

Facilitating The U.S.-China Economic Relationship

An Interview with Wei Hu, President and Chief Executive Officer, Bank of China, U.S.A.

EDITORS' NOTE Wei Hu was appointed President and Chief Executive Officer of Bank of China Limited, United States Branches (BOC U.S.A.), in April 2022. As President and CEO, he is responsible for managing the Bank's operations across its United States branches, providing strategic, financial, and operational leadership for the New York, Queens, Chicago, and Los Angeles branches. From December 2018 through March 2022, Hu served as an Executive Vice President of BOC U.S.A. Prior to joining BOC U.S.A., he held several management positions within Bank of China Group, including serving as Assistant General Manager, Deputy General Manager at the Sydney Branch, and in the Executive Office of Bank of China's head office in Beijing as the executive assistant to the then CEO and President of Bank of China Group. Hu began his banking career in 2000 as a risk management specialist in the Bank of China Head Office Risk Management Department. Hu received a master's degree in economics from the Central University of Finance and Economics, majoring in international finance, and a PhD in management from Central South University, majoring in management science and engineering.



Wei Hu

COMPANY BRIEF As China's most international and diversified bank, Bank of China (www.boc.cn/en) has a well-established global service network with institutions set up across the Chinese mainland, as well as in more than 60 countries and regions. It has established an integrated services platform based on the pillars of its corporate banking, personal banking, financial markets, and other non-commercial banking businesses, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing, and other areas, thus providing its customers with a comprehensive range of financial services. Bank of China U.S.A. (BOC U.S.A.) (www.bocusa.com) has branches in New York City, Queens, Chicago, and Los Angeles.

How is RMB usage evolving globally?

In 2024, the RMB's share of China's cross-border payments reached over 50 percent in some contexts, surpassing the U.S. dollar for the first time. While part of this growth reflects

increased financial flows through Hong Kong and other offshore hubs, it's also a sign of growing global confidence in the RMB's stability and utility. With infrastructure like the Cross-Border Interbank Payment System (CIPS) expanding rapidly, RMB is becoming easier to use, faster to clear, and more convenient to access as it's increasingly integrated into global trade and investment systems.

Based on recent data from the Bank of China's 2025 "White Paper on RMB Internationalization" – a study grounded in feedback and surveys from over 2,200 Chinese enterprises, about 1,100 international businesses, and 106 international financial institutions – here's a closer look at the current trends.

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- Increasing use of RMB as an international currency:

A large majority of domestic and overseas market participants surveyed expressed their intention to increase use of RMB in cross-border transactions. Overseas enterprises in particular showed a stronger inclination toward using RMB, especially for outbound direct investments. The proportion of

overseas companies holding RMB cash or financial assets has risen for three consecutive years – reflecting a steady enhancement of the RMB's monetary functions.

- Increasing support for Small and Micro Enterprises (SMEs) and trade enterprises:

The RMB is increasingly benefiting SMEs as well as foreign trade companies. Surveyed companies with a higher share of import-export revenue showed a greater willingness to use RMB for cross-border transactions. SMEs, in particular, recognize the efficiency and convenience of using RMB, citing lower exchange costs, reduced currency risk, and user-friendly products as major advantages.

- Steadier momentum for RMB regionalization:

The white paper also revealed enthusiasm from enterprises in neighboring regions – especially ASEAN countries which responded more positively to RMB than the overall average. ASEAN companies showed stronger willingness to use RMB, preferred RMB-based trade finance in transactions with China, and rated multilateral cooperation involving RMB more favorably. These trends underscore RMB's strong foundation and appeal in a regional role.

- Offshore market expansion:

The offshore RMB market has grown in both depth and breadth. More overseas companies reported easier access to RMB products and services, particularly in ASEAN, Europe, and Latin America, while a growing number of overseas financial institutions noted increased client demand for RMB-related services. Hong Kong remains the central hub for offshore RMB activity, maintaining a key role in cross-regional RMB transactions. Other major offshore centers also saw growth in RMB liquidity and activity, strengthening their support roles.

