THE STATS

{ FINDINGS FROM CITI'S *THE COMMERCIAL CARD BLUEPRINT* }

**76%** of companies say the corporate treasury team is engaged in decisions on commercial cards

**50%** of companies surveyed do not currently use metrics to track their spend against targets

**90%** of multinational companies with more than one provider would prefer to have one single provider across all markets

**63%** of companies view enhanced data and reporting functions as their priority

{ AROUND THE WORLD IN 30 DAYS }

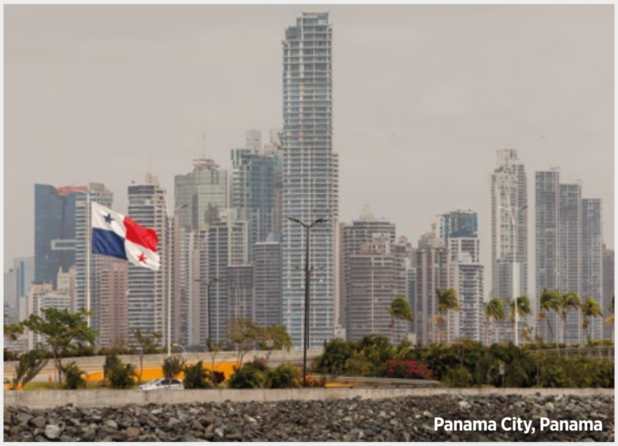
# Q1 DIP, BITCOIN, PANAMA AND OECD

**Banks' Q1 earnings dip**
European banks suffered steep share price drops last month in the wake of lower-than-expected Q1 results, with Commerzbank, HSBC and UBS and all affected by the downward trend.

UBS was one of the worst hit, with a one-off fall of 7.5% at the end of April. Commerzbank saw its shares fall by more than 9%. According to analysts, investors are concerned about the sector's ability to bounce back in the face of loose central bank policy, competition from overseas and the corrosive effect of negative interest rates.

**Bitcoin's alleged inventor has proof rebuffed**
Australian computer scientist and businessman Craig Steven Wright has said that he is the inventor of the cryptocurrency Bitcoin after two technology publications named him as such.

However, after publicly identifying himself as the man behind Bitcoin and releasing technical proof – the use of signed blocks of coins known to be owned by Bitcoin's originator – many in the cryptocurrency world are expressing scepticism and asking for more evidence.



Panama City, Panama

SHUTTERSTOCK

**Asian regulators call for Panama Papers disclosures**
Hong Kong and Singapore regulators have asked banks that do business in their territories to reveal whether they have dealings with organisations and individuals who have come to light via the 'Panama Papers' leaks. According to news agency Reuters, the Hong Kong Monetary Authority and the Monetary Authority of Singapore wrote to banks in April, but have not set a deadline for response.

Leaked documents from Panama law firm Mossack Fonseca, containing information on 214,000 offshore companies, suggest that Hong Kong is the most active centre globally for the creation of shell firms.

Bankers operating in Hong Kong told Reuters that the Panama Papers leak has triggered a huge compliance exercise in the locality.

**OECD issues low-growth warning**
The Organisation for Economic Co-operation and Development (OECD) has warned that the global economy is set to continue at its slowest pace since the financial crisis for the second year in a row.

The OECD has urged governments to increase their spending, as the world economy is forecast to grow by only 3% this year. In its biannual *Economic Outlook*, the OECD said policymakers had to act to break world economies out of the low-growth trap.

{ TREASURY OPERATIONS }

# SMALL ENTITIES HITTING FX AND CASH CHALLENGES

Greater numbers of internationally focused small corporates, or micro-multinationals, are facing cross-border liquidity management issues early in their business life cycle, according to an HSBC report.

The report, *The Rise of the Micro-Multinationals*, says a growing number of mid-sized companies are proving increasingly able to take advantage of growth outside their domestic markets.

In the UK, 40% of these companies have opened offices in new markets in the past five years, one of the highest rates of international expansion in the world, according to a study by FedEx Express. This trend is set to continue, HSBC's report argues, with 83% of small to mid-sized businesses citing overseas expansion as their top priority.

Micro-multinationals show a willingness to innovate and address export markets. However, they often lack the scale to be attractive to finance and technology suppliers.

"Really forward-minded businesses are benefiting from an interconnected world," says Amanda Murphy, UK head of corporate banking at HSBC. "However, they can suffer from the middle-child syndrome – not as influential as the big brands, so not able to break into government export financing, but not small enough to receive political attention and the support that tends to go with this."

These companies are also challenged by the potential complexity of their financial and treasury technology needs. Managing exposures to multiple currencies and addressing working capital issues are significant issues for the smaller corporate, but implementing treasury management systems (TMSs) across markets can be expensive for smaller operations. Almost 75% of companies with a turnover of less than £250m don't have a TMS, the report says. Additionally, they struggle to find employees with treasury experience to address the working capital management issues they face. "The largest single challenge with these companies expanding is how to optimise working capital across multiple jurisdictions," says Vivek Ramachandran, HSBC's global head of product and proposition for trade businesses.

