



# IMI Newsletter

International Monetary Institute  
Renmin University of China

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## Highlight

### **Symposium on the Construction of Datong National Green Finance Reform & Innovation Pilot Zone**

On January 14, Symposium on the Construction of Datong National Green Finance Reform & Innovation Pilot Zone was held at Renmin University of China. Cui Jizhe, former vice president of Xinhua News Agency, Li Junru, former vice president of Party School of the Central Committee of CPC, Yang Chaofei, former chief engineer of Ministry of Environmental Protection, Wei Benhua, former deputy administrator-in-bureau of the State Administration of Foreign Exchange, XuHeping, director of Zhongguancun Xinhua New Energy Industry Research Institute, former director of the Department of Science and Technology, Wei RuSheng, deputy director of Shanxi Provincial Development and Reform Commission, Jing Hui, director of Shanxi Finance Office, Zhu Jinwei, director of Shanxi Insurance Regulatory Bureau and Wang Zhigang, deputy director of Shanxi Banking Regulatory Bureau were present. Ma Anquan, deputy mayor of Datong City presided over the symposium.

Before the symposium began, Jin Nuo, party secretary of the RUC, met with Zhang Jifu, member of the Standing Committee of Shanxi Provincial Party Committee and secretary of the Datong Municipal Party Committee. Both sides said they would take this as an opportunity to further promote cooperation between municipalities and schools and set up a long-term cooperation mechanism.

Jin Nuo said that recently RUC was selected as one of the top universities in the world and its 14 first-level disciplines were selected into the first-class subject construction list. In the fourth round of course evaluation, nine subjects were rated as A+ and breakthrough was made to pursue first-class discipline. She emphasized that in his message of congratulation to the 80th anniversary of the founding of the People's University of China, President Xi Jinping pointed out that "RUC has" formed a distinctive schooling characteristic and is unique in the humanities and social sciences. "It has cultivated many outstanding talents for our country", which highly praised university's achievements. RUC has always attached importance to cooperation with localities and has solid strength and rich experience in research funding. It hopes to provide support for Datong's economic and social development. Zhang Jifu introduced status quo of economy and society in Datong and the recent progress made in promoting green finance and hoped that Renmin University will provide intellectual support for the top-level design of Datong's green finance. ZhuangYumin, dean of the School of Finance and Economics of RUC, and Wang Hua, dean of the School of Environment, attended the meeting.

At the symposium, Zhang Jifu said in his speech that Datong had been called "Coal Capital," and that "blackness" was the impression Datong left to the world. Currently, based on transformative and innovative development, "Datong Blue" has become a famous name card, and "Datong Green" can be seen everywhere. In the future, Datong will focus on the guideline of the Central Government and the Provincial Party Committee, take action first, boldly explore and actively promote the pace of construction of the pilot zones, and strive to build a green financial system featuring distinctive features and outstanding highlights, effectively supporting the city's green development. Zhang Jifu hope experts and scholars work together with Datong, adhere to the concept of green development, thoroughly understand the State Department 42 document policy advantages, come up with practical suggestions and proposals in line with Datong's reality on planning, industrial development, innovative products, foster the sustainable and green development of strategic emerging industries, promote the construction of a pilot green finance reform and innovation zone in Datong so that Datong may become an experimental zone and a great example for exploration of green and low-carbon development in Shanxi and the whole country.

During the discussion, experts discussed the construction of Datong green finance. They all indicated that Datong Municipal Party Committee and Municipal Party Committee and Municipal Party Committee have understood green finance work and meticulous deployment. This signifies that Datong's national green finance reform and innovation pilot zone has entered an accelerated phase.

According to Ma Anquan's introduction, under the guidance of Shanxi Provincial Party Committee and Provincial Government, four things need to be prepared to accelerate the pace of creating green gold pilot zone: First, to determine the green finance and support strategies for green development; second, to include green finance into Datong deepen Reform and the overall development and strengthen the top-level design; third, to improve organizational work and build a platform for the green practices; Fourth, pay close attention to XinZhi Industrial Park and several green finance landing projects.

The symposium was hosted by the CPC Datong Municipal Party Committee, Datong Municipal People's Government and Shanxi Finance Office, co-organized by the School of Finance, School of Environment & Natural Resources of RUC, Xinhua New Energy Industry Research Institute of Zhongguancun, international monetary institute, Datong Green Financial Investment Management Co., Ltd. Experts attending the symposium include: Du Yuejin, general manager from China Fortune Media Group Deputy, former editor in chief of Economic Information Daily, Li Guobin, director of Zhongguancun Xinhua New Energy Industry Research Institute, vice president of Ministry of Industry and Information Policy Division, Liu Jiping, Everbright Securities shares Co., Ltd., deputy party secretary, chairman of the Board of Commissioners for Discipline Inspection, Zhou Tianyong, vice president of the Central Party School's International Institute of Strategic Studies, Mei Dwen, president of Beijing Environment Exchange and Lin Yu, vice president and secretary general of Xinhua New Energy Industry Research Institute of Zhongguancun, Lan Hong, deputy director of



Ecological Finance Research Center of Renmin University, Song Ke, deputy director of International Monetary Institute of Renmin University of China, special researcher of Tourism Research Center of Chinese Academy of Social Sciences and XuChangren, director of Jiaozuo Tourism Bureau, etc.

## **10<sup>th</sup> Anniversary Celebration of the Roundtable on Money and Finance and the IMI 2018 New Year Forum**

On January 21, 10th Anniversary Celebration of the Roundtable on Money and Finance and the IMI 2018 New Year Forum was held successfully in the Run Run Shaw Auditorium of RUC. Managed by the School of Finance of RUC and China Financial Policy Research Center, the meeting was organized by IMI, and co-sponsored by Sichuan Tianfu Bank Co., Ltd (TFB), Xiamen International Financial Technology Co., Ltd (XFinTech), China FinTech 50 Forum (CFT50) and Cross-border Finance 50 Forum (CBF50).

