

# Report on Modern Financial Business Statistics, 2020

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Monetary Authority of Macao

## 1. Bond Market

At the end of 2020, 39 bonds were listed on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. (MOX), with an outstanding value of MOP115.7 billion. Among which, five bonds with an outstanding value of MOP6.5 billion were issued on the MOX. Throughout 2020, there were 24 bonds listed on the MOX, mainly denominated in United States dollar (USD), renminbi (RMB) and euro (EUR), with a total outstanding value of MOP78.5 billion.

**Table 1: Overview of Bond Business in Macao**

*(MOP thousand, unless otherwise specified)*

	2019	2020	Variation (%)
<b>Bonds issued / listed on the MOX</b>			
Number of bonds	17	39	129.4
Outstanding value	40,248,600	115,669,200	187.4
<b>Of which: bonds issued on the MOX</b>			
Number of bonds	5	5	-
Outstanding value	5,855,570	6,504,590	11.1

*Note: - Absolute value equals zero.*

The outstanding value of bonds issued by Macao banks stood at MOP63.9 billion, representing 2.9% of total liabilities of the banking sector. These bonds were mainly denominated in USD, RMB and Hong Kong Dollar (HKD), taking up respective

shares of 56.0%, 18.2% and 16.1%. Analysed by residency,<sup>1</sup> bonds held by residents (including individuals, enterprises and the public sector) and non-residents/enterprises amounted to MOP10.7 billion and MOP53.2 billion respectively.

## 2. Wealth Management

As at the end of 2020, the number of wealth management customer accounts reported by Macao banks totalled 368,270 while the market value of investment portfolios went up year-on-year by 3.5% to MOP252.3 billion. In 2020, fees and commissions earned by Macao banks from related business rose 30.5% over a year earlier to MOP615.0 million, occupying 7.4% of the total non-interest income of the banking sector.

**Table 2: Overview of Wealth Management Business in Macao**

*(Period-end figures, unless otherwise specified)*

	2019	2020	Variation (%)
<b>A. Number of customer accounts</b>	<b>313,320</b>	<b>368,270</b>	<b>17.5</b>
Number of high net-worth customer accounts <sup>(1)</sup>	76,948	90,258	17.3
<b>B. Market value of investment portfolios (MOP thousand)</b>	<b>243,619,378</b>	<b>252,255,237</b>	<b>3.5</b>
Cash and deposits	142,118,749	137,297,094	-3.4
Securities and funds	99,848,326	112,254,988	12.4
Others	1,652,302	2,703,155	63.6
<b>C. Total fees &amp; commissions earned (Period figures, MOP thousand)</b>	<b>471,124</b>	<b>614,960</b>	<b>30.5</b>
<b>D. Proportion of fees &amp; commissions earned in total non-interest income (%)</b>	<b>6.3</b>	<b>7.4</b>	<b>1.1pp</b>

Notes: <sup>(1)</sup> High net-worth customers are those with entrusted assets for management equivalent to MOP3 million or above.