- Enhanced usage in multilateral cooperation:

Over 90 percent of surveyed enterprises recognized the advantages of settling in local currencies, and 80 percent acknowledged the convenience of RMB settlement. About 37 percent of respondents believe that multilateral cooperation based on RMB usage promotes financial and trade stability and facilitates investment and trade. Over 40 percent said RMB plays a constructive role in such cooperation, helping unlock further collaborative potential.

The Bank of China will continue to leverage its strengths to support the stable and prudent advancement of RMB usage globally. In 2024, the Bank's domestic and overseas branches

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processed over 43 trillion yuan in cross-border RMB settlements, up 31 percent YoY. Cross-border RMB clearing reached 1,314 trillion yuan, a 49 percent increase, and personal cross-border RMB settlements totaled 117.7 billion yuan, up 134 percent. The Bank has further solidified its role as a primary channel for cross-border RMB use and will continue to offer high-quality, comprehensive financial services to support greater financial openness.

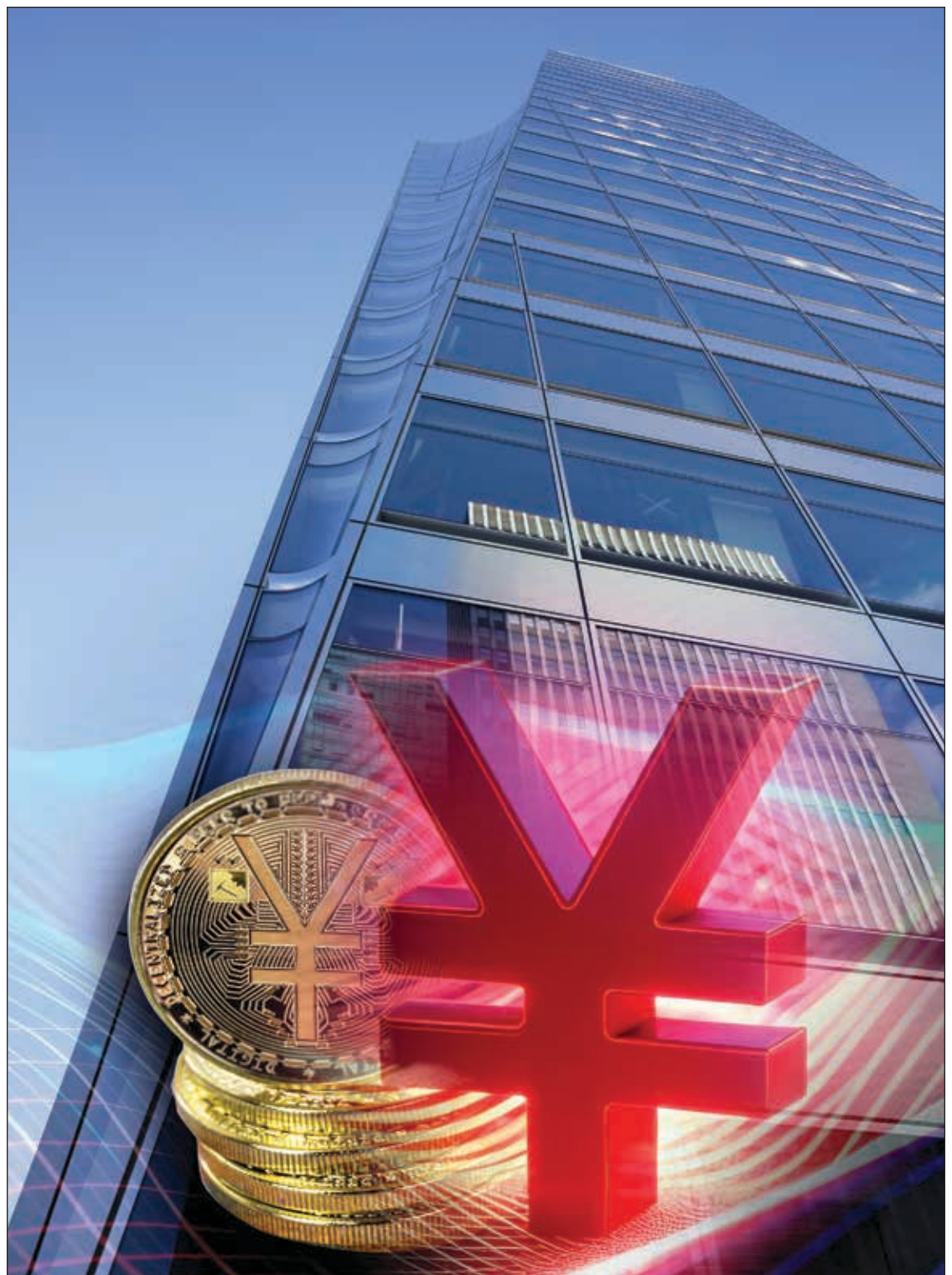
Why should U.S. companies with China operations consider using the RMB?