This conference was divided into three sections. The first one was the opening ceremony in the morning, themed by “Financial Reform and Opening-up in the New Era” and hosted by Zhang Jie, director of IMI. Famous experts and scholars from foreign and domestic financial management sectors, research institutes and financial industries presented in the meeting and delivered speeches, represented by Liu Wei, president of RUC; TuGuangshao, general manager (GM) of China Investment Corporation; Ma Delun, chairman of the Banking Accounting Society of China and former deputy governor of People’s Bank of China (PBOC); Li Yang, member of the Academic Committee of CASS and president of National Institution for Finance and Development; Cao Tong, CEO of XFinTech and former vice president of China Import and Export Bank and ZhuangYumin, dean of the School of Finance of the RUC. More than 100 media reported the event.

In his opening address, Liu Wei pointed out that 2017 was the 80th anniversary since the RUC’s founding. At its celebration, president Xi sent a letter to congratulate and speak highly of the university’s distinct feature and remarkable achievement in humanities and social sciences. The RUC was listed in the Group A of “Double First-class” universities, with 14 first-class disciplines in developing and 9 honored A+ in the 4th round of national discipline evaluation, ranking top all over the country. And finance, as a subject of applied economics, was on the list. Liu said, the IMI and the Roundtable on Money and Finance was a crucial drive in developing the RUC’s financial prospect. For these years, enjoying full support from experts and alumni in domestic financial fields, it has harvested fruitful science and research results and wielded significant academic influence on both financial theories and practices.

2018 saw the beginning of the 19th National Congress of the CPC and witnessed the 40th anniversary of reform and opening up. At the new juncture in history, China’s reform and opening up in financial industry is also anticipated. Over the past 5 years and more, under the leadership of CPC Central Committee with Comrade Xi as the core, China continuously advanced its reform and opening up in financial area. But we also have to be aware of the existing contradictions and problems currently. Mr. Liu hoped that the institute and the roundtable can focus on China’s major financial strategies as always, strengthen the studies on fundamental theories and policies and increasingly developed into a world-famous



influential research center and a new type think-tank.

Then, Mr. TuGuangshao, Mr. Ma Delun, Mr. Li Yang and Mr. Cao Tong gave their keynote speeches respectively.

Mr. Tu analyzed the development of cross-border investment and financial services since the reform and opening up. From the early stage of 1980s to the new era, China's demand for opening up has transformed from introduction of foreign capital and commodity exports to a "double engine": creating investment environment and investing overseas. He mentioned that a sound interaction between investment abroad and introduction of foreign capital was a significant symbol for improving the level and ability of opening up, which requires clear strategic position and efficient mechanism and measures. And according to Tu, an effective inter-connection between industry, investment and finance was critical for innovating foreign investment. Finance investment overseas should form a better mechanism to drive the development of economic exchanges all over the world and the new-form globalization.

Mr. Ma Delun first discussed the cause of the subprime crisis happened one decade ago: financiers' betrayal to the industry. In comparison, China's financial market never suffered from real crisis, so we must hold firmly to the bottom line of the systematic financial risk. The past 10 years of the roundtable witnessed China's achievements in financial industry since the reform and opening up. Mr. Ma thought, restraint from the framework of prudent monetary policy and strict supervision and regulation, China's financial and operational strategies and actions would change, but the root still lies on internal self-consciousness. For goals in the long run, only when we take each single step bit by bit, our reform and opening up will be furthered.

Targeting at the financial reform brought up at the 19th National Congress, Mr. Li Yang elaborated on the features of China entering an era of high-quality development from 4 aspects: financing needs of real economy, maturity and equity mismatch in the financial system, development of capital market and improvement of long-term credit institutions. Based on detailed explanations to interest rate liberalization, he presented policy suggestions to improve interest rate market mechanism and brought forward his opinions on deposit reserve system needs to "return to normal". In the new period, new principles were introduced for deepening the reform of interest rate liberalization. We shall step up our efforts in finance supervision and regulation and local financial system consolidation. Li also pointed out that the key for managing financial risks lies on "de-leverage". Currently, leverage ratio in China's non-finance sectors levels off, and the focus of de-leveraging should be on enterprises, especially on SOEs, and local governments in disposing risks.

Mr. Cao Tong then made a speech themed by "the ABS asset securitization tool", and he shared us his views on the relationship between finance and real economy. He told us the ABS asset securitization tool was able to help with low-ratings companies. China attached great importance to asset securitization in recent years, but there were still many objective problems existing while a number of policies coming out. He advised that we could pay attention to the development of cloud platform, i.e. the ABS cloud, a horizontal environment, which may better help small and medium enterprises to finance and deal with information asymmetry in the financial market.

Section 2 included four themes. Theme One to Three were open forums, chaired by Zhao Xijun, associate dean of the School of Finance of RUC.

Theme One “the Interpretation and Outlook of China’s Wealth Management Development Index” was hosted by Mr. Cao Tong and the index analyzed by Mr. Tan Songtao, associate dean of the School of Finance of RUC. In this discussion, ShenJianguang, chief economist in Mizuho Investors Securities, addressed with “Wealth Opportunities on China’s Economy Overtaking”; Wang He, executive director and vice president of the People’s Insurance Company of China Property and Casualty Co., Ltd (PICC P&C), brought up an idea claiming “Insurance is the advanced form of wealth management”; You Yu, standing vice president of ZhongRong International Trust Co., Ltd, discussed about the development characteristics of China’s wealth management market and practices of trust industry; Zhou Guangwen, IMI’s academic committee member, president of Beijing Gintong Investment Co., Ltd and Ginkgo Asset Management Co., Ltd, expressed his own thoughts on “the Artificial Intelligence, block chain and wealth”; Zhou Ligao, Chief Risk Officer (CRO) of NOAH (China) Holdings Co., Ltd, introduced the framework of risk management quantization in asset management; and ZhuangEnyue, vice president of China Cinda Asset Management Co., Ltd, analyzed the disposal of bad assets through actual examples.