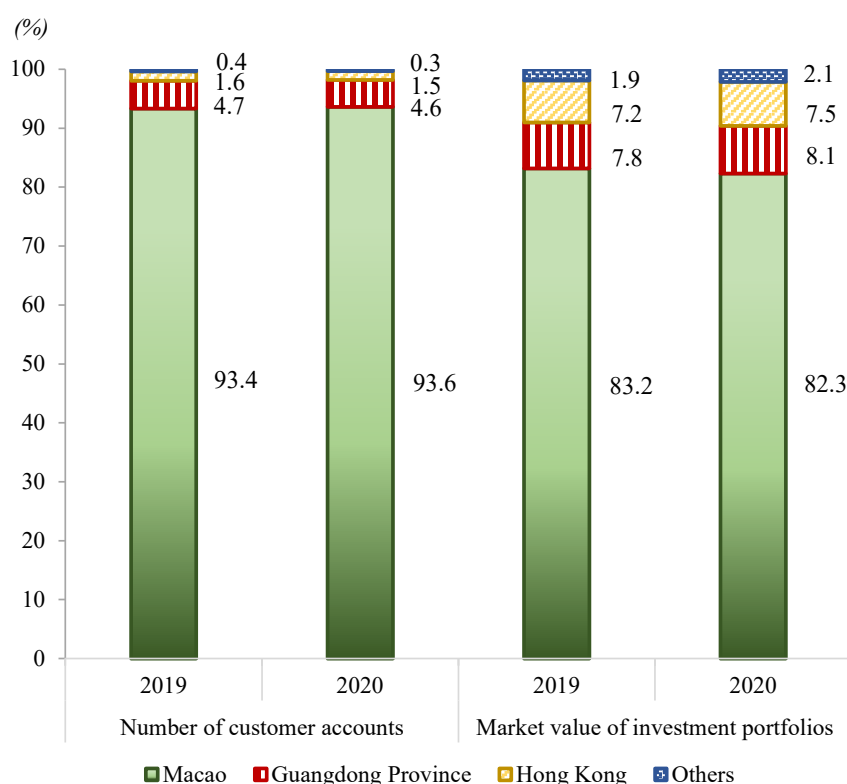
pp Percentage point.

<sup>1</sup> Classified based on the residency of holders at the initial issuance.

Wealth management accounts are broadly classified into two categories – discretionary accounts and non-discretionary accounts, depending on whether account holders have authorised the bank to manage their funds at its own discretion. At end-2020, non-discretionary accounts were still the core of Macao’s wealth management business, occupying 95.6% of the market value of customers’ investment portfolios.

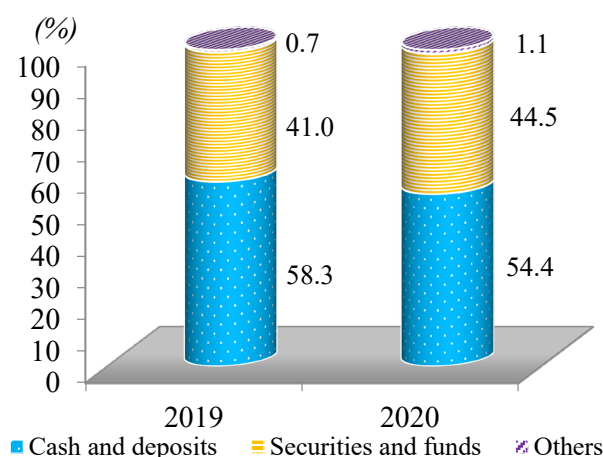
Analysed by customers’ residency, wealth management accounts held by Macao residents (including the public sector) represented the vast majority of the total, accounting for 93.6% at end-2020; the market value of investment portfolios reached MOP207.6 billion. On the other hand, accounts held by non-resident customers made up 6.4%, with investment portfolios valued at MOP44.7 billion. Most of the customers were from Guangdong Province and Hong Kong. Meanwhile, the investment portfolios of customers from countries along the “Belt and Road” and Portuguese-speaking countries were valued at MOP1.0 billion and MOP5.8 million respectively.

**Chart 1: Residency of Wealth Management Customers**



As regards investment portfolios, wealth management customers inclined to invest in asset classes with higher liquidity. At end-2020, “cash and deposits” stood at MOP137.3 billion, occupying 54.4% of the total market value of investment portfolios; “securities and funds” took the second position with a market value of MOP112.3 billion, accounting for 44.5%.

**Chart 2: Asset Allocation of Investment Portfolios of Wealth Management**



### 3. Financial Leasing

Banks in Macao participated in financial leasing business mainly as “fund providers”, offering funds to financial leasing companies for their business operations or specific financial leasing projects. Meanwhile, the number of financial leasing companies in Macao remained at two, which engaged in financial leasing business through subsidiaries established outside Macao.

