



OPTIMISTIC OUTLOOK

Wendy Tsang, managing director
and head of Private Banking,
Bank of China (Hong Kong)

Gateway to Opportunity

Bank of China (Hong Kong) Private Banking believes that Mainland China market will continue to offer sustainable long-term returns for investors, despite the volatility in current market

Given the uncertainty surrounding Mainland China it is understandable why investors might shy away from the market. However, it is also the case that volatility presents opportunities.

Bank of China (Hong Kong) (BOCHK)'s managing director and head of Private Banking, Wendy Tsang, thinks there are opportunities abound for investors with an appetite for Chinese markets and BOCHK's ambitious expansion plans.

"Markets are worried about further renminbi depreciation and, while we do believe there will be further volatility and there could be further falls in renminbi, at the same time we see this as a good opportunity for investors to build up this long-term renminbi portfolio," says Tsang.

"As a clearing bank and market leader in renminbi, Tsang explained that BOCHK has been monitoring the policy changes closely. Many recent government policies that are introduced this year have enabled an even wider spectrum of cross-border financial services and have begun to open the door to China for foreign investors like never before."

Tsang explains further: "What we have seen this year are a couple of policies that have really encouraged an opening up of fund flows, both onshore and offshore. In the stock market we have had the Shanghai Stock Connect and the Shenzhen Connect is expected to follow."

In addition to Stock Connect, another welcome policy implemented this year is the mutual fund recognition scheme that Tsang also sees as a healthy way for Hong Kong to cement itself as one of Asia's major financial hubs.

"In Hong Kong we have around 2,000 funds but only 300 of them are locally registered," she says. "To be a major asset management centre we need to encourage more funds to register here. This mutual fund recognition

scheme will encourage international fund houses to register the funds in Hong Kong to gain access to China. This will also enhance the standard of fund management in Hong Kong and China."

"As a China expert, BOCHK is perfectly poised to help clients take advantage of the changes in Chinese fiscal policy," says Tsang. "Though Hong Kong is a major offshore renminbi centre, market liquidity is often a concern for investors, we see China's new policies are by no means without forethought. The onshore bond repurchasing agreement was introduced in June 2015."

"The importance here is the way it enhances liquidity of the offshore renminbi market," says Tsang. "By allowing Hong Kong players to go into the onshore repo market, it gives us liquidity whenever we need it. All these policies have been well-thought out and being rolled out one by one to encourage gradual growth of fund flow in both markets, we believe this will be a great opportunity for further establishment of Hong Kong to be the most important offshore renminbi centre."

"One belt, one road" is another major policy of China that aims to bring Asean countries together and BOCHK also has ambitious expansion plans to capture this opportunity.

"We see great growth opportunities with the establishment of the Asian Infrastructure Investment Bank in June 2015," says Tsang. "We will start building our footprints in Asean countries by collaboration with the group's network there."

Building on the group's synergy is nothing new for BOCHK and the next move will enable the bank to leverage its strengths from the local market to become more of a regional bank in the Asia Pacific region. ■