



IMI Newsletter

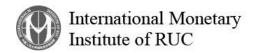
International Monetary Institute
Renmin University of China

Highlight

• Conference on the Digitalization of Wealth Management in the Era of the Digital Economy and the Launch of the Report on Evaluation of China's Wealth Management Capacity 2022

Research

- Macro-Finance Salon No. 200-204
- Huarui FinTech Salon No. 6-7



Highlight

Digitalization of Wealth Management in the Era of the Digital Economy and the Launch of the Report on Evaluation of China's Wealth Management Capacity 2022

On March 24, the Conference on the Digitalization of Wealth Management in the Era of Digital Economy and the Launch of the Report on Evaluation of China's Wealth Management Capacity 2022 was held in Beijing. This summit was organized by China Cooperation Forum on Digital Finance and the School of Finance, Renmin University of China (RUC), and co-organized by the International Monetary Institute (IMI) of RUC, the Wealth Management Research Center of RUC, and the Golden Bull Financial Research Center of China Securities Journal. The participants had in-depth exchanges on the digitalization of wealth management, the structural reform of the financial industry, and other heated issues in the industry. Qian Zongxin, Associate Dean of the School of Finance of RUC, presided over the summit.

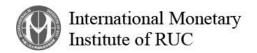
Wu Xiaoqiu, former Vice President of RUC and Dean of the Academy of China Capital Market, emphasized the need to pay attention to the downfall of Silicon Valley Bank and Credit Suisse and noted that despite the different economic and financial structures of China and the U.S., the bailout strategies of the latter are still worth thinking about. UBS has decided to acquire Credit Suisse, which is an unprecedented decision that has broken and bent the rules. The crisis is far from over and the impact of the collapse of Silicon Valley Bank and Credit Suisse will still be felt, but this will not likely trigger another financial crisis like the one in 2008. When analyzing the impact of international issues on China, it is important to set a rational framework for academic analysis. China needs to learn lessons from these issues and attach great importance to financial risks. The reform of China's financial regulators needs to focus on how to balance innovation and regulation while holding the bottom line of no systemic financial risk. The purpose of the reform is to integrate, coordinate and control financial risks, and to prevent systemic financial risks. Here are two priorities for China's financial industry: first, to understand the important role of finance in China's economic and social development - modern finance has largely contributed to China's scientific and technological progress and economic growth; second, to handle the relation between innovation and regulation, financial regulation should keep pace with financial innovation.

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Zhang Jianhua, Secretary General of China Cooperation Forum on Digital Finance and former Governor of Huaxia Bank, pointed out that the financial structure is changing with the development of digital technology. Some platform companies have strong technical strength and data integration capabilities. Their role as third-party institutions has then been highlighted. In the era of the digital economy, how to realize the digitalization of wealth management and make full use of financial data elements is an urgent issue to be solved. The digitalization of wealth management is the general trend. Problems in the traditional wealth management industry such as limited product types, insufficient institutional investment and inadequate management capacity and other problems including low financial literacy in residents can be solved with digital solutions. Digital technology can promote the business transformation of wealth management. Diverse data is needed by many businesses of financial institutions, and banks can make efforts in the datafication of business, scenario-base data, and intellectualized scenarios. The digitalization and intellectualization of wealth management cannot be done without the strong support of data elements and the underlying technology of big data analysis. Data elements are not consumed but gradually accumulated in production and consumption in accordance with increasing marginal utility. Circulation is a sufficient and necessary condition for data to become a factor of production, without circulation, there is no market for data to realize its value. In terms of data collection, only the minimum necessary personal information can be collected and processed with authorization. However, the minimum necessary standard is hard to define in the actual data collection process. In addition, it is also important to obtain a second consent from data subjects to prevent risks.

The meeting saw the release of the Evaluation Report on China's Wealth Management Capacity 2022. Song Ke, Deputy Director of IMI gave an overview of the report at the meeting and stated four points: first, banks are still the mainstay of the wealth management industry and the investment in fintech continues to increase; second, securities firms continue to expand their market share and the wealth management has been preliminarily digitalized; third, mutual fund companies have huge room for development and the information environment needs to be improved; fourth, third-party institutions develop rapidly thanks to the development of the Internet, which lays the technological foundation for digital transformation.