At end-2020, outstanding financial leasing related loans and rental receivables advanced 32.5% from a year earlier to MOP30.4 billion; of which the outstanding loans took up 2.8% of the total loans of the relevant banks. Meanwhile, within the outstanding financial leasing related loans and rental receivables, MOP3.1 billion was used to fund specific financial leasing projects whereas the remaining MOP27.3 billion was granted to financial leasing companies as working capital.

**Table 3: Overview of Financial Leasing Business in Macao***(Period-end figures)*

	2019	2020	Variation (%)
<b>A. Number of outstanding financial leasing related loans and valid contracts of subsidiaries of financial leasing companies</b>	<b>119</b>	<b>122</b>	<b>2.5</b>
Loans and contracts related to specific projects	24	20	-16.7
<b>B. Outstanding financial leasing related loans and rental receivables<sup>(1)</sup> (MOP thousand)</b>	<b>22,945,612</b>	<b>30,402,086</b>	<b>32.5</b>
Outstanding amount related to specific projects	3,838,316	3,142,691	-18.1
<b>C. Proportion of outstanding financial leasing related loans in total loans<sup>(2)</sup> of the relevant banks (%)</b>	<b>2.3</b>	<b>2.8</b>	<b>0.5pp</b>

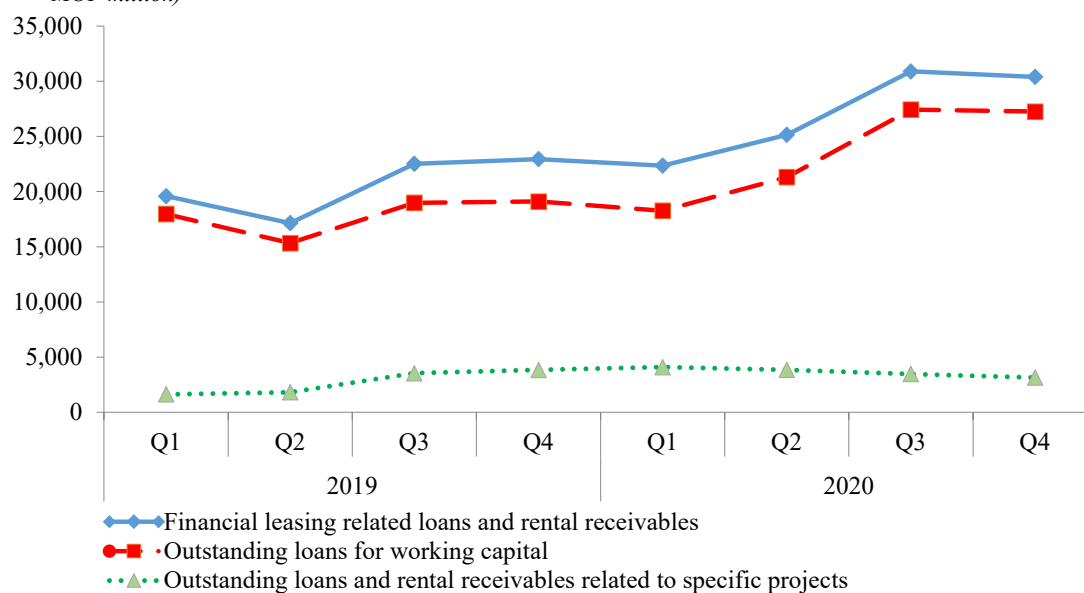
Notes: <sup>(1)</sup> Include related loans of Macao banks and contracts of subsidiaries of financial leasing companies.

<sup>(2)</sup> Refer only to the total loans of banks granting financial leasing related loans.

pp Percentage point.

