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Highlight

Launch of the 2022 IMF World Economic Outlook

On the morning of October 27, launch of the 2022 IMF World Economic Outlook was held at Renmin University of China (RUC), jointly organized by the IMF Resident Representative Office in China, International Monetary Institute (IMI), and co-organized by ZhiXin Investment Research Institute.

Steven Barnett, Senior Resident Representative of IMF China, and Li Xin, Deputy Representative of IMF China, Torsten Ehlert and Charlotte Gardes, Senior Financial Sector Experts at the IMF's Monetary and Capital Markets Department, Qian Zongxin, Associate Dean of the School of Finance of Renmin University of China, Lian Ping, Chief Economist of Zhixin Investment, Zhong Zhengsheng, Chief Economist of Ping An Securities, Lu Dong, Associate Professor at the School of Finance, RUC, Yang Zirong, associate researcher of the International Finance Department of the Institute of World Economics and Politics Chinese Academy of Social Science, and other experts and scholars from financial management departments, research institutes and financial institutions in Europe, the United States and Asia attended the meeting and made speeches. More than a dozen media participated. The meeting was chaired by Zhang Zhixiang, former Director-General, International Department, PBoC, and former IMF Executive Director for China.

Prof. Qian Zongxin made the opening remark, expressing his heartfelt thanks and warm welcome to all the guests. He pointed out that the World Economic Outlook has expected a declining global economic growth rate and a rising global inflation rate. As the global economy continues to face unusually high risks, policymakers should focus on restoring price stability and easing the pressure on living costs. He expressed in the conclusion that he looks forward to the further consolidation and deepening of the cooperation between the IMI and IMF and wished the conference a complete success.

Mr. Steven Barnett was the first to deliver the keynote speech. He stated that the global economy is facing two serious challenges: inflation and low-income countries. The most important thing is to stabilize the macro economy. Judging from the volume of economies, the world can now be divided into two categories: developed economies, as well as emerging and developing countries. It is predicted that inflation will continue to rise. It is expected that inflation will fall back to the pre-pandemic level in December 2024. All central banks should take decisive actions to appropriately tighten monetary policy without affecting economic recovery. Against

the backdrop of the pandemic, the world has entered the largest economic recession, with low-income countries and vulnerable economies suffering the most. Debt pressure and financing costs continue to rise. International organizations and developed economies should be called upon to take concerted action. The IMF has provided loans and assistance to troubled countries to help low-income countries achieve debt relief. Meanwhile, it has arranged a US\$ 650 billion SDR policy, established a sustainable development resilience trust fund, and provided project-based loans to countries.

Next, Mr. Li Xin delivered a speech on the economic outlook of the Asia-Pacific region. He mentioned that the global economic forecast released by the IMF lowered the growth rate of the Asia-Pacific region to 4% this year and 4.3% next year, far lower than the average annual growth rate of 5.5% in the Asia-Pacific region over the past 20 years. Despite this, the Asia-Pacific region is still one of the bright spots against the backdrop of an increasingly gloomy global economy. China's economy has been affected by the pandemic, downward pressure from the real estate industry and weakening external demand in 2022. The Chinese government have then adopted very strong fiscal and monetary policies to stabilize the economy and promote recovery. The lifting effect of these policies on the economy was positive 0.6 percentage points. Based on the forecast of inflation in Asia, policies should be prepared for the possibly more lasting core inflation. Within the context, tighter monetary policies are needed to help central banks stabilize inflation levels and expectations. Governments should be more specific when using fiscal policies to support the economy. These fiscal plans should be temporary, budget neutral and have an exit mechanism. In response to scarring effects, governments should promote structural reforms to boost growth in the medium to long term. At the same time, the increase of investment in education and training is necessary. All parties still need to address the thorny problems facing the global economy within the framework of multilateralism.

Subsequently, Mr. Torsten Ehlers and Ms. Charlotte Gardes gave keynote speeches on how to expand EMDEs' private climate finance. They pointed out that emerging markets and developing economies have brought many challenges to private investment and need to adopt a multi-pronged approach to push for improvement across complex ecosystems.