Theme Two, titled with “the Interpretation of the Tianfu Financial Index and Analysis on Macro Economy and Finance”, was hosted by Guan Wei, executive director of the Credit Management Research Center (CMRC) of the RUC and professor of the School of Finance and the index interpreted by TuYonghong, deputy director of IMI and assistant director of the Sichuan Provincial Bureau of Financial Work. Wei Jianing, advisor from the Department of Macroeconomic Research of the Development Research Center (DRC) of the State Council, shared his views on the regional layout of finance and reforms on state-owned and private enterprises; Wu Ge, chief economist of the HuaRong Securities (HRS), made a speech themed by “Price Illusion or Real Growth”, discussed issues like safeguarding property rights, preventing major financial risks and China’s comprehensive national power etc.; Yang Tao, director’s assistant of the Institute of Finance and Banking (IFB) of the Chinese Academy of Social Sciences (CASS), talked about his opinions on the construction of regional financial center and local finance development; Zhou Yueqiu, director of the Urban Finance Research Institute of the ICBC and secretary-general of the China Urban Financial Society, believed that “in evaluating the current economy, both the quantity and the structure should be focused on”.

Theme Three was hosted by Mr. Zhao Xijun, under the theme of “the RMB exchange rate stability and opening-up of financial market”. Aiming at the exchange rate reform, Mr. Chen Weidong, director of the International Finance Institute of the Bank of China, shared his views. Ding Jianping, associate dean of the Shanghai Institute of International Finance Center and director of the Research Center for Modern Finance SHUFE, analyzed the relationship between the Return on Assets (ROA) curve and interest rate curve in RMB internationalization. And Liu Jun, vice GM of China Investment Corporation, from the perspective of investment, pointed out that an open financial market requires the RMB internationalization. Wang Yongli, former vice president of the Bank of China, delivered a keynote speech on account of “Exchange rate: Seek Improvement in Stability”. Zhang Liqing, former dean of the School of Finance of the Central University of Finance and Economics (CUFE), mentioned that “in pushing forward finance liberalization, we also need prudential



supervision and regulation”.

Theme Four “the Double Pillar Regulatory Framework and Systematic Risk Prevention”, hosted by executive director of IMI Ben Shenglin, was a closed-door meeting. Wang Guogang, professor of the School of Finance of the RUC and member of Academic Committee of CASS, addressed with “Preventing Risks: The Focus of Double Pillar Regulation”; Wang Yi, director general of the Finance Department of the Ministry of Finance (MOF), discussed the issue of macro-prudence from financial perspective; Yan Xiandong, deputy director general of the Statistics and Analysis Department of the PBOC, shared his thoughts on financial risks; QuQiang, director of China Financial Policy Research Center, explained the formation of twin pillar; Li Wenhong, director of the Banking Innovation Supervision Department of CBRC, analyzed in detail the regulatory framework of macro-prudential supervision; and Tang Wenjin, dean of the School of Finance of Zhongnan University of Economics and Law, brought forward his ideas that “the double pillar regulatory framework is a new structural practice for macro regulation”.

At the closed-door forum, many other guests also shared their excellent views: Wei Benhua, former deputy administrator-in-bureau of the State Administration of Foreign Exchange; Hu Xuehao, deputy director-general of the Finance Department of the MOF; Feng Bo, former GM of Dalian Commodity Exchange; Zhao Haiying, CRO of China Investment Corporation; Wu Zhifeng, director of the International Strategy Division 1 of China Development Bank (CDB) Center for Financial Research & Development; Wang Lin, deputy director-general of the Sichuan Provincial Bureau of Financial Work; Zhong Hong, deputy director of the International Finance Institute of the Bank of China; Fan Xiwen, CRO of China-LAC Cooperation Fund; Hong Hao, managing director and the Chief Strategy Analyst of BOCOM International; GuoQingwang, professor of the School of Finance of the RUC; Wang Changyun, director of the academic committee of Hanqing Advanced Institute of Economics and Finance of the RUC; Chen Qiqing, director of the Economics Department of the Party School of the Central Committee of CPC; XuYisheng, CEO of the New Momentum Asset Management; Wang Guangyu, dean of China Academy of New Supply-side Economics and president of China Soft Capital; and Wang Zuogang, senior director of Ant Financial.

Besides for the speakers mentioned above, there were a plenty of guests joined in the discussions, including: Zhang Zhixiang, former director general of the International Department of the PBoC; Ding Rongxiang, full-time external director of central enterprises; Sun Lujun, president of the CNIC Corporation Limited; GuJianguo, president of China Jianyin Investment Limited; Wu Nianlu, deputy director of China International Finance Society and standing director of China Finance Forum; PengXiaoguang, deputy director of the IMI and China Urbanization Promotion Council; Li Zheping, deputy director of the IMI and executive president and editor-in-chief of Modern Bankers; Di Dongsheng, vice dean of the School of International Studies of the RUC; Su Zhi, professor of the School of Statistics and Mathematics of the CUFU and deputy director of China Center for Internet Economy Research; Zhu Xinrong, professor of Zhongnan University of Economics and Law; Han Yong, vice GM of the Bangxin Asset Management Co., Ltd; Xiang Zhengrong, assistant president of the Union Mobile Financial Technology (UMF); Zhao Qing, vice president of the Elements Credit; and Wang Jinling, deputy director of the Finance Office of Qingdao City. And all research fellows of IMI and guests taking part in previous roundtable meetings were also



presented at the event.

The third section was Qiu Shi Night-chats hosted by Mr. Song Ke, deputy director of IMI. Prof. Ben Shenglin made a conclusion and reviewed over the achievements IMI has gotten during the year of 2017, and set a course to the new year. The meeting witnessed the graduation ceremony of the Gintong Global Talents Program, and directors of IMI awarded diplomas to the students. Sun Hualing, Secretary of the Party Committee of the School of Finance of RUC, presented at the meeting and gave closing remarks. In the toast, she approved the academic achievements the roundtable meetings made in the past one decade, expressing her wishes to IMI's future and her support and encouragement to Gintong Program.