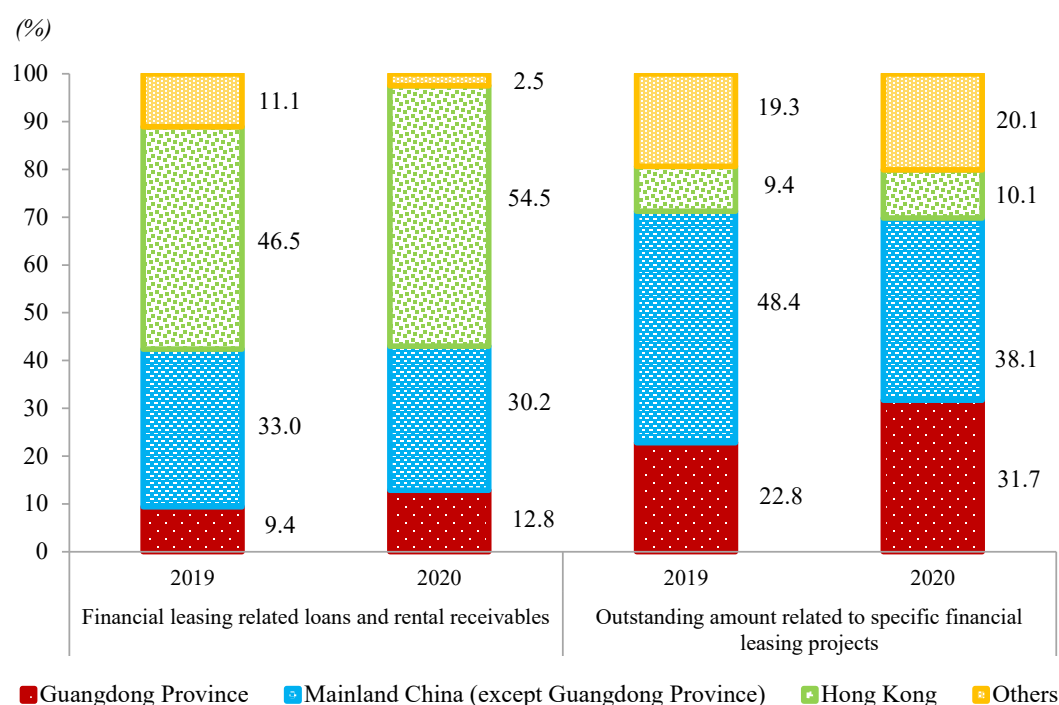
**Chart 3: Financial Leasing Related Loans and Rental Receivables**

*(Period-end figures,  
MOP million)*



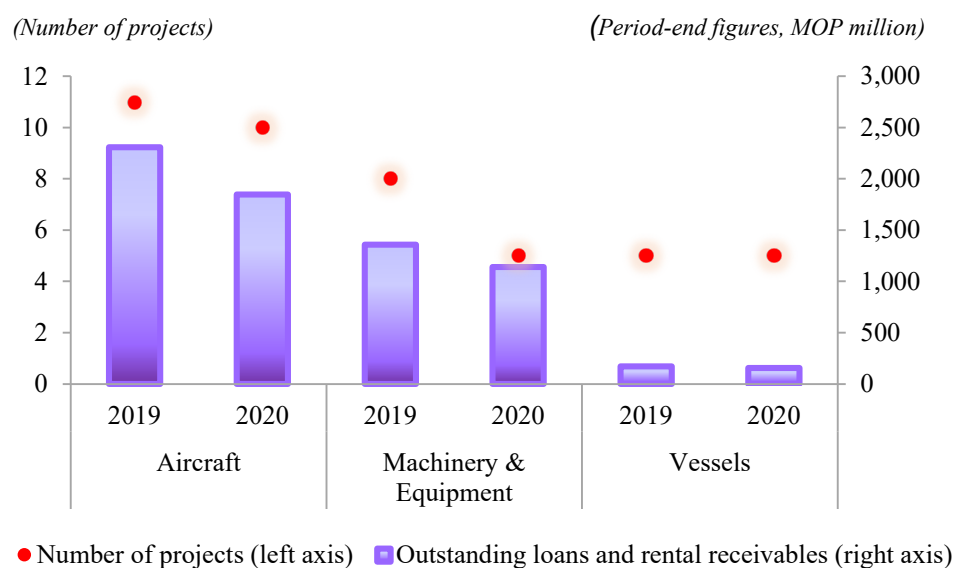
The development of financial leasing in Macao continued to be focussed on cross-border business. As at the end of 2020, all borrowers and lessees were external enterprises, with those from Hong Kong and Mainland China accounting for 54.5% and 43.0% of total outstanding loans and rental receivables respectively. Meanwhile, the borrowers and lessees for specific financial leasing projects were mainly from Mainland China with a share of 69.8%.