Finally, Mr. Lian Ping delivered a speech on how China's macro policies contribute to steady growth. Due to the uncertainties brought about by the impact of the pandemic, the slow recovery of domestic demand, the expected instability of the international economic situation and the impact of export trade, etc., the external pressure will increase in the fourth quarter of this year and next year. First of all, active fiscal policies should be put forward continuously to provide sufficient financial support for the introduction and landing of various fiscal policies, and



targeted efforts should be made to support weak links, maintain moderate spending intensity, optimize the spending structure and give priority to supporting key projects. Secondly, we should maintain the sound tone of monetary policy. The implementation of the Federal Reserve's radical monetary policy has caused impact on the world economy. Domestic monetary policy should follow it, but it is difficult to achieve with the economic downward pressure at home. It is necessary to seek a way on our own with a clear mind, and prioritize stable growth, make balanced arrangements for internal and external policies, and maintain financial market and the RMB exchange rate. Thirdly, fiscal policy and monetary policy should be well coordinated at macro, meso and micro levels to find the crux of the demand and supply problems, adhere to a steady and solid general direction, grasp the mechanism of both, flexibly choose and use the policy toolbox based on their respective advantages, dynamically adjust the functional division between macro management departments, pay attention to the market, and prevent the dynamic transmission of policy risks.

The panel discussion was chaired by Zhong Zhengsheng, Chief Economist of Ping An Securities, focusing on how China should respond to the global economy. Steven Barnett said during the discussion that although the global situation has brought negative impact on China's economy, he remains optimistic about China's long-term economic development and further adherence to scientific economic policies. Li Xin pointed out that restoring domestic demand after the pandemic needs to mobilize resources from private sectors, stablish expectations, stabilize the overall economy from a policy perspective and implement structural reforms in the medium to long term. He went on to say that the realization of China's modernization requires high-quality economic growth, improvement of total factor productivity and better sharing of the fruits of China's economic growth by the whole people. Yang Zirong mentioned that the main driving force behind the rapid rise in the US dollar index is the continuous and significant interest rate increase by the Federal Reserve. It is expected that the Federal Reserve will slow down the pace or even stop raising interest rates in the first half of next year, when the US dollar index may peak and fall back; The current high inflation and low unemployment rate in the United States are mainly due to the loose monetary policy and strong rescue policy in the past two years. From historical experience, the U.S. economy is likely to decline in the next one or two years. Lu Dong believes that in the short term, judging from the external economic uncertainties and cross-border capital flows, the RMB will also face depreciation, but it may be relieved through macro-prudential policies. With sufficient foreign exchange reserves, the RMB will remain relatively stable within a reasonable and balanced range. In addition, the global economy may face risks such as economic slowdown, interest rate hikes by the Federal Reserve and debt problems of low-income countries and developing countries in the world next year. It is necessary for each country to implement policies based on its own monetary system or policy

mechanism to achieve a stable world economy.



Research

Launch of 2022 Tianfu Financial Index and Roundtable on Money and Finance·Winter 2022

On December 29th, the Launch of 2021 Tianfu Financial Index and the Symposium on Financial Support for Small and Micro Businesses, hosted by the School of Finance, RUC, organized by the International Monetary Institute (IMI), and supported by Sichuan Financial Academy, Sichuan Provincial Bureau of Financial Work and Sichuan Tianfu Bank, were held online. This event consisted of the Launch of 2022 Tianfu Financial Index and the Symposium on Financial Support for Small and Micro Businesses (the Roundtable on Money and Finance·Winter 2022).

Du Peng, Vice President of Renmin University of China, Wang Yanci, Member of the Party Group and Secretary of the Party Committee of Sichuan Provincial Bureau of Financial Work, Liao Fenghua, Member of the Party Committee and Deputy Governor of Chengdu Branch of the People's Bank of China, Jiao Jinpu, Chairman of China National Gold Group Corporation, Huang Jinlao, Chairman of Jiangsu Suning Bank, He Qing, Professor, School of Finance, RUC and Director of Local Finance Research Office, IMI, Huang Jicheng, Associate Professor, School of Finance, RUC, and other experts and researchers from governments, universities and the financial sector attended the event and delivered speeches online. The RUC Tianfu Financial Index team, students and teachers from the School of Finance and representatives of member units of Sichuan Financial Academy also participated in the virtual conference moderated by Qian Zongxin, Associate Dean, School of Finance, RUC.

