



Since its inception 27 years ago, China Merchants Bank (CMB) has grown from a small bank with net capital of RMB100 million into China's 6th largest commercial bank, with net capital of RMB 24.6 billion, total assets of RMB 5.03 trillion, and tier-1 capital adequacy ratio of 8.41% as of June 2014. It has 115 branches, 986 sub-branches, 1 exclusive branch-level operation centre, 2,420 self-service centres and 9,770 cash self-service machines in more than 110 cities of Mainland China.

The company also has two subsidiaries, namely CMB Financial Leasing and China Merchants Fund and one joint venture, CIGNA & CMB Life Insurance, in China. CMB also owns a number of subsidiaries including Wing Lung Bank, CMB International Capital and a branch in Hong Kong, as well as branches and representative offices in Singapore, New York, London and Taipei. It now ranks number 36 among the world's top 100 banks according to *The Banker* and has developed into one of the most influential commercial bank brands in China.



Ding Wei, Executive Vice President, China Merchants Bank

SWIFT's Business Intelligence tools give China Merchants Bank clearer insight into correspondent bank relationships

SWIFT Watch Analytics provides the data that China Merchants Bank needs to analyse its relationships with correspondent banks and allocate its resources in a smart and effective manner.

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"China Merchants Bank has benefited from a very efficient database of various types of transactions via SWIFT's Watch tool. That data allows us to assess the volume of transactions with different correspondent banks and to act on that insight, balancing and enhancing our relationships with those banks."

Alex Shen, Head of Overseas Financial Institutions, China Merchants Bank
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Benefits:

SWIFT's Business Intelligence Watch tool has enabled China Merchants Bank to:

- Understand how it is positioned in each area of the world, using Watch's Worldwide Footprint function
- Access in-depth financial information on its relationships with correspondent banks
- Provide accurate information for CMB's senior management team ahead of client meetings
- Develop its business with correspondent banks, including but not limited to RMB business
- Improve strategic planning, using information about correspondent bank revenues to allocate resources effectively
- Benchmark CMB's traffic with the Market totals (in Volume and Value) to understand the bank's activity share

Business background

As China's leading joint-stock commercial bank and one of the top-ranked banks in China, CMB plays a critical role as a clearing bank for RMB-denominated transactions for foreign correspondent banks. But as it experienced rapid growth in the number of clearing transactions it processes, CMB needed to monitor sales performance to ensure that it was allocating resources most effectively.

The bank turned to SWIFT's Business Intelligence 'Watch' tool to supplement its existing data analysis capabilities. By analysing the nature of its relationship with each correspondent bank through the detailed business data provided by SWIFT, CMB was able to conduct competitive analysis and assess the healthiness of each correspondent bank relationship. The insight generated by SWIFT's Watch tool also allowed it to identify where its senior management team should focus their attention.

Solution Overview

“We are in a leading position in terms of RMB clearing services. We needed a way to distinguish these transactions so that we would know the exact volume and type of each transaction. SWIFT’s Business Intelligence Watch Analytics brings a lot of advantages, letting us analyse RMB clearing traffic and identify which offshore centres we need to put more effort into promoting,” says Alex Shen, Head of Overseas Financial Institutions, China Merchants Bank. “We know where we stand in the market now, thanks to the functions provided by SWIFT’s Business Intelligence system.”

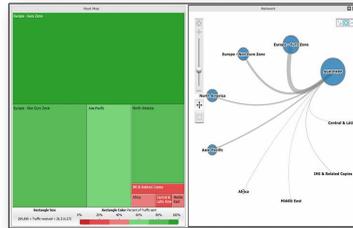
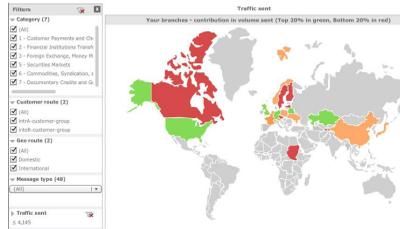
In addition to the insights Watch provides for the management, the tool also provides detailed data for CMB’s analysts, including Kevin Zhong, Relationship Manager in CMB’s Financial Institutions team.

“The Business Intelligence Value Analytics tool is very useful for us when it comes to analysing all the available information,” says Kevin. “For example, we understand perfectly the volume of transactions we have done with each correspondent bank. It is especially helpful for me to understand which correspondent banks are contributing the most to our revenue. Without that kind of knowledge, we cannot allocate resources appropriately.”

Two-way relationships

One particular challenge for CMB is ensuring that its correspondent banking relationships work both ways. “The reason we purchased the service is that we want to make our management more specific and more targeted,” explains Alex.

By embracing Watch’s Worldwide Footprint function, which provides a map showing where CMB and its correspondent banks are most active, the bank is able to better understand its place in the market and manage its relationships accordingly.



The insight provided by SWIFT’s Watch tool also allows the team to brief senior management on these relationships with a high level of accuracy. “If our CEO is going to have a meeting with the CEO of another bank, our relationship manager will need to prepare a report about recent transactions,” says Alex. “To do so, we can pull out data from the Business Intelligence tool, consolidate them with our own data, and highlight the share that we have with each of the different correspondent banks. Moreover, we can include data that shows the trend of our exact activity share for a specific market, message type, currency and corridor, with such detailed information, we can come up with more articulate plans and reports that reflect.”

BI Enhancements

As the use of Watch grows within CMB, the Financial Institutions team is able to use the data generated to provide a comprehensive view of each correspondent bank relationship. The team can look not only at payments, but also at the amount of global markets business being conducted, in order to make suitable proposals to senior management to develop a particular bank relationship.

“I am very pleased to see that CMB recognises the unique value of our BI services. This is a win-win result for both the customer and SWIFT, not only has CMB gained deeper insights in their business, their continuous feedback about the tools has also helped us enormously in enhancing what SWIFT could improve and do better in helping our customers,” says Jasmine Wu, Relationship Manager of CMB at SWIFT. “It is a true collaboration that brings a lot of value to both of our businesses, and this is all thanks to the support of CMB, we look forward to growing even more together,” adds Jasmine.

SWIFT’s role as a trusted business partner also sees it working closely with bank customers such as CMB to better anticipate future needs. For example, as SWIFT’s BI capabilities grow, CMB works with the SWIFT team to provide feedback on the most useful elements of the tool and request additional features.

As a result, SWIFT is able to continue to develop its Business Intelligence tools to deliver the business insights its customers demand. This ongoing development cycle ensures that banks continue to benefit from the most accurate and up-to-date information on their transactions, enabling better strategic planning.

“The most meaningful thing for us is that as the Financial Institutions team, we are responsible for the overall relationship management. SWIFT’s Business Intelligence tool helps us to get data about a certain area of the business very quickly and efficiently,” Alex concludes.

For more information, please contact your SWIFT account manager or visit www.swift.com