**Chart 4: Residency of Borrowers/Lessees Related to Financial Leasing**



*Note: Based on the period-end value of outstanding loans and rental receivables.*

At end-2020, the number of outstanding loans granted for specific financial leasing projects and those operated by external subsidiaries of local financial leasing companies totalled 20. All lease subjects involved were registered and used outside Macao, which mainly included Mainland China, Hong Kong and the United States. Classified by the nature of financial leasing subjects, the major asset category was “aircrafts”, followed by “machinery and equipment” and “vessels”.

**Chart 5: Nature of Financial Leasing Subjects**

#### 4. RMB Clearing Business

In 2020, the volume of RMB clearing in Macao, calculated on a cash flow basis,<sup>2</sup> surged by more than three times from the preceding year to RMB3,035.4 billion; of which, RMB2,450.5 billion was conducted through correspondent banks.

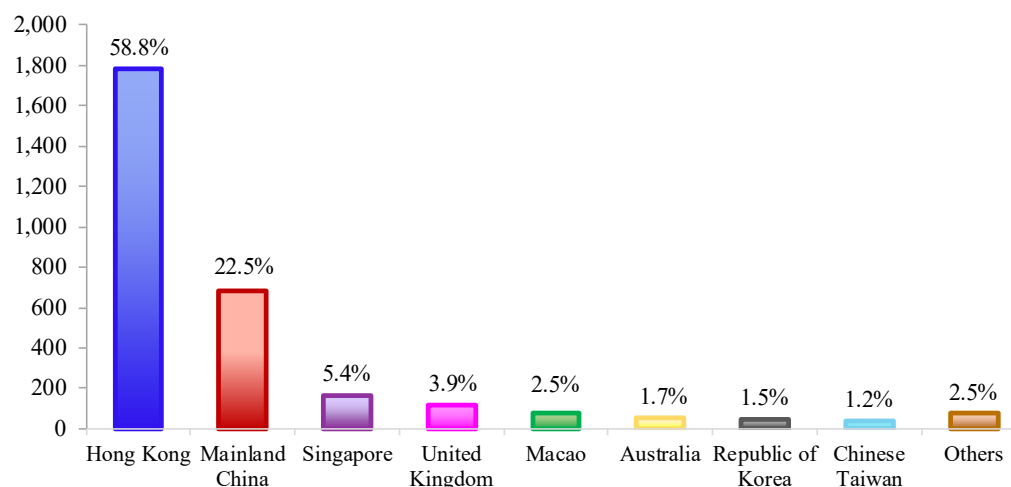
With regard to geographical distribution,<sup>3</sup> the majority of Macao's RMB clearing business belonged to cross-border transactions, involving Hong Kong, Mainland China and Singapore as main counterparties. They took up respective shares of 58.8%, 22.5% and 5.4% of the total clearing volume. Transactions related to countries along the "Belt and Road" rose by 163.2% year-on-year to RMB235.8 billion, representing 7.8% of the total.

<sup>2</sup> The financial concept of cash flow is applied, where the clearing volume refers to the sum of inflows, outflows and related refunds, rather than period-end balances.

<sup>3</sup> Geographical distribution is determined according to the residency of customers, in line with the definition of residency of the International Monetary Fund.

