

## Asian FX: Corporates spread their wallets

(7 December 2015 – Hong Kong) Asian corporates are continuing to use multiple providers for their FX business, with the wallet share of primary FX providers eroding rapidly across the region.

The Asian Business Foreign Exchange Markets (ABFX) report, from East & Partners Asia (E&P Asia), shows that Asian corporates in four key markets have significantly decreased the percentage of the FX business they do with nominated primary providers.

Spot FX wallet share in Hong Kong, Singapore, the Philippines and Malaysia has fallen in each bi-annual research round since E&P Asia began the program in August 2013.

In Hong Kong, for example, average Spot FX wallet share for primary providers has fallen from 27.1 percent in August 2013 to 22.1 percent in the most recent round in August 2015.

Primary providers have the thinnest wallet shares in the competitive Singapore market, where the average has fallen from 21.9 percent to 18.6 percent over the same two year period.

The ABFX report also measures, on a regional basis, wallet share for FX Options and Forwards. While primary providers are winning a greater share of their client's wallets for these products than for FX, wallet share has also eroded over time.

For Options, average wallet share has fallen from 58.3 percent to 52.9 percent in the last two years, while for Forwards the decline has been from 46.8 percent to 41.8 percent.

The wallet share erosion has occurred in the context of significant traction for non-bank FX providers in Asia.

Against the market trend, major non-bank providers have made market share and wallet share gains, according to the ABFX research.

According to research conducted by East for Western Union Business Services, there are two major drivers for corporates to use non-bank providers – service and price.

Asked to nominate reasons for choosing non-bank FX providers, 36.2 percent of corporates nominated quicker service and response times, while 34.4 percent cited better rates and spreads.

Jonathan Chng, Senior Analyst at East & Partners Asia, said the firm's research across a range of markets had identified FX as the most frequently "banked away" financial product for corporates, but said the trend had fresh momentum.

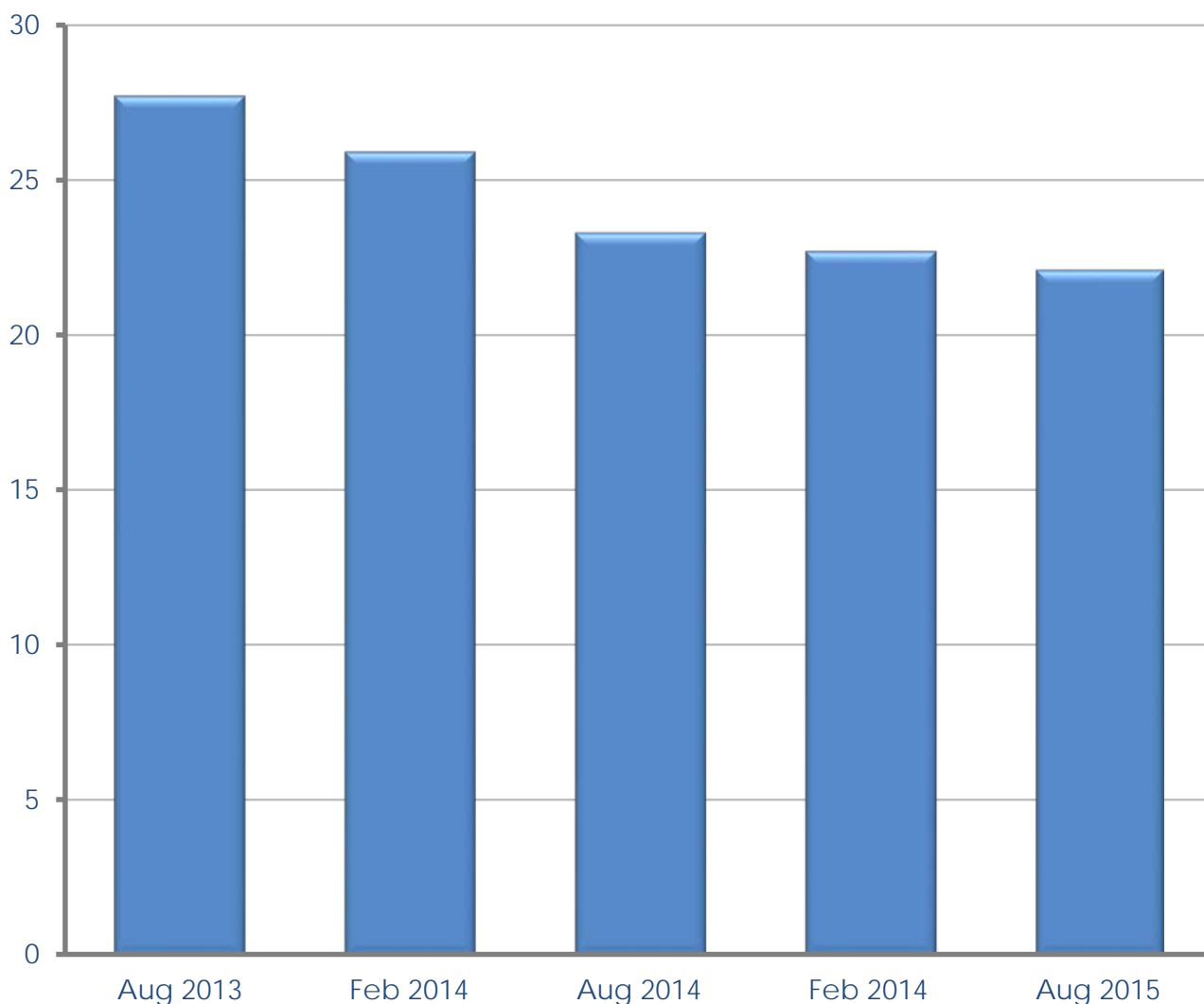
"A combination of new agile technology and increased cross border trade has created a fertile environment for fresh competition in the Asian FX markets," said Chng.

"In this context, we see the specialist providers offering easy to use products with good rates, and this is helping them build good traction.

"Banks will continue to be under pressure in Asia's FX markets, as this trend still has some way to play out," he said.

## Average Wallet Share % for Primary Providers

Hong Kong Spot FX market



Source East & Partners Asia 'Asian Business Foreign Exchange Markets Report'

## About the Asia 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. Hong Kong, Singapore, Malaysia and the Philippines.

Business segmentations:

- › Micro Businesses: US\$1-5 million annual turnover
- › Small and Medium-sized Enterprises: US\$5-20 million annual turnover

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