

# Chinese RMB | Global Commercialisation Strategy

Client:	Tier 1 European Investment - Top 10 FX Bank
Business Function:	Global Markets
Asset Class:	FICC
Geography:	Global / Asian Focussed
Duration:	3 months
JPL Services:	Business Consulting Capital Markets
JPL Team:	1 x Managing Consultant



## Context and Objectives

Our client already had a significant multi asset class footprint in the RMB but given the pace and magnitude of structural change, acknowledged the need for review and refinement of its top level strategy.

JPL was engaged to conduct a detailed review of the current state of the RMB market both on and offshore and develop a pragmatic, commercially focussed strategy to grow its FICC RMB franchise globally - with particular emphasis on technology, eCommerce, optimisation of operational focus and resources to address the opportunity.

## JPL Approach

JPL four phase approach covered:

- 1) *Environment variables*** - macro-economic, internationalisation status, customer segmentation, competitor analysis/SWOT.
- 2) *Current capability*** – FICC, trade finance, cash management, PWM.
- 3) *Market sizing*** – size, structure, composition, revenue pie, growth, customer and instrument segmentation, execution methods.
- 4) *Strategy and Recommendations***

## Deliverables

Underpinned by a significant (on-going) research effort, Jetstream Partners produced a comprehensive business plan and strategy blueprint with specific commercially focussed recommendations spanning:

- Technology / eCommerce / IT*
- Commercial*
- Strategic*

Every recommendation was based on definitive research/analysis, hard numeric data and were individually costed and priority ranked based on respective ROI's.

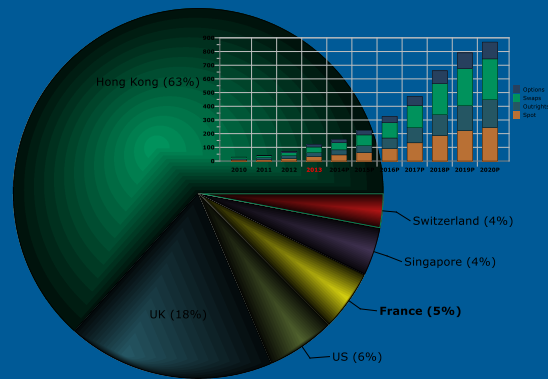
## Client Benefits

Our client was able to quickly grasp the nature and very significant breadth of the opportunity, where it ranked versus peers and what it needed to do to position itself in order to expand its RMB revenue base and optimise the commercial opportunity going forward.

JPL deliverables served to align interests internally, accelerate institutional awareness and ensure that increased limits and investment were founded on hard, irrefutable data and executable ROI.

# Chinese RMB | Global Commercialisation Strategy

<b>Client:</b>	Tier 1 European Investment Bank
<b>Business Function:</b>	Global Markets
<b>Asset Class:</b>	FICC
<b>Geography:</b>	Global / Asian Focussed
<b>Duration:</b>	3 months
<b>JPL Services:</b>	Business Consulting Capital Markets
<b>JPL Team:</b>	1 x Managing Consultant



## Scope

Whole of Bank in orientation with particular focus on Global Markets/FICC:

- FX
- FI
- Commodities
- Derivatives
- Trade Finance
- Cash Management/Payments
- Private Wealth Management.

## Interviewees External

Broad cross section of market participants from public and private sectors, central banks and regulatory community:

- SAFE/PBC
- CFETS
- HKMA, MAS, SGX
- ASIFMA, SWIFT
- IMF, BIS, WTO
- All third party portals and ECN's, including ICAP, EBS, TR, BBFX, FXall, 360T
- BOC, ICBC, HSBC, SCB, Citi, DB
- LCH Clearnet

## Interviewees Internal

Global and/or Regional Heads of:

- FX
- Derivatives
- Emerging Markets
- Trade Finance
- Cash management
- eCommerce
- Regional CEO
- Regional COO

## Output

75 page business plan detailing:

- Environment variables
- Macro/Micro economic picture*
- Status of Trade/Current Account*
- Status of Capital Account*
- Reserve CCY status.*
- Size, structure, composition, growth trajectory of markets – FX, FI
- Significant transitional initiatives
- Vol, revenue, mkt share trend projections x CCY pair /instrument
- Technology/IT, eCommerce
- List/ranking/ROI of specific strategic recommendations