Professor He Qing released the 2022 Tianfu Financial Index Report. He pointed out that the RUC Tianfu Financial Index team has published the Tianfu Financial Index for six consecutive years in hope of strengthening mutual understanding of financial development among various central cities and thereby diversifying competition strategies and achieving coordinated development. Tianfu Financial Index takes into account both traditional and emerging industries in the financial sector, builds an index system in a scientific manner. The data is acquired and compiled in an open and transparent manner, which is replicable. Amid the COVID-19 pandemic, questions like how to comprehensively use financial policy tools and continue to improve financial service so as to provide a strong financial support for scientific and

technological innovation, economic stability and common prosperity have become new challenges in financial practices of various regions.

Overall, the 35 central cities have their own strengths in the 2022 Tianfu Financial Index. Some of them have achieved remarkable progress in financial development. They continue to improve the financial supply structure and optimize the financial service mode, better leveraging the role of finance in supporting the real economy. Specifically, Beijing remains the national center of financial management and Shanghai remains the international financial center. The financial sectors in Shenzhen and Guangzhou continue to face challenges. Chengdu has promoted the reform and innovation of green finance so as to improve the quality and efficiency of the sector. The fundamentals of finance in Hangzhou, Wuhan and Zhengzhou are stable and enjoy diversified competitive edges. The central and western regions have promoted financial development through reform and opening up. Haikou, Ningbo and Xiamen have taken multiple measures to boost financial development.



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. 193): Finance and Common Prosperity

On November 12th, the 1st of the "Financial Development as a Promoter of Chinese Path to Modernization" serial salons, also the Macro Finance Salon (No.193), jointly organized by the Monetary and Financial Department of the School of Finance and the International Monetary Institute (IMI), Renmin University of China (RUC), was held as an online seminar. Multiple experts in finance were invited to the meeting for the discussion over "Finance and Common Prosperity". During the meeting, a keynote speech was delivered by Liu Shangxi, Secretary of the Party Committee and President of Chinese Academy of Fiscal Sciences, and the follow-up discussion was initiated by Zhao Xijun, Co-Dean, Academy of China Capital Market, RUC. The seminar was chaired by Ben Shenglin, Co-director of IMI; Dean, Zhejiang University International Business School and Academy of Internet Finance.

Liu Shangxi first delivered a keynote speech on "Finance and Common Prosperity" with the title of "Theoretical and Practical Challenges on the Way to Common Prosperity". He pointed out three theoretical challenges: first, how can prosperity be commonly enjoyed? Behind this challenge is the issue of efficiency and fairness. Second, from which perspective do we define common prosperity, materials or people? This question involves the relationship between

the development of materials and the development of people. Third, opportunity fairness or structural fairness? This question marks a challenge for allocation expectation. To achieve fairness, China has ensured people's access to childcare, education, employment, medical services, elderly care, housing, and social assistance. Then, Liu Shangxi moved to the practical challenges: first, the duality of the market economy system and the rigid resource allocation in rural areas; second, the duality of the social identity system—problems have arisen as a result of the identity differences between urban and rural residents; third, the duality of public ownership system, where the state ownership system and collective ownership system co-exist. In summary of the solution, Liu Shangxi proposed four countermeasures: first, theoretically and institutionally eliminate the three dualities; second, enable a smoother flow of farmers and their property rights; third, further reduce the size of agriculture and number of farmers; fourth, achieve the urban-rural integration where people-oriented urbanization plays a leading role—only by fulfilling these tasks will it be possible to reshape the social, economic, regional, and allocation structures, truly realize the shift from material-based logic to human-based logic, and thus contribute to and achieve common prosperity.

Zhao Xijun then initiated the discussion about "fully understanding the role of finance in promoting common prosperity". He noted that common prosperity is an important part of Chinese modernization. In terms of the core institutional arrangements, there are four things to do: first, improve the allocation system, which is the basic system promoting common prosperity; second, increase the proportion of residents' income in the national income allocation and make it an important part of the institutional design and arrangements to increase the income of low-income people and expand the middle-income group; third, change the single factor allocation method by diversifying the factors and increasing the property income of urban and rural residents through multiple channels; fourth, intensify the adjustment of taxation, social security, transfer payments, etc. With regard to finance, it can also play roles with its micro and macro functions. At the micro level, the most important function of the financial market is to meet the investment and financing needs of different market players and incorporate various production factors into the production process to create material prosperity. At the macro level, the financial market encourages and promotes the transformation of savings into investment to form capital, thus contributing to the accumulation and growth of wealth. Zhao Xijun also pointed out that in prosperity creation, state-owned enterprises are important carriers of value creation, and state-owned capital is the ballast of social public prosperity.

