

Press release

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Commercial Agreements concluded in Renminbi becomes more important

As from October 2015 companies may keep accounts with Commerzbank Zrt. in renminbi (RMB), one of the most dynamically developing currencies of the world. Clients of the bank may initiate through their accounts kept in RMB transfers to China and other countries and may conclude hedging transactions. In the near future companies will also have the possibility to borrow in RMB.

From October 2015 clients of Commerzbank Group, renowned in Hungary as a corporate bank, can take advantage of keeping accounts in renminbi. Introduction of the national currency of China is a part of the endeavour of the German banking group to make one of the most dynamically developing currencies of the world accessible to clients in each of its units.

As a first step, clients of Commerzbank Zrt. may open accounts in RMB; they can initiate and receive transfers through this account to and from China as well as to and from companies outside of China and can conclude FX spot and forward transactions. The product range will be further expanded in the near future since the bank also intends to offer loans in RMB to its corporate clients.

By now China has become one of the most important foreign trade partners of the European Union. However, commercial transactions are settled mostly in dollars or, as the case may be, in euros. "Nevertheless, encouraging settlement of commercial transactions in renminbi is an essential element of liberalization of the foreign trade of China" – explains Balázs Kenesei, director of Commerzbank Zrt. responsible for transaction services.

After the central bank of China had devaluated the Chinese currency in several steps this August, and further downgrade might also be expected, the importance of commercial transactions concluded in renminbi has increased. Importers who had concluded contracts with their partners in RMB have become able to purchase at some 6% lower prices calculated in euros compared to the beginning of August. Although with this step foreign companies take over the exchange risk from their Asian partners, the bank offers hedging products to cover such risk.

Clients have been allowed to keep RMB accounts with the parent bank of Commerzbank Zrt. seated in Frankfurt since the year 2011. By now the importance of such opportunity can be demonstrated by figures. The number of RMB accounts has tripled while the number of transactions executed in the Chinese currency has quadrupled in the recent one and a half years.

From the introduction of renminbi accounts the Hungarian unit of Commerzbank expects that its large corporate clients recognize the advantages and actively benefit therefrom and that these companies will be able to strengthen their market positions in the region. „The initial feedback is highly positive. It confirms our efforts to contribute with our products to the expansion of the international trading relationships of our clients and to the improvement of their efficiency” – added Balázs Kenesei.

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