# Chinese RMB | Global Commercialisation Strategy

**Client:** Tier 1 European Investment Bank

**Business Function:** Global Markets

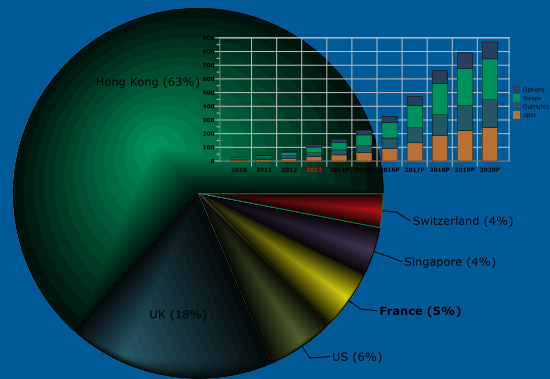
**Asset Class:** FICC

**Geography:** Global / Asian Focussed

**Duration:** 3 months

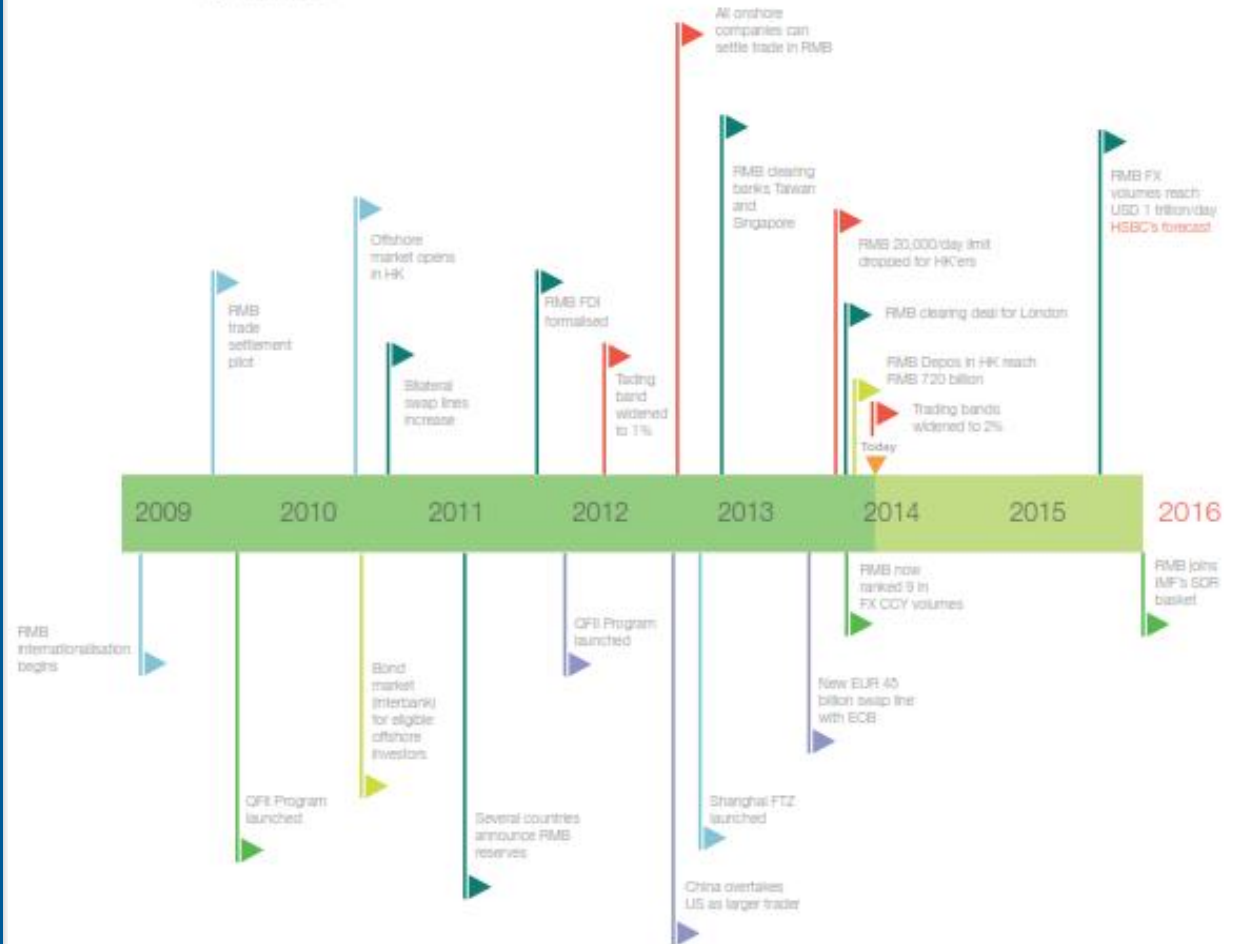
**JPL Services:** Business Consulting  
Capital Markets

**JPL Team:** 1 x Managing Consultant



## RMB Internationalisation – Significant Milestones

Diagram 1: RMB Internationalisation - Key Milestones



# Chinese RMB | Global Commercialisation Strategy

**Client:** Tier 1 European Investment Bank

**Business Function:** Global Markets

**Asset Class:** FICC

**Geography:** Global / Asian Focussed

**Duration:** 3 months

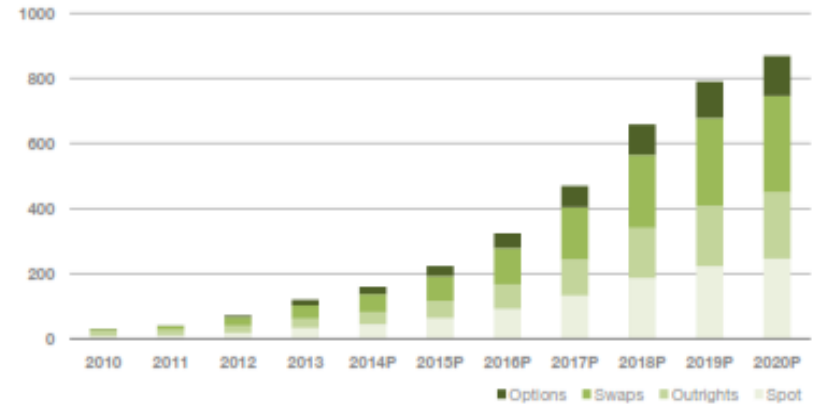
**JPL Services:** Business Consulting  
Capital Markets

**JPL Team:** 1 x Managing Consultant

## RMB FX Volumes – USD 1 trillion/day by 2018/19

As at its (April) 2013 Triennial Central Bank Survey, it confirms that the RMB is tracking about USD 120 billion/day, apportioned, by instrument, as follows:

Chart 2: RMB FX Trading Volumes by Instrument, Industry (USD Billions/day as @ April)



Source: BIS, PBC, CFETS, Nuzum Partners' Research/Analysis.  
2010 and 2013 "hard" BIS numbers, 2011 and 2012, interpolated, 2014 thru 2020, projected.