# Research

## Macro-Finance Salon

### Editor's Note:

*Macro-Finance Salon is a high-level academic salon initiated by IMI and Department of Money and Banking of School of Finance at RUC. The salon aims at promoting the study and practice of Macro-Finance, as well as its disciplinary program, while carrying out in-depth research on Macro-Finance theory, policy and strategy. The concept of "Macro-Finance" stems from Professor Huang Da's fundamental idea of integrating macro and micro financial theory, which systematically regards finance and real economy as a whole. In the book of "General Theory of Macro-Finance", Chen Yulu, Deputy Governor of PBoC, demonstrates the fundamental connotation and methodology of Macro-Finance, laying theoretical and empirical foundation for Macro-Finance framework, which facilitates long-term economic growth and stronger national competitiveness.*

### **Macro-Finance Salon (No. 89): Financial Layout after the 19th CPC National Congress**

On January 7, Macro-Finance Salon (No. 89) was held in Room 801, Mingde Main Building of Renmin University of China. Zhou Yueqiu, director of the Urban Financial Research Institute of ICBC, deputy director of GFC, Secretary General of China Urban Financial Society, delivered a keynote speech about the financial layout after the 19th CPC National Congress. Other guests included Zhang Jie, IMI director, Zhao Xijun, member of IMI academic committee, IMI researcher Xiong Yuan, associate researcher Jiang Nan and Jiang Bo. This meeting was chaired by Lan Hong, deputy director of the Ecological Financial Research Center of RUC.

Dr. Zhou Yueqiu first explained about the current situation and future goals elaborated during the 19th CPC National Congress. The development of socialism with Chinese characteristics has entered into a new era, indicating a change of major contradictions of our society. This change has set a new goal for China's future development. That is to comprehensively build a powerful socialist modernization country in accordance with the "three steps" roadmap for the strategy of strengthening our country. During this process, high-quality development is taking on a more important role. At the same time, the role of finance is also changing. Providing services for the real economy is the duty and purpose of finance, as well as a fundamental measure to prevent financial risks. Therefore, only through deepening financial reform, can we better serve the real economy.

Dr. Zhou Yueqiu analyzed three problems that financial services may face when

providing services for the real economy. First, the financial supply is inadequate. The demand is hard to meet the needs of China's economic development, and the supply capacity cannot keep pace with the changing demand. Second, the declining efficiency of funds has asked for transferring investment from the real economy to the virtual economy. Third, the green financing gap remains wide and the green financial system needs to be improved. Faced with these possible problems, he put forward some suggestions for sustained and healthy development, including supporting supply-side reform, reducing financing costs, deepening financial reform, preventing financial risks and promoting green finance. He said that at this stage, ICBC has made fundamental achievements in the field of green finance and will continue to benefit the society as the financial reform deepens.

During the roundtable discussion, Prof. Zhang Jie thought that Dr. Zhou Yueqiu made a great review about the development of China's finance and summarized the characteristics of China's economic development in a refined way: emphasizing speed and scale in the past and focusing on quality improvement in the current stage. For these two stages put forward different requirements for the banking industry, we should analyze the financial supply and demand in different stages. China will continue to rely on foreign aid financing for some time. Therefore, deleveraging cannot be accomplished in a single move; instead, enterprises' capacity should be taken into consideration.

## **Macro-Finance Salon(No.90): New Trends in China and the US's Economy**

On March 24, the Macro-Finance Salon (No. 90) was held in Renmin University of China. Wang Wensong, deputy director general of Planning Department at China Development Bank, delivered a keynote speech on "New Trends in China and the US's Economy". Song Ke, IMI's deputy director, and Zhao Xuankai, scholar from Central University of Finance and Economics was also present at the meeting. Zhang Zhixiang, former IMF executive director for China and Academic Committee member of IMI, chaired the salon

Mr. Wang elaborated from the following three aspects: China's economy will continue to enjoy sound and relatively fast growth; global economic powerhouse is shifting from the U.S.; China's growing economy assure long-term, sound RMB exchange rate.

Mr. Wang said in his speech that despite challenges and risks, China's economy will still sustain a relatively fast growth. That owes to the stable political environment, continuity in policies and sound economic foundation which make possible the great momentum of growth and the capability to control risks. He also said that the US-China relations may be the most important and complicated bilateral relationship for China, even for the world. Given its weakening influence and overall strength, it would be very difficult for the United States to dominate the world forever. On the other hand, China's overall strength is rising. As time goes by, the above trends would become more and more apparent. Regarding the exchange rate of the renminbi, he emphasized that the contribution rate of China's economic development to the world is as high as 30%, and the international status of the renminbi will inevitably become higher and higher, and the long-term picture of the renminbi's exchange rate against the US dollar remain optimistic.



Following Mr. Wang's speech, Song Ke shared his views and agreed that the China-US trade friction was caused by a series of political and economic strategies of the two countries, and that the internationalization of the renminbi will be accompanied by a steady progress of China's economic development. Zhao Xuankai summed up the views of the keynote speaker and raised questions on how to prevent and manage financial systemic risks. In the end, Zhang Zhixiang made a brief summary.

### **Macro-Finance Salon (No. 91): The Logic and Framework of Money Analysis**

On March 28, Minutes of Macro-Finance Salon (No. 91) was held at Renmin University of China. The salon invited Dr. Wang Jian, chief analyst of banking industry from GuotaiJunan Securities Research Institute, IMI researcher. Dr. Wang gave a speech with the title of "The Logic and Framework of Money Analysis". Luo Yu, associate professor of the school of finance at RUC, and Yin Ruizhe, chief fixed income analyst of the R&D Center of China Merchants Securities also attended the salon.

