Renminbi transactions (CNY)

Background
Continued liberalisation within China’s economy, has meant that all Chinese companies can now conduct cross-border renminbi (CNY) transactions with international counterparties.

Easy renminbi transactions
This creates opportunities in corporate hedging and cash management for businesses across Africa. Chinese suppliers are gradually starting to invoice in local currency to mitigate losses that arise from repatriating at a lower US dollar rate. Large importers from China can also now use their leverage to negotiate better pricing based on renminbi invoicing.

Example of improved efficiencies when goods are invoiced in renminbi

US dollar invoicing

Countries already dealing in renminbi include South Africa, Botswana, Madagascar, Mozambique, Namibia, Congo, Angola, Zimbabwe, Lesotho, Mauritius, Kenya, Tanzania, Ghana, Uganda and Nigeria.

Comprehensive range
RMB enables your business to conduct the below transactions in renminbi:
- Commercial payments
- Letters of credit
- Guarantees
- Customer Foreign Currency accounts (CFCs)
- Foreign exchange trading in Spot, Forwards (FECs) and Swaps

Frequently asked questions
1. What is offshore renminbi?
   - Also called ‘cross-border’ renminbi
   - Any renminbi flows across or outside the borders of China
   - Applies the CNH exchange rate
   - The interest rate is linked to CNH Hibor (Hang Seng Interbank Offered Rate)

2. What is onshore renminbi?
   - All renminbi flows within the borders of China
   - Applies the CNY exchange rate
   - The interest rate is linked to Shibor (The Shanghai Interbank Offered Rate) — this rate is published daily at 11.00am (Beijing time) by the People’s Bank of China (PBoC), based on a weighted average rate quoted by participating banks. This rate never fluctuates by more than 1%. Designated foreign banks may trade within a +/-1% band around this fixed rate.
3. Which companies and which regions within China are authorised to settle in renminbi?
   • All companies and regions are permitted to do so
   [Note: Chinese exporters are required to submit an application to the Chinese Exchange Control Authorities to arrange this]

4. Are there tax rebates if Chinese exporters invoice in renminbi?
   • No, Chinese exporters may only claim their tax (up to 17%)

5. What are the benefits to importers and exporters if settling in renminbi?
   • Mitigation of exchange rate risk
   • Improved procedural efficiency by reducing the need for currency conversion, reducing the clearing time, and speeding up the time required for the export tax refund to the Chinese exporter (please refer to the diagram overpage)
   • Reduced costs since the cost of financing and conversion are reduced, and the cost of renminbi settlement is lower for Chinese companies than settlement in foreign currency

Quality people with a service ethos

• A committed cross-border support team is a given. Our service ethos is based on procedural simplicity, quick turnaround times and quality of the client experience. You will benefit from our experience, proactive attitude, and support in ensuring that your renminbi transactions are effected as smoothly as possible

Renminbi innovation and how we add value

The financial services environment and what our clients need from us changes constantly. Supported by robust, sophisticated IT infrastructure, we enrich our offering constantly to deliver real value to you.

Let’s talk

Your customer dealing team in your region can assist you.

• Gauteng: 011 269 9230
• Eastern Cape: 041 394 2511
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