Macro-Finance Salon (No. 194): Fiance Propelling High-Quality Development of Belt and Road Initiative



On November 19, 2022, the Macro-Finance Salon (No. 194) was held online. This event was co-hosted by the International Monetary Institute (IMI) and the Department of Monetary Finance, School of Finance, Renmin University of China (RUC). It was joined by Li Jianju, Vice-President, CUFU and Qu Fengjie, Member of Academic Committee, Institute of International Economic Research, NDRC. They shared their observation on how finance contribute to high-quality development in Belt and Road Initiative (BRI) cooperation. The salon was moderated by Tu Yonghong, Professor, School of Finance, RUC; Dean, Yangtze River Economic Zone Research Institution of RUC.

Qu Fengjie delivered a keynote speech first. She said that the Belt and Road Initiative, after nine years of exploration, had now entered the stage of high-quality development. At present, the internal and external environment of the pursuit of the BRI has undergone profound changes and the BRI faces four major challenges of financial support: (1) huge funding gaps, (2) insufficient capital sources and channels for BRI development, (3) urgent needs to diversify financing models, (4) immature financial-risk-control systems. Given these four challenges, financing channels should be broadened to provide comprehensive and multi-level financial support for the BRI development. To reach that goal, nine steps should be taken: (1) aligning the Asian Infrastructure Investment Bank with international rules; (2) ensuring a leading role of development finance and policy finance; (3) promoting participation of commercial banks and private capital in the BRI; (4) strengthening cooperation with multilateral financial institutions; (5) exploring third-party cooperation; (6) promoting regional monetary and financial cooperation; (7) developing differentiated financing strategies according to different project types; (8) developing a Belt and Road investment and financing platform; and (9) strengthening financial risk prevention and control and building a country-specific risk monitoring and early warning system.

Then Li Jianjun gave a speech. He pointed out that the BRI had achieved good results over the past nine years and had made significant progress in policy, infrastructure, trade, financial and people-to-people connectivity, which had laid a sound foundation for the next phase of quality development. That said, the pursuit of BRI still faces challenges like a huge demand for infrastructure construction funds, insufficient supply of funds and poor financing channels. There are also geopolitical and legal risks in the development of BRI. We need to adhere to the principle of pursuing shared growth through discussion and collaboration. It is important to take hardware connectivity as a major direction, software connectivity as a critical support and people-to-people connectivity with BRI countries as a crucial foundation so as to ensure quality development in BRI cooperation.

Macro-Finance Salon (No. 195): Banking Digitalization Boosting Chinese

Path to Modernization

On November 26, 2022, the Macro-Finance Salon (No. 195) and the third seminar of the “Financial Development as a Boost to the Chinese Path to Modernization” series was held online. This event was co-hosted by the International Monetary Institute (IMI), the Department of Monetary Finance, School of Finance, Renmin University of China (RUC) and China Fintech 50 Forum (CFT50). During the seminar, Gao Feng, Chief Information Officer of China Banking Association, delivered a keynote speech titled “Banking Digitalization Boosting Chinese Path to Modernization”. The seminar was also joined by Tang Xiao, Chief Executive Officer of BOC Financial Technology Company Limited, Zeng Gang, Director of Shanghai Institution for Finance and Development, and Lu Liping, IMI Research Fellow. The salon was moderated by Song Ke, Deputy Director of IMI.

In his keynote speech, Gao Feng covered two aspects. The report shows three levels of the digital transformation of the banking industry helping the development of Chinese modernization through six capabilities. At the beginning, he pointed out that it is necessary to re-recognize that the high-quality development of the banking industry urgently needs digital transformation. Digital transformation refers to a digital technology-driven banking reform and is the only way for high-quality development. It should serve the real economy and fully embody people-centeredness. Then he went on to analyze how to improve the digital ability of banks from six aspects. First, the digital strategy, which focuses on the integration of business and technology; Second, the path of business development reflected in the digitalization of business and operation; Third, data management and application capabilities; Fourth, the supporting ability of science and technology. Banking institutions should increase the flexible supply from data center infrastructure, improve the supporting ability of science and technology architecture, and promote the agile transformation of science and technology management. Fifth, the ability of risk prevention in digital transformation. It is necessary to establish a proper risk management system to incorporate risks in digital transformation; Sixth, introduction and cultivation of digital talents, especially compound talents with a mixed background of finance, science and technology, and data.