At present, China's economic development has entered a new era. While we are striving for greater achievements, we are facing increasingly complex challenges. Money analysis is a powerful weapon for understanding and coping with the complex economic situation. Dr. Wang shared with us his thoughts on how to grasp the logic and framework of money analysis.

Dr. Wang centered on the issue of how the central bank reckons the amount of currency needed in the next year and through what channels the extra currency will be issued. He also explained the balance sheet summaries of the central bank and commercial banks, the basic approach to forecast the M2 growth, the source of M2, the instruments of basic money supply used by the central bank, the evolution of the new loan structure and developing tendency of off-balance-sheet business. Dr. Wang integrated the knowledge of commercial banking, providing the students with guidelines on money analysis.

Prof. Luo Yu fully appreciated the experience accumulated by Dr. Wang in financial industry and believed that the perspective of the industry could help with the process of money analysis. He also shared his understanding of the role of financial diversification, funds outstanding for foreign exchange and money analysis.

## Tao Xiang International Finance Lectures

### Editor's Note:

*Professor Tao Xiang is one of the famous educators of international finance in China, and he is also the founder of international finance subject in Renmin University of China, who is at the meantime highly admired by a number of students. At the 10th anniversary of the professor's pass-away, proposed by graduates who had majored in international finance in RUC, the School of Finance and International Monetary Institute of RUC initiate the Tao Xiang International Finance Lectures, invite experts and scholars in international finance to give lectures and share their experience with the students, in order to cultivate outstanding talents for China to develop into the global finance center.*

### **Tao Xiang International Finance Lectures (No. 12): Risk Management of Multinational Banking - Chinese Banking Industry under the Belt and Road Initiative**

On March 11, Tao Xiang International Finance Lectures (No. 12) was held in Renmin University of China. Yu Yong, Senior Product Manager, Financial Market Department, Bank of China Qingdao Branch, gave a lecture on "Risk Management of Multinational Banking - Chinese Banking Industry under the Belt and Road Initiative". The lecture was presided over by TuYonghong, Deputy Director of IMI. Postgraduates of the School of Finance and students of Gintong Global Talents Program attended the lecture.

Starting from a practical point of view, Yu Yong talked about the status quo of overseas development of Chinese banking industry under the Belt and Road Initiative. On one hand, a large number of state-owned banks are going abroad, and state-owned foreign assets have reached 700 million U.S. dollars. On the other hand, however, it faces challenges such as exchange rate risk, bank bad debt risk etc. It has both losses and successful experiences, such as Hong Kong banks' success in protection against risks in 1989 and 1998. As a result, banks' flexible adjustments in cross-border business have become a necessary quality in the face of risks. Cross-border development requires banks not only to recognize the importance of expanding overseas business and setting up branches, but also adjust their strategies based on policies and cultural factors. They should start with a profit motive and promote cooperation actively.

Yu Yong later proposed that Chinese banks' risk supervision in the context of the Belt and Road Initiative faces completely different challenges at domestic and cross-border levels. First of all, it is necessary for the banks to increase their influence in the international market. Secondly, they should improve their international management level. This requires the banking regulatory system to make adjustments to cross-border business and improve the effectiveness of communication with international standards. In the meantime, Yu Yong pointed out the importance of formal business and put forward expectations ("tolerance"



“introspection” and “gratitude”) for future bank practitioners. Finally, he pointed out that with the rapid development of artificial intelligence and instant messaging, nowadays the competitive situation facing the Chinese banking industry cannot be compared with that of the past. On one hand, the improvement of the status of Chinese banking industry has made it necessary for banks to improve their comprehensive service capabilities in cross-border operations. On the other hand, digital security in the era of big data is a top priority in avoiding risks.

In the end, the participants expressed their opinions on the content of the lecture, and discussed the interdisciplinary knowledge among finance, banking, politics, and philosophy.

### **Tao Xiang International Finance Lectures (No. 13): Internationalization of Chinese Banks and Financial Support for the Belt and Road Initiative**

On March 31, Tao Xiang International Finance Lectures (No. 13) was held in Renmin University of China. Zhang Weiwu, General Manager of the International Department of ICBC, gave a speech on the "Internationalization of Chinese Banks and Financial Support for the Belt and Road Initiative". The lecture was chaired by Prof. TuYonghong, Deputy Director of IMI and assistant director of Sichuan Provincial Bureau of Financial Work.

Zhang Weiwu first introduced the development of the internationalization of Chinese banks. He pointed out that multiple factors are behind the trend of banks' internationalization, such as supporting national strategies, responding to customer needs, and improving banks' competitiveness. The banks' global service network is continuing to improve, covering the world's major economies and other countries and regions that closely cooperate with China in economy and trade. In terms of economies of scale, the overseas assets of Chinese banks have grown steadily, but the proportion of their overseas profit in the total profit is still smaller than that of their international counterparts, such as Citibank and HSBC. In terms of development strategies, Chinese banks are fully supporting the Belt and Road Initiative, properly managing existing institutions and improving service capabilities. Meanwhile, they are also actively promoting the internationalization of RMB by developing financial infrastructure.

With regard to financial support for the Belt and Road Initiative, Zhang Weiwu pointed out that great opportunities and market with broad prospects lie ahead for Chinese banks. Meanwhile, however, financial support for the Belt and Road Initiative faces many risks besides the inherent risks of the commercial projects, such as regulatory and compliance risks, policy risks, and labor risks. The going global enterprises also face problems such as lacking experience, failing to observe customs and manner in specific religion and culture, and displaying a lack of awareness of risk prevention and compliance management. In some cases, they also have insufficient understanding of the countries along the routes, and pay insufficient attention to fulfilling social responsibilities. On that account, he put forward advices and shared ICBC's experience in the aspects including risk prevention, compliance with laws and regulations in internationalized operations, innovation-driven development, RMB internationalization and financial market opening. He also called for implementing cooperation mechanisms, actively voicing Chinese banks' opinions in the international financial market and enhancing pragmatic cooperation among Chinese financial agencies for

mutual benefit. He also stressed and advised on compliance with commercial principles in realizing the sustainable business development along the Belt and Road, green development, and fulfilling corporate social responsibilities.

