

A new initiation from VakıfBank and ICBC Turkey: Local currency payment is now available in trade finance with China

VakıfBank successfully made the payment of CNY denominated rediscount loan to the exporter located in China through Chinese Yuan (CNY) account at ICBC Turkey within the scope of swap agreement between Central Bank of Turkey (CBRT) and People's Bank of China (PBOC).

VakıfBank continues to break new grounds thanks to its leading position in international debt capital markets. Within the scope of swap agreement between Turkish and Chinese Central Banks, which aims to promote trade finance with local currency, VakıfBank made the first transaction with ICBC Turkey. Providing the service to pay in Chinese Yuan for its customers who engage in trade finance with China through aforesaid transaction, VakıfBank both offers an alternative payment way and supports companies to decrease their financing costs.

Stability in trade finance and investments

Assessing the subject, VakıfBank's CEO Mr. Abdi Serdar Üstünsalih said "We take concrete steps to trade finance in local currency which is one of the primary subjects of our economy management. As VakıfBank, we provide the service to pay in Chinese Yuan to our customers who engage in trade finance with China. By extending CNY denominated rediscount loan to our customers within the scope of swap agreement between Central Bank of Turkey and People's Bank of China (PBOC), we both offer an alternative payment for them and make their financing costs decrease substantially."

Remarking that the volume of trade finance between Turkey and China was above USD 21 billion in 2019, Mr. Üstünsalih continued as follows;

"Considering the volume of trade finance between two countries, we see a great potential in this field. I believe that diversifying the currencies used in trade finance will positively contribute providing a more stable trade and investment environment. Without doubt, this will result in deepening of the local currency markets concomitantly."

Cooperation with ICBC Group in a large spectrum

Expressing his appreciation about the cooperation with ICBC group and ICBC Turkey in a new field, Mr. Üstünsalih completed his words as follows;

“We have a collaboration with ICBC group in different fields like bilateral loans, syndication, trade finance, treasury and other debt capital market transactions, CNY payments within the scope of goodwill agreement signed in 2017. Hereby, I thank ICBC group and ICBC Turkey executives for both our increasing trade volume and their support and trust in VakıfBank. As a bank growing in every field and supporting national economy without interruption, we are glad to increase the cooperation with our correspondent banks on a reciprocal basis.”