Macro-Finance Salon (No. 196): Regulating Wealth Accumulation Mechanism to Promote Chinese Path to Modernization

On December 4, the Macro-Finance Salon (No. 196) and the fourth seminar of the “Financial Development as a Boost to the Chinese Path to Modernization” series was held online. The event was co-hosted by the International Monetary Institute (IMI) and the Department of Monetary Finance, School of Finance. Zhang Xiaojing, Dean of Institute of Economics at the Chinese Academy of Social Sciences delivered a keynote speech on



“Regulating Wealth Accumulation Mechanism to Promote Chinese Path to Modernization”. The salon was joined by Guo Jianwei, senior research fellow of the Institute of Finance and Sustainability and former Editor-in-Chief of China Financial Publishing House, Professor Dai Wensheng, School of Finance, RUC, and Guan Qingyou, Director and Chief Economist, Rushi Advanced Institute of Finance. The salon was moderated by Zhao Xijun, Member of IMI Academic Committee and Co-Dean of Academy of China Capital Market, RUC.

Zhang Xiaojing delivered a keynote speech on “Regulating Wealth Accumulation Mechanisms to Promote Chinese Modernization”. Zhang pointed out in his remark, the 20th CPC National Congress raised a new term “to regulate the mechanism of wealth accumulation”, responding to the new requirements for wealth accumulation and distribution in Chinese modernization. On the one hand, it is impossible to build a strong socialist modern country without a solid material and technological foundation, which illustrates the importance of wealth accumulation. On the other hand, common prosperity is an essential requirement of socialism and a key feature of Chinese modernization, for which wealth allocation is an unavoidable challenge to be tackled. Globalization, financialization, and digitalization have promoted economic prosperity, meanwhile reshaped the mechanism of wealth accumulation, and also brought various levels of wealth divisions. Looking back at the history since the establishment of New China, the pattern of wealth accumulation has witnessed great changes. Before reform and opening up, the emphasis on high-level deposits, low consumption and compulsory savings led to the accumulation of wealth in the government, while the growth of wealth was limited in the private sector. After reform and opening up, people began to accumulate personal wealth at a very fast pace. The pattern in wealth allocation also changed. Before reform and opening up, wealth distribution was tilted towards government, while relatively equal in the private sector. There was no severe division. After reform and opening up, marketization and the development of non-state economy had driven wealth distribution towards the private sector, with the accumulation speed exceeding that of the government, but there was severe division in the private sector. In order to promote Chinese modernization, it is necessary to form a sustainable wealth accumulation mechanism, focus on middle and low-income groups, and pay equal attention to wealth accumulation and distribution.

Macro-Finance Salon (No. 197): Reform of Market-based Exchange Rate and High-quality Development

On December 10, 2022, the Macro-Finance Salon (No. 184) and the fifth seminar of the “Financial Development as a Boost to the Chinese Path to Modernization” series was held online. Co-hosted by the International Monetary Institute (IMI) of Renmin University of China (RUC) and Department of Monetary Finance, School of Finance, RUC, the seminar was joined by

keynote speakers Guan Tao, Global Chief Economist of BOC International and Zhang Liqing, Director of Center for International Finance Studies and professor of School of Finance, Central University of Finance and Economics. The salon was moderated by Wang Fang, Deputy Director of IMI and Associate Dean of School of Finance, RUC.

Guan Tao, Global Chief Economist of BOC International delivered a keynote speech on “Reform of Market-based Exchange Rate and High-quality Development”. He suggested that to promote high-quality economic development, we should deepen reforms to make the exchange rate more market-based, increase RMB exchange rate’s flexibility, and keep the RMB exchange rate generally stable at an adaptive, balanced level. (1) A market-based exchange rate meets the needs for ensuring monetary policy autonomy and better serves the real economy. (2) A market-based exchange rate is integral to following the new development philosophy and fostering a new development paradigm. (3) A market-based exchange rate is essential for adhering to market economy reform and high-standard opening-up. (4) High-quality development needs to be more secure, and a market-based exchange rate would be an important lever to ensure both development and security. (5) A market-based exchange rate ensures that we play an active part in the reform and development of the global governance system and build a community with a shared future. Deepening reforms to liberalize the exchange rate can wean RMB from the over-reliance on key currencies, lower the demand for foreign exchange reserves, and reduce risk exposure.