In the Q&A session, Zhang Weiwu answered the students' questions about the market positioning of ICBC in Europe and Southeast Asia in the context of the increased supervision. Dr. He Xiaobo, senior trader from CNH trading center of Bank of China (Hong Kong) commented on this lecture. He considered Zhang's explanation on the international business of Chinese banks to be comprehensive. Dr. He also made a comparison of how BOC and ICBC set up institutions abroad. In the end, he pointed out that there would be huge demand for talents specialized in banking supervision and technology.



# Exchange

## Launch of the List of Top Fintech Leaders and Fintech Rising Stars

On January 6, the lists of Fintech Leaders Top 10 and Fintech Rising Stars Top 10 were announced in Beijing. This is the second running since the lists were created.

The lists are jointly created by Global People of People's Daily and IMI. After thoroughly evaluating 200 fintech companies, we selected 10 leaders and 10 rising stars in china's fintech industry.

Zhang Jianxing, vice president of People's Daily, addressed a speech at the launch ceremony. He pointed out that finance is the core of modern economy, and the extent to which financial services support real economy is the key to solving the problem of our "insufficient or imbalance economic development". Now given that China stands at the forefront of global financial technology innovation, a large number of Fintech enterprises with international influence and competitiveness have emerged. Behind these successful companies are outstanding leaders. Telling people's stories is the strength of Global People, of course it won't miss these wonderful people's stories of our time.

Ben Shenglin, IMI executive director and dean of Zhejiang University Academy of Internet Finance, announced the lists and gave his interpretation from a professional perspective. He explained the selection criteria, including indicators such as task performance, management performance and behavior performance, from three aspects of IPE, Delphi model and financial enterprise classification standard. The criteria shows the validity of the selection.

During the ceremony, organizers and representatives of the companies on the lists made a commitment in a joint declaration, just as the theme suggested, that they would never forget why they started, that they would develop financial services in order to support real economy, effectively improve risk management, and make financial innovations to build a better future; that they would focus on securing and improving people's livelihood, taking the lead in this sector, in order to contribute to a comprehensively well-off society and the great rejuvenation of the Chinese nation.

Later, Ben Shenglin and Xie Xiang, editor-in-chief of Global People, together with 20 winners came on to the stage and signed the joint declaration.

Then the speech "Folding Financial Space" was delivered by Li Lihui, commissioner of NPC Financial and Economic Commission, leader of block chain working group of China Internet Finance Association and former president of Bank of China. He said that finance is no longer two-dimensional, but a three-dimensional space that can be folded. Institutional innovations should be made to improve the institutional environment of big data application, establish a unified sharing system of big credit, normalize the prudential supervision system for digital finance, and in the end achieve "penetration" supervision.



Wu Xiaoqiu, vice president of Renmin University of China, said in a keynote speech that innovation is always made by the minority and there are very few people who can see the future. Even if the future picture is still not clear today, and to achieve the future means great difficulties, if one believes that the future will come, he would be faithful.

When it comes to financial regulation, Prof. Wu believes that regulation is not about eliminating risk, which is impossible in the financial world. Risks can only be prevented. We can only prevent individual risks from developing into systematic risks. China's financial industry requires systematic and comprehensive thinking, because rational thinking is more meaningful than simple conflict thinking, and we shouldn't interpret without real understanding.

Lai Zhiming, vice president of Tencent and Ye Daqing, co-founder and CEO of Rong360, both gave a speech as representatives of the winners.

In his speech, Mr. Lai said that with the success of payment business, finance will become more important in the future. Ye Daqing believes that we need to improve efficiency, reduce risk, provide a better user experience, so that we can make finance services more accessible and make people happier.

Following the launch of the lists, participants held two round table sessions on "the relationship between innovation and regulation" and "traditional finance and financial technology".

When it comes to the impact of finance on economic and social development, participants considered that both emerging and traditional finance are the life blood of modern society. Their operation efficiency, cost and risk control have a profound impact on economic and social development. Therefore, we must embrace new technologies to speed up the improvement of quality.

At present, the era of "making money by simply lying down" in the financial sector has gone. Now we need better technologies. The financial sector relies on data and technologies. However, China's financial technology is still in a very early stage.

Participants also systematically reviewed financial technology supervision, systematic financial risks, macro-prudence and micro-prudence. They generally believe that instead of rejecting financial innovation, they should have a better understanding of financial innovation and embrace it. Because regulation always lags behind innovation, there needs to be room for regulation.

During the event, the stars in financial field gathered together and shared their insightful thoughts. As pointed out by Song Ke, deputy director of IMI, that the theme of this event is quite relevant: remember why we started, meaning adhering to the principle of "Fintech supports real economy" and ensuring no systematic risks; work towards the future, meaning to lead the future financial development with scientific and technological innovations".

At the end of the event, Xie Xiang said in her concluding remarks that Global People, as China's most authoritative platform for reporting people's stories, regards telling the stories of people in our time as its mission since it started. Global People will continue to focus on financial industry which is of great significance, and she extended her best wishes to these winners who could lead the industry to a brighter future with a sense of mission, and that she looked forward to meeting again on the next year's event.



## 2018 Finance Development Summit and 2017 China Top Finance Awarding Ceremony

On January 10, the 2018 Finance Development Summit and 2017 China Top Finance Awarding Ceremony was held in Beijing. This event was organized by The Paper with special support from IMI. The Summit focused on new trends of economic development and new challenges in the financial sector, and discussed many interesting hot topics, including the Belt and Road Initiative, FinTech, inclusive finance, wealth management, economic cycles, etc.