**Chart 6: Distribution of RMB Clearing Business of Macao in 2020**

(Period figures, RMB billion)

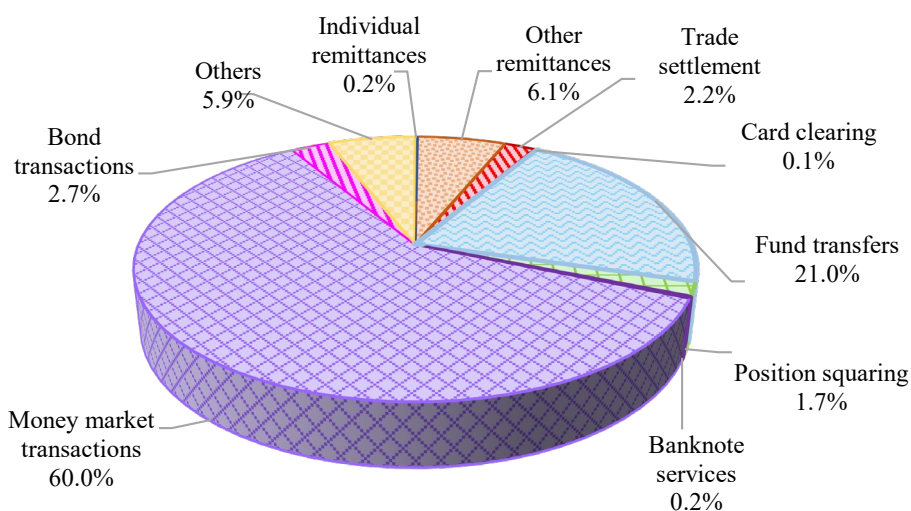


In 2020, the major types of RMB clearing business were money market transactions, fund transfers and remittances (individual and other remittances), taking up 60.0%, 21.0% and 6.2% respectively of the total RMB clearing volume.

Money market transactions are short-term RMB interbank market transactions with maturity within one year, which mainly include short-term RMB interbank placement and borrowing transactions. In 2020, the clearing amount for money market transactions was RMB1,821.5 billion, occupying 60.0% of the total.

Fund transfers are local and cross-border transfers of funds between financial institutions. In 2020, fund transfers amounted to RMB636.3 billion and accounted for 21.0% of the overall RMB clearing volume.

Remittances include cross-border personal remittances carried out by Macao's financial institutions for non-enterprise customers; and remittances related to capital account payments (including capital transfers and acquisition/disposal of non-productive, non-financial assets), financial investments, donations and non-rewarded assistance and other current account payments for banks or customers. In 2020, the clearing amount for remittances was RMB189.0 billion, equivalent to 6.2% of the total RMB clearing volume.

**Chart 7: Types of RMB Clearing Business of Macao in 2020**

## 5. Green Finance

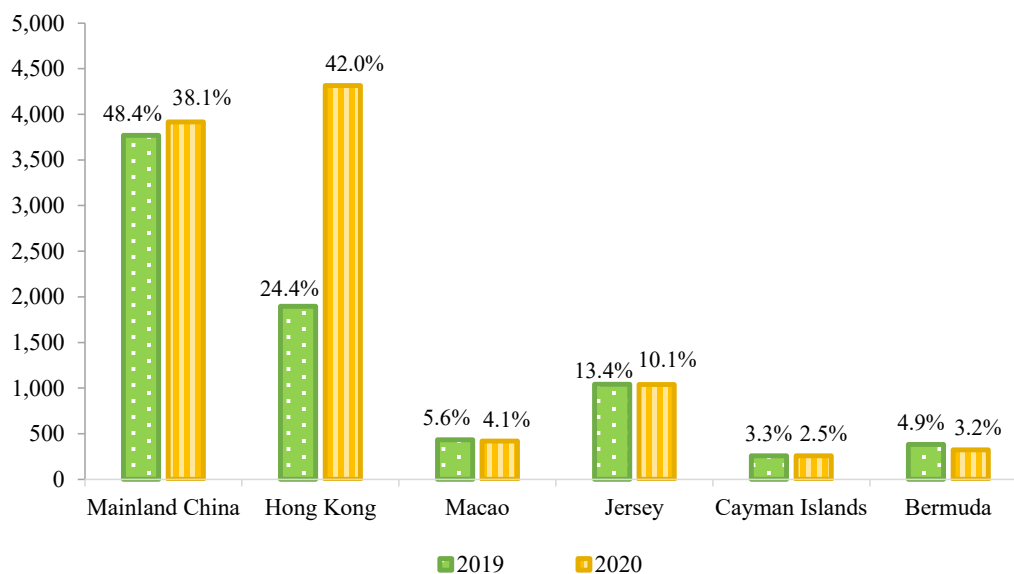
As at end-2020, outstanding green loans expanded 32.0% from a year earlier to MOP10.3 billion, representing 0.9% of total loans. Analysed by residency, borrowers of green loans were mainly external enterprises, constituting 95.9% of total green loans. Relevant outstanding loans recorded an annual increment of 34.1% to MOP9.9 billion. Among which, loans to Hong Kong and Mainland China made up 42.0% and 38.1% of total green loans. Concurrently, green loans granted to residents of the Guangdong-Hong Kong-Macao Greater Bay Area stood at MOP6.8 billion, occupying 66.6% of the total.

