

Across Asia Corporates Use of Trade Finance Increases

2014 Greenwich Leaders: Asian Trade Finance

Q4 2014

Following a period of de-concentration in the competitive landscape of trade finance providers in Asia, the leading providers on average lost a few points of market penetration, as a long tail of local and emerging regional banks picked up relationships.

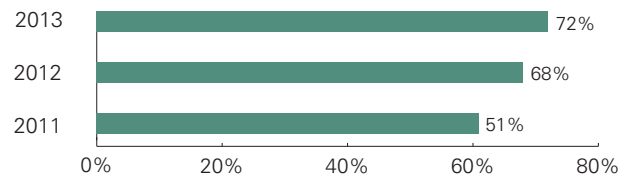
These new competitors won client relationships largely on the basis of ready balance sheets and competitive pricing. The competitive landscape stabilized over 2013 to 2014, with the aggregate market penetration of the region's top five holding at 2013 levels. Similarly the smaller providers—those ranked outside the region's Top 20—saw their gains plateau as a group.

“Nevertheless, the strong and growing supply of trade finance in Asia has resulted in a highly competitive market—much to the benefit of companies looking to utilize trade finance with high quality service and very low prices,” says Greenwich Associates consultant Paul Tan.

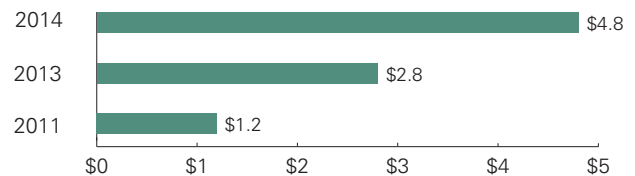
This favorable pricing is helping to fuel an increase in the use of trade finance among companies across Asia. As the chart below shows, both the share of Large Corporates in Asia (including MNC subsidiaries) using trade finance

Trade Finance in Asia continues to grow strongly amongst large corporates, both in terms of adoption rates and average spend

Percentage of Large Corporates in Asia which use Trade Finance, 2011-2013¹



Average spend (in US\$ millions) on Trade Finance per Large Corporate in Asia, 2011-2014²



Note: ¹Based on 551 respondents in 2011, 505 in 2012 and 549 in 2013. Total Asia. ²Based on 139 respondents in 2011, 230 respondents in 2013 and 252 respondents in 2014 (excludes Indonesia).

Source: 2013 and 2014 Asian Large Corporate Banking Studies

Greenwich Quality Leaders — 2014



Asian Large Corporate Trade Finance Overall Quality

Bank

ANZ Bank

Citi

HSBC

Asian Large Corporate Trade Finance Overall Quality — China

Bank

Deutsche Bank

Asian Large Corporate Trade Finance Overall Quality — Hong Kong

Bank

HSBC

Asian Large Corporate Trade Finance Overall Quality — India

Bank

Citi

Asian Large Corporate Trade Finance Overall Quality — Singapore*

*Quality evaluations did not yield statistically differentiated dealers for this region.

Note: Based on 423 total respondents (73 in China, 38 in Hong Kong, 83 in India, and 33 in Singapore). Market penetration refers to the proportion of companies interviewed that consider each bank an important provider of trade finance services. Leaders are based on top 5 leading banks including ties.

Source: Greenwich Associates 2014 Asian Large Corporate Trade Finance Study

and the average amount spent each year by users has been increasing steadily. Companies utilizing trade finance are doing so for two primary reasons: as an alternative source of financing, and for process improvement in working capital management. When selecting a provider, companies are looking for banks with international networks to match their trade flows, with an overwhelming emphasis on the intra-Asian corridors, even as inter-continental linkages remain significant.

Greenwich Leaders

At the top of this diverse market is HSBC. Forty-two percent of large companies across Asia use HSBC for trade finance. Next is Standard Chartered Bank with a market penetration level of 36%, followed by Citi at 31%, and Deutsche Bank and ANZ Bank, which are tied at 27% and 26%, respectively. These banks are the 2014 Greenwich Share Leaders in Asian Large Corporate Trade Finance. The 2014 Greenwich Quality Leaders in Asian Large Corporate Trade Finance are ANZ Bank, Citi and HSBC.

“Over the past 12 months, ANZ Bank and BNP Paribas have gained notable visibility in Asian trade finance and are now emerging as significant alternatives to the regional incumbents,” says Paul Tan.

In China, Bank of China maintains a dominant position in trade finance with a market penetration level of 52% fol-

lowed by HSBC (37%) and Deutsche Bank (34%). These banks are the 2014 Greenwich Share Leaders in Large Corporate Trade Finance in China. The 2014 Greenwich Quality Leader is Deutsche Bank.

Standard Chartered Bank leads the 2014 Greenwich Share Leaders in Large Corporate Trade Finance in India with a market penetration level of 52%, followed by the trio of HSBC, State Bank of India and Citi. The 2014 Greenwich Quality Leaders in Indian Large Corporate Trade Finance is Citi.

HSBC continues to dominate in Hong Kong, leading the 2014 Greenwich Share Leaders with a 61% market penetration level and is also the 2014 Greenwich Quality Leader. Standard Chartered Bank and ANZ Bank round out the 2014 Greenwich Share Leaders in trade finance in Hong Kong. In Singapore, the 2014 Greenwich Share Leaders are a three-way tie between HSBC, DBS Bank and Standard Chartered Bank.

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Methodology

From April to June of 2014, Greenwich Associates conducted 423 interviews in trade finance with financial officers (e.g., CFOs,

Greenwich Share Leaders — 2014



Asian Large Corporate Trade Finance

Bank	Market Penetration	Statistical Rank
HSBC	42%	1
Standard Chartered Bank	36%	2
Citi	31%	3
Deutsche Bank	27%	4T
ANZ Bank	26%	4T

Asian Large Corporate Trade Finance — China

Bank	Market Penetration	Statistical Rank
Bank of China	52%	1
HSBC	37%	2T
Deutsche Bank	34%	2T

Asian Large Corporate Trade Finance — Hong Kong

Bank	Market Penetration	Statistical Rank
HSBC	61%	1
Standard Chartered Bank	37%	2T
ANZ Bank	34%	2T

Asian Large Corporate Trade Finance — India

Bank	Market Penetration	Statistical Rank
Standard Chartered Bank	52%	1
HSBC	46%	2T
State Bank of India	43%	2T
Citi	42%	2T

Asian Large Corporate Trade Finance — Singapore

Bank	Market Penetration	Statistical Rank
HSBC	46%	1T
DBS Bank	42%	1T
Standard Chartered Bank	42%	1T

Note: Based on 423 total respondents (73 in China, 38 in Hong Kong, 83 in India, and 33 in Singapore). Market penetration refers to the proportion of companies interviewed that consider each bank an important provider of trade finance services. Leaders are based on top 5 leading banks including ties.

Source: Greenwich Associates 2014 Asian Large Corporate Trade Finance Study

finance directors and treasurers) at companies in China, Hong Kong, India, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam. Subjects covered included product demand, quality of coverage, and capabilities in specific product areas.

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