Professor Ben Shenglin, Executive Director of IMI and Founding Dean of Zhejiang University Academy of Internet Finance, said that China plays a leading role in the new finance sector, and 35% of unicorns in the world are from China, which is second only to the US. Among the largest FinTech companies in the world, Chinese ones are leading in terms of trading volume, user base and product. In China, three areas, namely Guangdong-Hong Kong-Macau with Shenzhen as the center, the Yangtze River Delta with Shanghai and Hangzhou as the leaders and Beijing-Tianjin with Beijing as the core, have already developed into world-class leading FinTech platforms. The new finance not only represents a new era of finance, but also brings new opportunities to China.

The 19th CPC National Congress pointed out the economic focus would be more on quality than growth. Lu Zhengwei, chief economist of the Industrial Bank & Huafu Securities and vice president of the CIB Research, calls the 2018 macroeconomic policy as “new logics”. In his view, that is because China has entered a new era in 2018 and the 19th CPC National Congress has outlined where Chinese policies and economy should go. The macroeconomic policies will allow a larger tolerance for economic growth, and demand for controlling high leverage risks and improving efficiency. According to the financial policy, China will spend less on investment, but more on targeted poverty alleviation and pollution prevention and control. The monetary policy will stress the prevention of systemic risks, and continue to control the sum and deleverage.

As a practitioner in the traditional financial sector, Mr. Huang Xiaoguang, president and CEO of ANZ Bank (China) and its president of Greater China, also thinks that we should embrace “new finance”. He points out that the tide of Fintech has come. It is imperative for banks to pay attention to the impact of technological development on the industry. Fintech is not a threat to banks, but a friend of them. Today's technology creates networks, and banks manage networks. Therefore, they must focus on and utilize technology.

Wang Tong, assistant to the president of China Great Wall Asset Management Co., Ltd., recalled the 19-year development of state-owned asset management companies. He said that the company will adhere to its main business in the construction of modern economic system and focus on the disposal of non-performing assets. We will also adopt the “acquisition, disposal and restructuring” model to help companies clear and update inefficient asset market. Wang Tong pointed out that in the new era, asset companies, as a product of China's financial reform, are also exploring in various ways. They are also new finance and are seeking new developments.

## Seminar on Si Free Trade Zone Serving the Belt and Road Initiative and Renminbi Internationalization

On March 17, the Seminar on Sichuan Free Trade Zone serving the Belt and Road Initiative and Renminbi Internationalization was held in Beijing. The seminar was jointly co-hosted by the Finance Bureau of Sichuan Province and IMI, sponsored by Sichuan Financial Holding Group Co., Ltd.

Guan Wei, Executive Director of the Credit Management Research Center and professor of the School of Finance at Renmin University of China, chaired the seminar.

Experts from Beijing present at the seminar include Wang Yi, Director-General of the Finance Department of the Ministry of Finance, Guo Song, Director-General of the Capital Account Management Division of the State Administration of Foreign Exchange, Pan Hongsheng, Deputy Secretary-General of the PBoC's Monetary Policy Committee, Han Hongmei, Chairman of the China-Africa Fund for Industrial Cooperation Co., Ltd., Fan Xiwen, Chief Risk Officer of the China-LAC Cooperation Fund, Sun Lujun, Director of CNIC Corporation limited, ShenJiben, Vice President of the China Development Bank Academy, Zhao Xijun, Associate Dean, School of Finance, Renmin University of China, Zhang Jianyong, Managing Director of Hong Kong Silk Road Finance Company, QuFengjie, Director of the Institute of International Economic Research, NDRC, Zhong Hong, Deputy Director of the International Finance Institute, Bank of China, Wang Kun, Deputy General Manager of the International Business Department of ICBC, and Miao Linyan, executive editor of "Overseas Investment and Export Credits" from China Import and Export Bank Strategic Planning Department. Experts from Sichuan include OuyangZehua, Vice Chairman of the Sichuan CPPCC and Director of the Finance Bureau of Sichuan Province, TuYonghong, Deputy Director of IMI and Assistant Director of the Finance Bureau of Sichuan Province, Fang Xin, Deputy Governor of the People's Bank of China Chengdu Branch, Wang Lin, Deputy Director of the Finance Bureau of Sichuan Province, Lin Gang, General Manager of Sichuan Financial Holding Group, Zhang Yan, Director of Sichuan Financial Holding Group, and Chen Ke, Assistant to General Manager of Sichuan Financial Holding Group.

At the beginning of the meeting, Prof. TuYonghong introduced the construction and the vision for future development of the Sichuan Free Trade Zone. The Sichuan Free Trade Zone, one of the third batches of free trade zones approved by the State Council, was established in March 2017. The main task of the Sichuan Free Trade Zone was to implement the central government's requirement to increase the openness of gateway cities in the western region and construct strategic support belt for inland openness, to create a land-opening economic highland and realize the cooperative opening of inland and coastal cities. The development of the free trade zone is inseparable from the support of financial services. Chengdu has a relatively developed financial system; the added value of the financial industry has reached a high level of 11.6%. Sichuan is located at the intersection of the Belt and Road and the Yangtze River Economic Belt. Prof. Tu proposed a series of development ideas to promote financial innovation, better serve the real economy, and provide necessary financial services for countries along the Belt and Road to expand trade and investment, and at the same time



promote RMB Internationalization in the field of business, financial institutions and market transactions, etc. She also explained the significance, feasibility, and potential problems of his proposals.

Afterwards, the experts discussed the development of the free trade zone, the latest financial needs of the “five links” between China and the Belt and Road countries, foreign exchange risk management, financial systems and market innovations, currency transactions, and the increase of the use of RMB in trade and investment in countries along the Belt and Road; they provided opinions and suggestions and discussions were very enthusiastic.

In the end, Mr. OuyangZehua summarized the meeting. He expressed his sincere gratitude to the opinions and suggestions presented and hoped that the honored guests would continue to support and focus on the development of Sichuan's finance.

## **Seminar on Fintech Regulation: UK-China Collaboration to Promote Financial Innovation**

The Seminar on Fintech Regulation: UK-China Collaboration to Promote Financial Innovation was held on March 28 at Renmin University of China. The seminar was co-hosted by the British Embassy in China, Zhejiang University Academy of Internet Finance (AIF), and the Cambridge Centre for Alternative Finance (CCAF), organized by IMI and supported by Zhejiang University Institute of Data & Risk (IDR).

