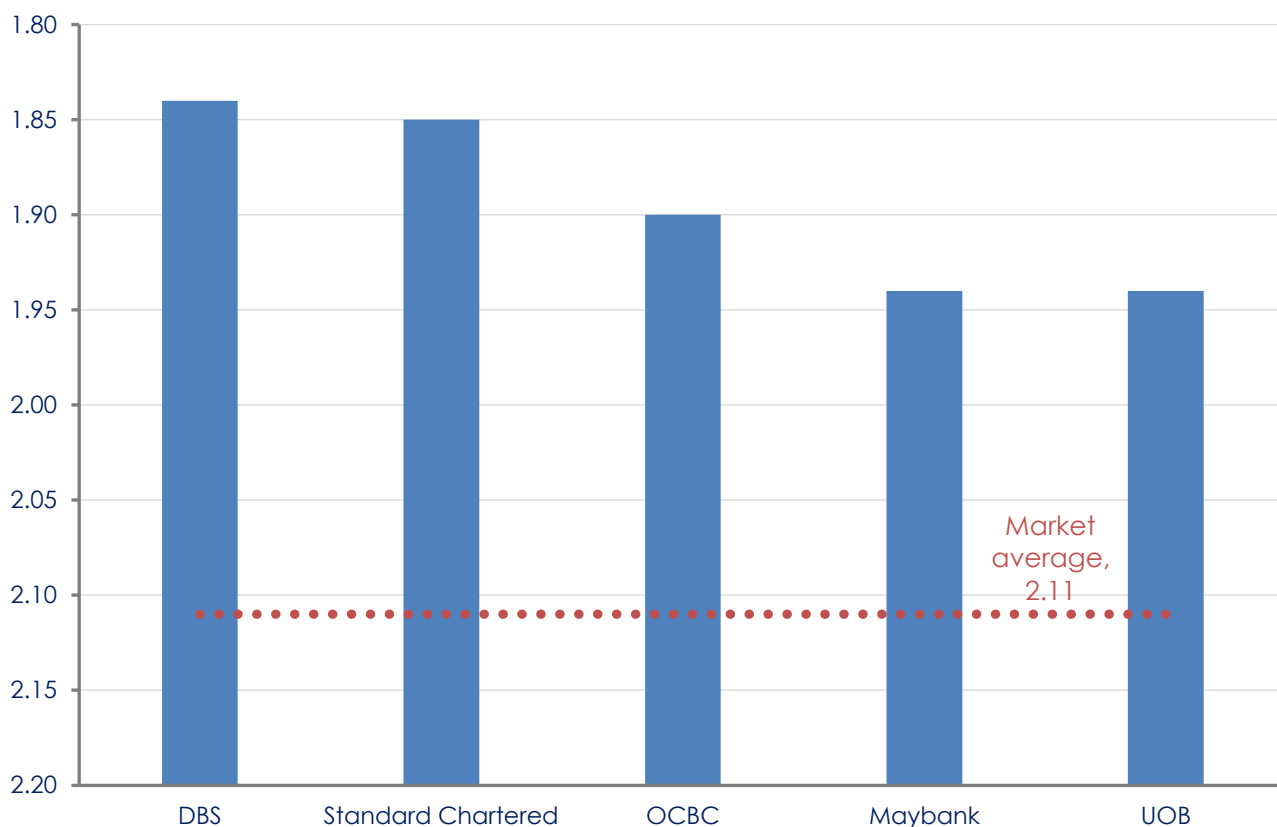
According to the research, pricing competitiveness has become more important since the start of the conflict. Notably, Asian banks are ranked highly by their customers on this critical factor with Bank of China leading at 1.72 (on a 1 to 5 scale, where 1= satisfied and 5= dissatisfied), followed by Bank of India, Maybank, UOB and ICBC.

The Singapore banks including DBS, UOB and OCBC stand out as among the top five providers for management of own back office centralisation – another key service metric that is considered increasingly important over the same period.

"The trade row has sparked renewed corporate interest in having a trade account officer who can demonstrate geographical markets expertise. We see that businesses are starting to look for alternative markets, rerouting their supply chains as a long-term solution." said Sangiita Yoong, East and Partners Asia Business Head.

Customer Satisfaction in Management of Own Back Office Centralisation – H2 2019

Satisfaction with Primary Provider (1=satisfied, 5=dissatisfied)



East & Partners Asia Trade Finance Program H2 2019

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About the research

East & Partners Asian Institutional Trade Finance Markets Program monitors demand for Trade Finance, Engagement, Products and Relationships, in the Top 1000 Corporates in 10 countries across Asia, covering the markets of China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Philippines, Indonesia, India and South Korea. The top 100 revenue ranked corporates in each of the ten Asian markets were targeted for interview.

About East & Partners Asia

East & Partners Asia is a leading specialist market research and consulting firm in the business, corporate and investment banking markets of Asia Pacific, works across 10 countries in the region delivering both multi-client and proprietary market analysis services to two sectors - Financial Services and Travel Hospitality.