

CNCBI survey finds 76% of Hongkongers have made RMB investments last year

RMB products continue inroads amid cooling appreciation expectation

(Hong Kong: 18 May 2015) China CITIC Bank International Limited (the “Bank” or “CNCBI”) again since 2010 enlisted the Public Opinion Programme at the University of Hong Kong for another “Survey on RMB investment intention” which has found that Hong Kong people’s attitude towards RMB products changed significantly over the last 5 years. In particular, expectation of RMB appreciation has slid while last year’s participation in RMB investments and the range of required product increased.

Conducted in March this year, the survey involved a sample population of 511 Hong Kong residents. The results of the survey were presented by Mrs. Helen Kan, Executive Director and Alternate Chief Executive Officer, CNCBI, at the Greater China Investors Forum 2015.

Compared to the 2010 survey results, the 5-year gap marked the below 3 major differences:

1. Hong Kong people’s participation in RMB investment soared

New survey findings revealed higher participation in RMB investment with 76% of the survey respondents involving in RMB investments including deposits and other RMB products over the last year. This represents a 23 percentage-point increase on the 2010 figure. Mrs. Kan noted that this underscores the growing importance of RMB products in Hong Kong people’s investment and asset allocation.

2. RMB wealth management is diversifying

Not only do people increase their participation in RMB investment but the range of RMB products required is also diversifying. This has included deposits (61%), insurance (7%), bonds (7%), funds (6%), stocks (5%) and structured products (4%). Mrs. Kan pointed out that Hong Kong people in 2010 would choose only RMB deposits, FX and bonds but nowadays RMB deposits and the range of RMB products are booming. The phenomenon is attributable to recent progress in RMB internationalisation, the 17 November 2014 removal of the daily RMB20,000 cap on conversion limits and the continuous roll-out of interconnectivity initiatives. The room for new RMB products has expanded tremendously for players in the field.

3. RMB appreciation expectation is cooling

Despite the diversification of RMB wealth management service, the survey participants no longer associate RMB prices with one-sided optimism for the next two years, with 39% and 41% of them thinking the RMB exchange rate will remain on the track of appreciation or unchanged respectively in contrast to the 2010 data of 83% and 13%. Hong Kong people expect RMB prices will turn stable.

Mrs. Kan said: "Appreciation expectation may be cooling down, but Hong Kong people's RMB investment intention stays strong. More than 90% of the survey respondents have plans to increase or maintain the ratio of RMB assets in their portfolios. This demonstrates that Hong Kong people no longer base their RMB investments on appreciation expectation. Rather, the weight of the RMB has become a key consideration next to other factors such as risk balance and the rates of return. In other words, the influence of the RMB is rising."

RMB products may have constituted 11% of the overall assets of the people polled but some 30% of the sampled population hold no RMB assets. This signifies a huge room for further development. She remarked, "Although recent interconnectivity initiatives such as SH-HK Stock Connect, the anticipated SZ-HK Stock Connect and mutual fund recognition have stepped into the limelight in the market, the survey revealed however that 85% of the respondents have yet to contemplate investing in mainland stocks or funds through such channels. This is due possibly to a lack of RMB and mainland investment knowledge. In fact, some 62% of the respondents did indicate this. Members from a cross section of industries will find all-round investor education and promotion worthy of their attention should they wish to fuel the development of RMB business in Hong Kong."

Last but not least, Hong Kong people are positive about RMB internationalisation, the survey has discovered. As many as 75% of the survey respondents believed the RMB would eventually become freely convertible, while 54% believed that free RMB convertibility could have a positive impact on Hong Kong's RMB investment activities.

Photo:



Mrs. Helen Kan, Executive Director and Alternate Chief Executive Officer, CNCBI, said at the Greater China Investors Forum 2015 that RMB products are gaining importance in Hong Kong people's investment and asset allocation

Editor's notes:

The Greater China Investors Forum 2015

Held on 18 May 2015 with full support from China CITIC Bank International, the first Greater China Investors Forum aimed at gathering the collective wisdom from elite members of the society with a view to facilitating Hong Kong, related industries and investors to capture Greater China opportunities. Under the banner of "Private wealth opportunities on cross-border synergy", the forum engaged a star-studded list of speakers from mainland China and Hong Kong's political, business and financial scenes as well as academia in a discussion of the post-interconnectivity cross-border wealth management situation on both sides of the Chinese border.

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