The RMB has moved beyond being a niche or “alternative” currency and is now a practical, strategic tool for global businesses, especially U.S. companies with operations in China. Using the RMB for settlements can sharply hedge foreign exchange risk by eliminating or reducing the need for currency conversions and its relevant costs. By conducting transactions in RMB, a company can eliminate or significantly reduce the need for currency conversions from USD to RMB and back. This insulates the company from unpredictable currency fluctuations which can erode profit margins. For instance, if a U.S. company has a Chinese supplier, paying in RMB locks in the cost at the time the deal is made, providing greater certainty and stability to financial planning. This direct approach can also lead to reduced transaction costs. It also cuts transaction costs and often speeds up payment cycles.

For companies deeply engaged with China, whether sourcing components, selling products, or investing, the ability to transact in RMB not only aligns with counterparties’ preferences, but can also strengthen long-term partnerships and position them more competitively in the market. Adopting the RMB for settlement can also be a strategic move that enhances a company’s standing in the Chinese market. It signals a strong commitment to long-term partnerships and aligns with the preferences of Chinese counterparties. By speaking the same financial language, U.S. companies can build trust and rapport, which can be a decisive factor in securing better terms, faster service, and preferential treatment. This not only strengthens existing relationships, but also helps attract new business, positioning the company as a more reliable and competitive partner.

What benefits are companies seeing from RMB use?

The benefits extend well beyond cost savings and operational efficiency. They



Bank of China New York Branch and US RMB Clearing Bank

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create opportunities for strategic growth and enhanced financial resilience. RMB settlement facilitates smoother trade flows by removing currency as a potential point of friction. This can simplify supply chain management and make it easier to meet deadlines and fulfill orders. The enhanced operational efficiency is a direct result of the reduced complexity and time associated with cross-border payments. Furthermore, it also unlocks access to financing instruments like Dim Sum Bonds (offshore RMB bonds issued outside of Mainland China, primarily Hong Kong) and Panda Bonds (onshore RMB bonds issued in China). These tools allow companies to diversify funding sources, match liabilities with revenues, and hedge against both geopolitical and currency-related volatility, which are critical advantages in an unpredictable global environment. These bonds allow U.S. companies to tap into a vast pool of capital within the world's second-largest economy. They can often secure more favorable interest rates than those available in USD markets, providing a crucial source of diverse, low-cost funding.

Using RMB-denominated debt to fund RMB-denominated assets in China is a classic and effective natural hedge. By matching revenues with liabilities in the same currency, companies can protect themselves from both currency risk and geopolitical volatility. This approach can be a critical advantage in an unpredictable global environment, offering a robust way to manage financial risks and secure a more stable footing for long-term growth.

What is your outlook for RMB use in the U.S.?

The trajectory is upward. As more U.S. companies seek ways to manage costs, reduce currency risk, and build stronger links with Asian markets, RMB usage naturally grows. Bank of China USA is at the forefront of this trend, expanding RMB capabilities, educating clients on currency strategies, and offering innovative RMB-denominated financial products. We see the RMB evolving from a supplemental tool to a core element of international business planning for many U.S. and other global firms.