{ CONTEXT OF TREASURY }

# China set to liberalise commodities market

Crude oil, iron ore and natural-rubber futures have been earmarked as starting points for an opening up of China's commodities market to more extensive involvement from foreign firms, according to China Securities Regulatory Commission (CSRC) chairman Fang Xinghai.

Historically, foreign firms aiming to hedge on China's commodities markets have had to go through an expensive regulatory vetting process, requiring them to set up locally registered subsidiaries from which to conduct their trades.

In the wake of Fang's announcement, made at the Shanghai Futures Exchange annual conference, firms from outside China are likely to find it much easier to enter China's commodities arena.

The policy change follows a concerted CSRC effort to crack down on speculative trades in raw materials future on the part of Chinese companies. The recent huge spike in activity and accompanying volatility – mainly as a result of "noncompliant trading" – has, the CSRC said, been successfully reigned in by a combination of rule tightening and increased fees, and was prompted by concerns that the increased trading could jeopardise efforts to cut back excess industrial capacity.

In Fang's view, the regulatory action has created conditions for greater participation from foreign firms, as China sets its sights on becoming a global, price-setting hub for commodities.

China is the world's biggest customer for metals and energy, but its recovery is partly dependant on a rebalancing away from infrastructure development to a more consumer-led economy. In addition, China has pledged to open up its raw materials trading to overseas investors.

"We're facing a chance of a lifetime to become a global pricing centre for commodities," Fang told the conference. "On the way to realise this goal, we'll see very intense competition."

## MAKING THE NEWS

### China bans firms from raising non-core tech funds

China's listed non-financial firms have been forbidden from raising capital for side ventures in four specific technology fields, on the grounds that those projects are not part of the 'real economy'.

According to the *Financial Times*, sources say new subsidiaries in the internet finance, video game, film and TV, and virtual-reality segments have been earmarked as ineligible for funds raised through stock sales.

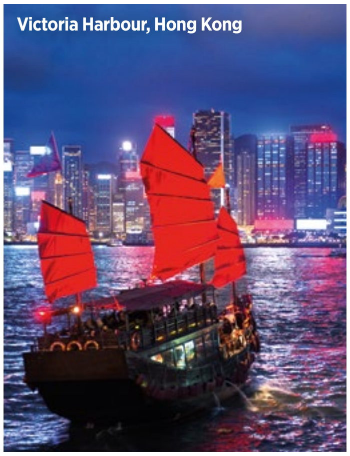
The ban means that China's biggest corporates will find it more difficult to diversify into technologies that are helping to define the future shape of other economies.

### Final phase of Hong Kong infrastructure hub

Finishing touches are being made to a special agency aimed at driving infrastructure development across Asia-Pacific.

Dedicated to promoting schemes devised under the 'belt and road' scheme – a transformative effort that aims to spur sweeping reforms in public amenities throughout the region – the Infrastructure Financing Facilitation Office will be housed at regulator the Hong Kong Monetary Authority, which will coordinate its work.

According to Hong Kong financial secretary John C Tsang, the office will bring together a wide range of stakeholders from the public and private sectors, so they can share knowledge and experience, arrange financing for belt and road projects, and collaborate effectively.



Victoria Harbour, Hong Kong

The office is set to consolidate Hong Kong's position as a major resource of capital. Speaking at a multilateral Belt and Road Summit Luncheon on 18 May, Tsang said that his department was "now in the final stage" of establishing the facility, and expected it "to be up and running in a couple of months' time".

### Regulatory lab for UAE fintech

A controlled and cost-effective means of road-testing new fintech concepts has been proposed for the United Arab Emirates (UAE).

Announced last month, the Regulatory Laboratory – or 'RegLab' – will grant new fintechs a two-year window to develop, test and launch to ensure that it is viable for full-market activity.

RegLab has emerged from the Financial Services Regulatory Authority (FSRA), a division of local watchdog Abu Dhabi Global Market. The FSRA said: "We seek to establish sound regulation of a high standard that promotes stable and sustainable development of the financial services sector, while accommodating well-managed risk taking and innovation."

{ ETHICS AND CORPORATE GOVERNANCE }

## BANK FOR INTERNATIONAL SETTLEMENTS CODE OF CONDUCT FOR FX TRADES WELCOMED

Market participants have welcomed the Bank for International Settlements' global code of conduct for the FX market, the first phase of which was published last month.

The code, which encourages the sharing of clear and accurate information and the setting up of robust governance around FX trading, has been welcomed by central bank governors, regional FX committees and market participants.

James Kemp, MD of the Global Financial Markets Association's global FX division, said: "This is an opportunity for global market participants to demonstrate that they can put the right controls and guidance in place that are consistent with the principles of the code. We believe the introduction of a single code will create a common reference point to encourage good practice and rebuild public confidence that the FX industry – which underpins global trade and investment – is functioning fairly and effectively."

Chairman of the BIS Foreign Exchange Working Group, Guy Debelle, assistant governor of the Reserve Bank of Australia, said: "In a globalised world, the FX market is one of the most vital parts of the financial plumbing. One of the guiding principles underpinning our work is that the code should promote a robust, fair, liquid, open and transparent market."