Zhang Liqing, Director of Center for International Finance Studies and professor of School of Finance, Central University of Finance and Economics noted that a liberalized RMB exchange rate can promote high-quality development through four channels, namely properly allocating foreign exchange as a resource and avoiding external economic imbalance, fostering the new development paradigm of dual circulations and fending off or absorbing external shocks, maintaining monetary policy independence and expanding financial-sector opening-up, and RMB internationalization. In liberalizing RMB exchange rate, it is necessary to steer the reforms in the right direction of greater flexibility and achieving free floating exchange rate in the end. On top of that, we should seize opportunities when China’s economy reopens amid downturns of major economies, so as to accelerate the development of foreign exchange hedge, strengthen communication with the general public, better manage expectations, enhance policy communication and coordination, and further the reforms of market-based RMB exchange rate.

Macro-Finance Salon (No. 198): Construction of the Greater Bay Area (GBA) and Financial Opening-up

On December 14, 2022, the Macro-Finance Salon (No. 198), co-hosted by



the International Monetary Institute (IMI) and the Department of Monetary Finance, School of Finance, was successfully held online. Professor Xiao Geng, Director of Shenzhen Finance Institute, the Chinese University of Hong Kong and President of Hong Kong Institution for International Finance, and E Zhihuan, Chief Economist of Bank of China (Hong Kong) shared their views on the “Construction of the Greater Bay Area (GBA) and Financial Opening-up”. The salon was moderated by Tu Yonghong, Dean of the Yangtze River Economic Zone Research Institution of RUC and Deputy Director of IMI.

Professor Xiao Geng delivered a keynote speech and shared the following observations. As an offshore international financial center with strong risk absorption capacity, Hong Kong serves as a magnet to attract capital in China’s financial opening, and an important platform in RMB internationalization. Financial opening requires institutional innovation, including cooperation between Shenzhen and Hong Kong as well as cooperation among the cities in the GBA. Financial opening requires institutional innovation, including cooperation between Shenzhen and Hong Kong and among cities in the GBA. A pilot zone for deepened cooperation between Shenzhen and Hong Kong should be established, which consist of a physical zone in Hong Kong and a virtual zone in Shenzhen. Different market players should be under precise supervision through digital technology, and a white-list system should be adopted in approving pilot projects. The double-core system will expand the capacity of Hong Kong, meanwhile enhance competitiveness, improve business environment and step up internationalization of the GBA. Shenzhen and Hong Kong will become mutual shareholders instead of competitors, and achieve comprehensive development through in-depth cooperation and bundled complementarity.

Chief Economist E Zhihuan delivered a speech. She pointed out that as the 14th Five-Year Plan purposed, Hong Kong will be encouraged to better integrate itself into the country’s overall development through the construction of the GBA. The city's competitive advantages will be consolidated and enhanced, and will be established as eight major centers. As the GBA initiative enters the fourth year of implementation, relative regional development strategies are improved, and will better facilitate Hong Kong's development. Cross-border finance is an important part of GBA development. The Cross-boundary Wealth Management Connect Scheme is piloted in the GBA to build a connected collaborative mechanism for cross-border asset management. Shenzhen-Hong Kong Stock Connect (SEHKSZSE) was launched and expanded in the GBA to promote an systemic upgrade of the capital market interconnection.

Macro-Finance Salon (No. 199): The Safe-haven Attribute of Renminbi: Recent Trends and Basic Features

On December 22, 2022, the Macro-Finance Salon (No. 199) was held

online. This event was co-hosted by the International Monetary Institute (IMI) and the Department of Monetary Finance, School of Finance, Renmin University of China (RUC). He Qing, Deputy Director of the Department of Monetary Finance, School of Finance, Renmin University of China (RUC), delivered a keynote speech on “The Safe-haven Attribute of Renminbi: Recent Trends and Basic Features”. The seminar was joined by Chen Weidong, President of BOC Research Institute, Ding Jianping, Deputy Director of Shanghai Institute of International Finance Center, Zhang Ming, Vice President of Institute of Finance and Banking, Chinese Academy of Social Science. The salon was moderated by Qu Qiang, Director Assistant and Research Fellow of IMI.

