

MNA **Sheyla Zandonai** 06 Jan

Macau | New Chinese policy limiting overseas cash withdrawals unlikely to affect luxury retail – experts

New restrictions applicable to any and all mainland China-issued bankcards limiting overseas cash withdrawals to RMB100,000 (US\$15,000) per individual per year are not likely to impact luxury retail sales or gaming activity by mainland Chinese in gaming jurisdictions outside the MSAR, experts told MNA



Macau (MNA) – New restrictions applicable to any and all mainland China-issued bankcards limiting overseas cash withdrawals to RMB100,000 (US\$15,000) per individual per year – rather than per account per year – are not likely to impact luxury retail sales or gaming activity by mainland Chinese in gaming jurisdictions outside the Macau SAR, experts told Macau News Agency (MNA).

Grant Govertsen, Managing Director, Head of Asia Equity Research at Union Gaming, said he does not believe there will be an impact on non-gaming, 'because there have been no restrictions to date as it relates to capping the spending ability of mainland-based bankcards.'

Last weekend, the Chinese Central Government issued **new restrictions on overseas cash withdrawals** for mainland China-issued bankcards – not limited to UnionPay – setting withdrawal limits at RMB100,000 per year and RMB10,000 per day across all accounts held by the same individual – previously, the same limits were established per card.

During the week, several investment banks issued notes claiming that the new policy implemented on January 1, 2018, was unlikely to affect the MSAR gaming market, except for a marginal impact on premium mass, eventually pushing a small number of such players to migrate to the VIP segment.

Also speaking to MNA, Ben Lee, Managing Partner at gaming research consultancy IGamiX, believes that there will be no 'discernable impact' on retail sales of luxury goods and services, 'as the limit on UnionPay purchases has not been reduced yet.'

Gaming abroad

In regards to the fact that the measure has been implemented to further curtail capital outflows, thereby likely affecting mainland Chinese expenditure in other gaming jurisdictions, such as Vietnam and the Philippines, Mr. Govertsen argued that 'it is important to keep in mind that virtually all of the mainland gaming play in these jurisdictions is VIP.'

As explained by the managing director, VIP players would primarily be playing on credit given to them by VIP junkets.

Likewise, according to Mr. Lee, the new policy is unlikely affect such markets, or at least only 'very little', for yet another reason, namely, 'as the use of UnionPay in ATMs in other jurisdictions is not as prevalent as in Macau.'

'Furthermore, the mass markets insofar as Chinese gamers are concerned do not really exist in these jurisdictions,' he told MNA.