Key Takeaways for Leaders:

- **Risk Mitigation:** RMB settlement reduces FX volatility and operational costs.
- **Financing Advantage:** Dim sum bonds, Panda bonds and bilateral loans open access to competitive funding.

- **Trusted Partner:** Nearly 45 years in the U.S. gives Bank of China USA unmatched bilateral expertise.

- **Strategic Resilience:** A proven capability to navigate shifting political and economic landscapes.

What differentiates Bank of China U.S.A. from other foreign banks?

Our difference is rooted in history, expertise, and impact. Bank of China has been operating in the U.S. for almost 45 years, giving us unmatched experience in navigating the complexities of cross-border business between the world's two largest economies. Over the last four and a half decades, we've built a track record of facilitating major Chinese investments in the U.S., helping companies establish operations, create jobs, and contribute to local economies. At the same time, we've guided U.S. companies into China, helping them tap into one of the world's largest consumer and manufacturing markets. The result has been billions of dollars in trade and investment, stronger supply chains, and measurable benefits for U.S. businesses and consumers. While this supply chain paradigm is being challenged today, the fact remains that most CEOs agree that the infrastructure, technology, labor, transportation and shipping capabilities and technology are still more cost effective and efficient in China. While geopolitical considerations have played a role in diversifying some of these supply chains, Bank of China still remains a bank of choice for many Fortune 500 companies and local businesses due to the strength of our unified platform and global coverage throughout 64 countries and regions.

How do you balance global strategy with today's geopolitical climate?

We approach it with a clear sense of mission and an unwavering commitment to compliance. Bank of China's global strategy is to facilitate legitimate, mutually beneficial trade and investment. In the U.S., that means operating with full transparency, adhering to American laws and regulations, and maintaining constructive dialogue with stakeholders and regulators. While geopolitical headwinds can create uncertainty, our decades of experience through different scenarios have taught us that the fundamentals of the U.S.-China economic relationship are resilient. We focus on risk management robustness, operational excellence, and client trust to ensure we continue

to serve as a bridge for business in both countries, even when the geopolitical environment is challenging.

Bank of China U.S.A. will soon celebrate its 45th anniversary. What are your expectations for 2026 and beyond?

This milestone is more than just a celebration of longevity; it's a chance to reflect on the role we've played in facilitating the U.S.-China economic relationship. Looking ahead to 2026, I see enormous potential for cooperation in areas that matter deeply to both nations: energy transition, infrastructure, healthcare, consumer goods, among others. Even as both countries rightly prioritize their national security interests, it is important to recognize that this relationship should not be a zero-sum game. The reality is that both sides stand to gain far more by working together than by working apart. Collaboration in these areas can drive innovation, create jobs, and deliver benefits to both societies.

Just as economic collaboration builds mutual prosperity, cultural exchange fosters deeper understanding, and therefore, strengthening cultural exchanges and people-to-people connections is vital for building lasting trust and friendship between China and the U.S. These exchanges not only help bridge cultural gaps, but also create valuable opportunities for dialogue, cooperation, and shared learning. BOC U.S.A. is proud to support a variety of initiatives that promote these ties, including forums, cultural events, and charitable activities. This includes Bank of China U.S.A.'s support for the China General Chamber of Commerce USA and New York's illustrious Julliard School. Looking ahead, we remain committed to advancing such efforts, further deepening the bonds between our two countries.

We also expect to see more Chinese companies entering the U.S. market, not just as exporters, but as partners, bringing with them cutting-edge skills in areas like green technology, digital platforms, and advanced manufacturing. When those strengths combine with America's unmatched innovation ecosystem, it creates a powerful opportunity for joint value creation. Our role at Bank of China U.S.A. is to facilitate that partnership, ensuring that capital, expertise, and ideas can flow smoothly in both directions. After 45 years, our mission remains unchanged: to build bridges that bring prosperity to both sides of the Pacific. ●