The attendees include British government representatives Mary Starks, Director of Competition and Chief Economist at Financial Conduct Authority (FCA), Kunal Khatri, First Secretary, Financial Services, British Embassy Beijing, Daniel Cowen, Head of Financial Services in the China Strategic Prosperity Fund program, etc.; representatives of Cambridge Center for Alternative Finance; Chinese financial regulators Xu Qijie, Assistant Secretary-General of the National Internet Finance Association of China (NIFA), Jiao Jinpu, Co-Chair, AIF-CIFI Academic Committee, Zhejiang University, IMI Academic Committee Member, Chairman of Shanghai Gold Exchange (SGE) and other financial regulators in China; Guo Dagang, Secretary General of Beijing Internet Finance Industry Association; Wang Yongqin, Secretary General of Tianjin Internet Finance Association; Liu Qingtai, Secretary General of Anhui Internet Finance Association; Hu Shanshan, Executive Deputy Secretary-General of Zhejiang Association of Internet Finance; representatives of the Hangzhou Jianggan District CPC Committee and the district's Finance Office and Chengdu Municipal Bureau of Financial Work; Chinese enterprise representatives Lin Yao, Director of AllScore Payment Service, Zhang Zhenghua, UNPAY's Vice president and CEO, Zhang Xi, Vice President of 51 Credit; representatives of Everbright Cloud Pay and Wacai.com. The seminar was chaired by Ben Shenglin, Dean of AIF and IMI Executive Director.

On this seminar, the outcome of the joint research project titled "Fintech Regulation: UK-China Collaboration to Promote Financial Innovation", was officially released by AIF and CCAF. The project is sponsored by the China Strategic Prosperity Fund program of the British Embassy to conduct in-depth research on the framework of Fintech regulations in China and in the United Kingdom and provide policy advice to financial regulators on both sides.

Ben Shenglin explained the international regulatory framework from three perspectives, namely the international practices and British experience, China's opportunities and lastly, policy advices. He comprehensively analyzed the UK regulatory sandbox for FinTech from its concept, process and advantages. He also noticed China's opportunities. Through studying China's regulatory framework and research findings, he analyzed China's feasibility report and offered advices for China's Fintech development.

Xu Qijie said that the rapid development of Fintech in China has had a major impact on the country's financial products, services and framework, and has promoted digital inclusive finance and the transformation and upgrading of China's financial industry. He concluded that Fintech is still developing in China and that there are noticeable trends suggesting its



regulated development. He suggested that traditional financial institutions welcome this new technology and supporting facilities like those for payment clearing or information and communications be improved. He reminded that there are still many aspects worthy of further research and discussion.

Mary Starks talked about FCA's three goals: financial market stability, consumer protection, and market innovation. She said that FCA's regulation standard is that the regulators promote an environment of fair competition and maintain public confidence in market justice. She believed that the regulators should issue policies and regulations that protect small and medium enterprises and consumers and the regulatory sandbox is an invention that expects both opportunities and challenges. She added that to globalize the regulatory sandbox, FCA will expand its business to other countries and work with these countries to establish an international regulatory sandbox that allows collective solutions to financial crisis.

Kunal Khatri noticed that the British Embassy in China has always been committed to Fintech development in both countries and with the innovations in the regulatory sandbox, the UK's role as the international financial center can be strengthened. He mentioned that, at present, there are more than 1,600 Fintech companies in the UK, involved in all segments of the financial industry. He said that the regulatory sandbox is made for consumer welfare and financial stability and the advantage of it is that it promotes Fintech development and helps companies, especially small and medium-sized ones, understand the current regulatory environment and policies at the same time.

He also said that the "Fintech Regulation: UK-China Collaboration to Promote Financial Innovation" project introduce the UK's experience and actions in financial regulation, and at the same time recognize the particularity of the challenges that China faces. He stated that, despite the risks, there is plenty of room for Fintech development in China and technological capabilities Chinese business symbols have are where British companies need to be improved. He hoped that both countries can further promote the regulatory sandbox in China and jointly globalize the box. He believed that our efforts will facilitate further cooperation in innovation and regulation between the two countries.

Jiao Jinpu made three points: First, good regulation should correctly predict the coming changes in the financial system. Second, China is still exploring its financial regulation. The regulatory system and actions change greatly and are far from settled down. Third, it is imperative to explore effective financial regulatory model and regulatory approaches. He said that finance is everyone's basic need and basic right in the future and good financial approaches should be convenient and efficient ones that are able to cater to consumers' needs.

The roundtable discussion was chaired by Kieran Garvey, CCAF Director. The following guests joined the discussion including Stephen Baron, Financial Services Specialist in the British Embassy, Huang Jian, Experian's Managing Director of Greater China, Alastair Johnson, Nuggets CEO, Yang Jun, Chief Risk Officer of Shanghai Lujiazui Finance Exchange, Yang Dong, Associate Dean of School of Law, Renmin University of China, Zhao Xijun, Associate Dean of School of Finance at Renmin University of China, Zhao Haiying, Chief Risk Officer of China Investment Corporation, Zhang Lijun, Managing Partner of Pricewaterhouse Coopers, GuoDagang, Secretary General of Beijing Internet Finance Industry Association, Xiao Geng, Professor of Practice in Finance and Public Policy at School

of Business and the Faculty of Social Sciences of the University of Hong Kong and Chairman of the Academic Committee of the International Finance Forum (IFF), Liu Qingsong, former Director of the Henan Regulatory Bureau, China Securities Regulatory Commission (CSRC), etc.



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**Journal Name:** IMI Newsletter

**Frequency of Publication:** Quarterly

**Publisher:** International Monetary Institute, Renmin University of China

**Editor-in-Chief:** Ben Shenglin

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