Meanwhile, the total number of green bonds issued by Macao banks stood at two, with an outstanding value of MOP11.9 billion, representing 18.6% of total bonds issued. In terms of geographical distribution,<sup>4</sup> the vast majority of green bond holders were non-residents, accounting for 98.5% of total green bonds. Within this total, the shares of green bonds held by Hong Kong and Mainland China residents stood at 48.9% and 18.8% respectively.

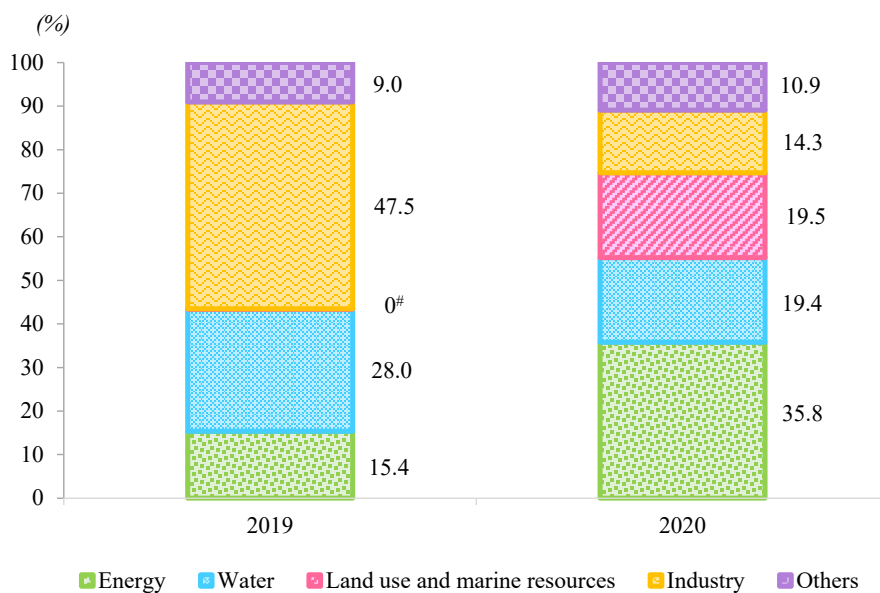
<sup>4</sup> Classified based on the residency of holders at the first issuance.