He Qing discussed the trend, features, influencing factors and policy suggestions concerning RMB’s safe-haven property. There are two recent trends and basic features. First, the safe-haven property of RMB assets is becoming increasingly prominent. Second, the aggressive interest rate hike from the Federal Reserve puts short-term pressure on the RMB, leading to a trend of depreciation. There are five important factors affecting the safe-haven property of RMB: rapid recovery of the real economy, moderate and stable foreign exchange reserves, large scale RMB allocation assets with reasonable returns, moderate and feasible financial opening measures, and the minimized spread between CNY and CNH are all conducive to the improvement of the safe-haven property of RMB. On further promoting RMB to be a safe-haven currency, Professor He proposed three policy suggestions. First, promote high-quality development of national economy and maintain stable and appropriate foreign exchange reserves; Second, boost the capital market, expand the size of the market and prudently open up the capital account; Third, facilitate the integration of CNY and CNH, and steadily promote the internationalization of RMB.



Huarui Fintech Salon

Huarui Fintech Salon (No. 3): Data Governance Helps Build a Privacy Protection Ecosystem

“Huarui FinTech Salon (No. 3)”, jointly hosted by Shanghai Huarui Bank, International Monetary Institute (IMI) of Renmin University of China (RUC) and RUC FinTech Institute, was held on October 10 online. Tian Li, senior researcher of China International Economic Consultants and postdoctoral researcher at Guanghua School of Management, Peking University delivered a keynote report entitled “Data Governance Helps Build a Privacy Protection Ecosystem”. Zhou Daoxu, Director of Center for Financial Security, School of Fintech, Tsinghua University, Zeng Gang, director of Shanghai Institution for Finance & Development, Zhang Shaofeng, CEO of Bairong Yunchuang, and Cai Chunjiu, vice president of Data Management Application Promotion Branch of CESA attended the discussion. The salon was moderated by Qu Qiang, researcher and assistant director of IMI.

In the first session of the salon, Tian Li delivered a keynote speech. She first discussed the balance between data exploitation and privacy protection from the perspective of economics, the status of development of data factor market and privacy protection, the necessity and inevitability of global digital governance and data co-governance. Then, Tian Li summarized the connotation, tools and methodology of data governance, and finally discussed the basic way of data governance to strengthen personal information protection.

She pointed out that the development of data factors has the following typical facts: First, the development of digital economy has restructured the global economic development pattern, and China has become the second largest digital economy in the world. Second, data is a kind of production factor along with land, labor, capital and technology. Third, the intrinsic logic of the digital economy is economic growth driven by technological innovation. No matter from the perspective economic development needs or national top-level design, the trend of data factor is inevitable. Fourth, provinces and cities have issued policies to build data market. The process of data realizing factor value is the process of data resource utilization and capitalization. "Data products" can become data assets only when the property rights of assets are definable and tradable. Fifth, in the context of the market-based flow of data factors, the world has entered an era of co-governance of data. The United Nations advocates a new approach and a new framework for global data governance. Data security and personal privacy protection are the premise and guarantee of market-based allocation of data factors. From the perspective of economics, there is a balance between privacy protection policy regulation and social welfare. In addition, he discussed data governance from the perspective of a community with a shared future for mankind and the internal logic of balancing marketization of data factors and privacy

protection to realize data co-governance.

In the second session of the salon, the experts at the meeting held in-depth discussions on such topics as domestic and foreign data strategies and policies, internal logic in the balance of data development and utilization as well as protection, and how emerging technologies consolidate and boost the construction of privacy protection ecology.

Huarui Fintech Salon (No. 4): Digital Payment to Support Small and Micro Businesses

On October 23 afternoon, “Huarui Fintech Salon (No. 4)”, co-organized by Shanghai HuaRui Bank, the International Monetary Institute (IMI) of Renmin University of China (RUC) and RUC FinTech Institute, was held online. Themed at “Digital Payment: A Lever to Digitalize Small and Micro Businesses”, the salon was joined by keynote speaker Yao Zeyu, Executive Director of the Research Department of China International Capital Corporation Limited. Fellow participants of the salon include Yang Tao, Director of Research Center for Payments & Settlements at Institute of Finance and Banking, CASS and Deputy Director of National Institute for Finance & Development, Zhang Chunxia, General Manager of Nanjing Suning Pay Network Technology, and Feng Jiaqi, Director of strategic research at Ant Group Research. The event was moderated by Wang Jian, Senior Research Fellow of IMI and Chief Analyst of Banking at Guosen Securities Economic Institute.

