

## What are the keys to winning trade finance business in Asia?

(30 January 2018 – Singapore) Competition within Asia's trade finance market is heating up, according to new research from East & Partners Asia.

The latest round of the Asia Trade Finance Markets Program, which interviews CFOs and Corporate Treasurers from the Top 1,000 firms (by revenue) across Asia has found that the incumbent primary trade finance market share leader, HSBC, continues to lose ground, decreasing 3.5 percent per year over the past three years.

Over the same period, Citigroup and Standard Chartered have further entrenched their places among the region's largest enterprises, gaining 2.8 percent and 5.2 percent year-on-year respectively.

According to the research, Citigroup is set to surpass HSBC within the next three years should current trends persist.

Meanwhile, several smaller banks are making a demonstrable impact on the market.

The research highlights Bank of India as the fastest growing trade finance provider among large corporates in Asia with 20 percent annual growth between January 2015 and January 2018, albeit from a low base. Other banks that have recorded double digit growth rate include Bank of China (18.1 percent), Maybank (14.5 percent) and Sumitomo Mitsui FG (12.1 percent).

Due to increased competition in the market, wallet share positioning as primary trade finance provider continues to decline as Asian corporates spread their wallet share across multiple providers.

Average primary wallet share has slipped from 53.1 percent in 2015 to 46.9 percent in 2018 – the lowest level recorded since the first half of 2014. Interestingly, several regional banks, including Maybank, Mitsubishi UJF, ICBC, Sumitomo Mitsui FG and Bank of China alongside Standard Chartered have bucked this trend.

Standard Chartered, HSBC, and Citigroup continue to outperform in wallet share as a primary provider, capturing close to two-thirds of all customer's trade financing flows.

Trade finance competition is only set to increase, as more banks vie for customers in the region. The research found that competitive pitching activity continues to rise, with 67.1 percent of corporates reporting unsolicited approaches from trade financiers in the past six months, compared to 52.3 percent in January 2015.

Sumitomo Mitsui FG and Mitsubishi UJF showed the biggest growth in terms of outbound pitching volume, increasing at an annual rate of 60.1 percent and 41.5 percent respectively since January 2015.

East & Partners Asia's Analyst, Sangiita Yoong said, "Product delivery and advisory expertise are the top factors in determining how Asian corporates select a trade finance provider, as opposed to price.

"Large corporate trade customers in the region expect knowledgeable, highly personalised service from their trade account officers as well as improved trade loan facilities and conditions. According to the latest research, banks that are positioned to deliver on these two critical initiatives will be talking to over 61.7 percent of all key drivers behind customer switching in trade."

For more information about this report, or East & Partners' research, please contact:

#### Media Relations

Nehad Kenanie

t: +02 9004 7848

m: 0402 271 142

nehad.k@eastandpartners.com

#### Head of Client Services

In Kai Khor

t: +65 6579 0533

m: +65 9820 3716

inkai.khor@eastandpartners.asia



[www.eastandpartners.asia](http://www.eastandpartners.asia)

#### About the research

East & Partners Asia's *Asia 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.

#### 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.