**Chart 8: Residency of Borrowers of Green Loans**

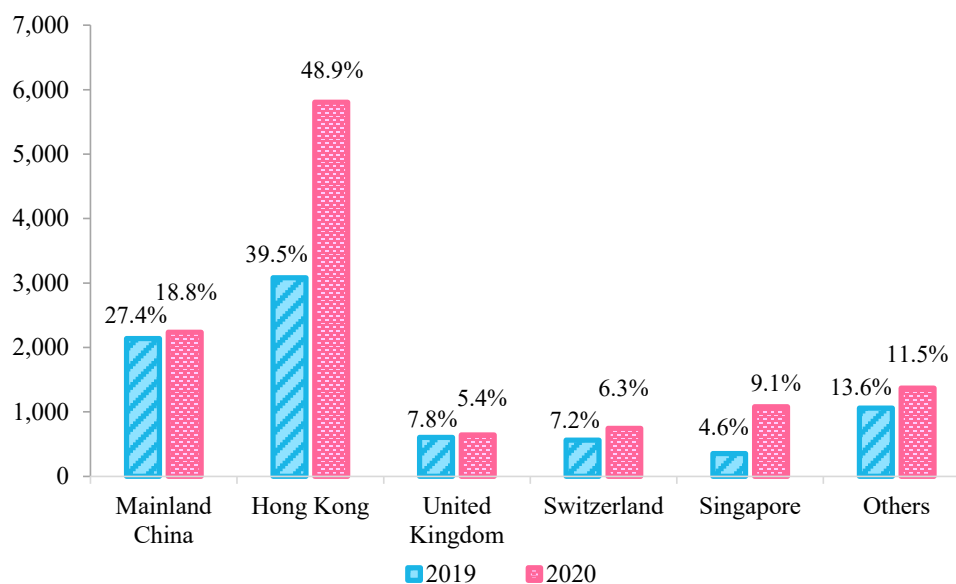
(Period-end figures, MOP million)



**Chart 9: Use of Green Loan Proceeds**



Notes: Based on the period-end value of outstanding green loans.  
 0# magnitude less than half of the unit employed.

**Chart 10: Residency of Holders of Green Bonds***(Period-end figures, MOP million)*

## 6. Conclusion

In 2020, modern finance business developed steadily in Macao, with growth recorded in various business indicators. At the end of 2020, 39 bonds were listed on the MOX with an outstanding value of MOP115.7 billion, which rose by 187.4% from a year ago. The market value of investment portfolios of wealth management customers increased year-on-year by 3.5% to MOP252.3 billion; the fees and commissions earned by Macao banks from related business during the year rose 30.5%. Meanwhile, outstanding financial leasing related loans and rental receivables grew 32.5% from the preceding year to MOP30.4 billion. The volume of RMB clearing business of Macao, calculated on a cash flow basis, surged by more than three times from the previous year to RMB3,035.4 billion, mainly involving money market transactions, fund transfers and remittances. Concurrently, outstanding green loans registered an annual rise of 32.0% to MOP10.3 billion.

## **Annex 1: Glossary**

### **Wealth management**

Wealth management is a combination of personal investment management, financial advisory and financial planning services for the benefit of customers.

### **Financial leasing<sup>5</sup>**

Financial leasing is a contract by which the lessor is obliged, in return for remuneration, to provide temporary economic benefits from the use of the lease subject to the other party. Most of the risks (e.g. maintenance costs) and rewards (e.g. right of use) associated with ownership are transferred to the lessee. The lease subject specified in the contract is acquired either from the lessee, from a third party according to the lessee's instructions, or built as indicated by the lessee. After an agreed period, the lessee can purchase the subject at a price fixed in the contract or the price determined according to the criteria set.

### **Loans for financial leasing projects**

These are loans granted by banks to financial leasing companies or for financial leasing transactions for funding specific financial leasing contracts.

### **Clearing**

It is the procedure by which banks clear bilateral or multilateral claims and liabilities among themselves when handling settlements and payments for customers.

### **Green loans**

Loan instruments to finance or refinance, in whole or in part, green projects that deliver environmental benefits.

### **Green bonds**

Debt instruments used to finance or refinance green projects that deliver environmental benefits. The proceeds of green bonds are dedicated for green projects and their use should be transparent to investors in order to maintain market reputation.

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<sup>5</sup> Based on the concept of financial leasing as stated in Article 889, Chapter 8 of the Commercial Code of Macao.