Wang Jian first introduced organizers of the event and extended welcome to all guests. He noted that digital payment is a key component of the financial system and the cornerstone of real economy’s digital transformation. He pointed out that the salon will hold discussion about the underlying logic, recent updates and the significance of digital payment in modern economic and financial system, which will contribute to economic development.

Yao Zeyu delivered a keynote speech on “Digital Payment as A Lever to Digitalize Small and Micro Businesses”. His observations are threefold. First, as the market comes to digital transformation 3.0, services market for offline small and micro businesses are reaching a turning point, with overall revenue of the industrial chain expected to exceed ¥200 billion in 2025. Second, the service chain consists of five segments, namely mobile payment, digital operation, advertising, financial services, and scenario-based services. As offline small and micro businesses have their unique features, the key to sustainable digital operation service is the capability to reach out to businesses, while product and service quality are essential for differentiation and competitiveness. Third, major players in the services market for offline small and micro businesses fall into four categories: local lifestyle service platforms, large service institutions, payment aggregator, and SaaS service providers. The participants then had extensive discussion about the keynote and relevant issues and shared their views on digital payment of small and micro businesses, including its current condition, challenges ahead and possible ways of comprehensive



development.

Huarui FinTech Salon (No. 5): Privacy-Preserving Computing, Confidential and Reliable Data Circulation Promoting Digital Transformation of Commercial Banks

Under the theme of “Privacy-Preserving Computing: confidential and reliable data circulation promoting digital transformation of commercial banks”, the 5th session of Huarui FinTech Salon, jointly organized by International Monetary Institute (IMI), Ren

min University of China and RUC FinTech Institute, was held on December 25 online. The keynote speech was delivered by Li Zhaoning, Dean of FinTech Academy and Managing Director of Internet Finance Department of Bank of Communications. Several experts exchanged their opinions on this subject, including Zeng Gang, Director of Shanghai Institution for Finance & Development; Wei Tao, Vice President and Chief Technology Security Officer of Ant Group; and Li Jian, director of Research Department of China Banking Association. The seminar was moderated by Qiu Zhigang, IMI Senior Research Fellow and professor of School of Finance, RUC.

The keynote speech given by Li Zhaoning was themed on “Privacy-Preserving Computing: confidential and reliable data circulation, promoter of digital transformation of commercial banks”. He explained the contribution of privacy-preserving computing to digital transformation of commercial banks from both macro and micro perspectives, by introducing the current tendency of policies, the features and evolution of this technology and the examples of its application in finance. With the CPC Central Committee placing increasing emphasis on data factor and security, the planning and criteria of these two elements have reached higher standards. Meanwhile, the legal environment has also been improved to better protect data security and privacy. In such context, confidential and reliable data circulation has become a key factor with which financial institutions can better serve major national strategies.

Privacy-preserving computing is a computational theory and method of protecting private information during its full life cycle. As a computational model and an axiomatized system, it serves to measure the information privacy, calculate the cost of privacy leakage, and protect the data security in case of separation of ownership, management and usage rights of private information. It also revitalizes the data privacy analysis. This tool helps protect private data, avoid excessive data circulation and improve information security. At present, privacy-preserving computing holds an essential position in the top-level design of FinTech. This calls for improved technological standards and further efforts by financial institutions in this area, as well as more projects for its application.

There are three suggestions on the application of privacy-preserving computing to financial sector. First, we should establish privacy-preserving computing platforms on company or institutional levels. Second, in the long term, the calculation should be

mainly based on plain-text, with private data computing as a complement. Third, the cooperation in this domain should abide by law.

In a word, the new approach of secure and reliable data circulation, empowered especially by private data computing, along with its derivative solutions, serves to “keep the data invisible and independent during its utilization, which becomes controllable and measurable”. Without supportive policies or infrastructures, this progress would not have been made. For further progress, we should also respect technological ethics and ensure equal rights for each agent of data utilization.



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