The industry forum was chaired by Xu Jianjun, director of Golden Bull Financial Research Center of China Securities Journal. Song Jianbin, President of Bank of Hangzhou, Zhang Min, Vice President of Industrial Bank, Wang Tun, Vice President of ICBC Wealth Management, Zhang Xinfan, Member of the Executive Committee and Chairman of the Brokerage Business Management Committee of CITIC Securities, Li Yimei, General Manager of Huaxia Fund, Wang Jun, Chairman of Ant Fund and other guests had in-depth exchanges on digital empowerment, the use of



technology in wealth management and other heated issues.

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Research

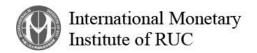
Macro-Finance Salon

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 Macro-Finance theory, policy and strategy. The concept "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 stronger facilitates long-term economic growth and national competitiveness.

Macro-Finance Salon (No. 200) and Huarui FinTech Salon (No. 6) Blue Oceans of Digintelligent Fintech Service Industry

On October 26 afternoon, Macro-Finance Salon (No. 200) and Huarui Fintech Salon (No. 6), co-organized by Shanghai HuaRui Bank, the International Monetary Institute (IMI) and RUC FinTech Institute, was held online. Themed at "Blue Oceans of Digintelligent Fintech Service Industry", the salon was joined by keynote speaker Cao Tong, Chairman of HuaRui Bank. Fellow participants of the salon include Ben Shenglin, Co-director of IMI and Dean of Zhejiang University International Business School and RUC FintTech Institute, Ma Hongjie, Vice President of Digital China Information Service Company Ltd. (DCITS), and Wen Jirong, Dean of the School of Information, RUC and Executive Dean of Gaolin School of Artificial Intelligence, RUC. The seminar was moderated by Song Ke, Deputy Director of IMI and Executive



Director of RUC FinTech Institute.

In his keynote speech, Cao Tong shared his views on the prospects of the smart digital financial services.

Cao first pointed out that digintelligence is the future growth mode for financial services. Improved digital capabilities and sweeping digital technologies are refining industries, and end-customers are moving resources, capitals and talents to B2B commerce, bringing both challenges and opportunities.

Second, Cao proposed that financial industry should equip themselves with digintelligence capabilities, in particular, digital interaction and risk control. Since the unitary and single-centered demand is shifting to the diverse and multi-centered, platform ecosystems become the common pursuit of the financial sector and others, and financial risk control and regulation are indispensable. Then, he explained how to lead the financial industry to blues oceans. Digintelligent finance is already feasible with huge growth potential in consumption, logistics, and industries related to agriculture, rural areas and farmers and carbon neutrality and peak. Riding on the trend from the digital red ocean of B2C to the digintelligent blue ocean of B2B, financial institutions can start from the aforementioned industries to explore new industries, new ecology and new models.

Finally, Cao talked about the development of banks and held that Internet banks, digital banks and open banks are future choices. Amid the transformation, leverage ratio control needs to be improved and the focus of risk control will change from subject credit to Eco-credit.

Macro-Finance Salon (No. 201): Digital Economy and Digital Currency

The Macro-Finance Salon (No. 201), one of the seminars of the "Financial Development as a Boost to the Chinese Path to Modernization" series, was held online on 7 January. The event was jointly organized by the International Monetary Institute (IMI) and the Department of Monetary Finance, School of Finance, Renmin University of China (RUC). Several financial experts were invited to share their observations on "Digital Economy and Digital Currency". During the seminar, Cheng Shi, Chief Economist of ICBC delivered a keynote report, followed by the discussion of a group of financial experts, including Chen Daofu, Deputy Director of Institute of Finance, Development Research Center of the State Council; Zhang Ming, Deputy Director of Finance Institute, CASS; Huang Zhuo, Deputy Director of Institute of Finance, Peking University; and Xiong Yuan, Chief Economist, Institute of Guosheng Securities. The seminar was hosted by Song Ke, Deputy Director of IMI, RUC.

Cheng Shi's keynote report can be concluded from three perspectives.

First, digital economy as a new economic form. Since the pandemic is no longer a hurdle for circulation, the world economy has reopened. In such a context, to accelerate digital economy evolution will improve economic

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competitiveness. Compared with the traditional economic model, digital economy requires more data input, and creates values in more diversified approaches. This new economic form has brought about major transformations especially in the infrastructure, which is a key factor for the upgrading of both supply and demand sides. The digital economy marks profoundly the world paradigm by a new round of overall improvement of globalization, deepening the gap between different economies.

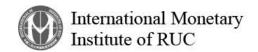
Second, digital currencies adapted to the digital economy. The fast-growing digital economy has deeply transformed the international monetary system, with digital currencies evolving into three main forms: cryptocurrency, Stablecoin and CBDC (central bank digital currency). During this evolution, cryptocurrency is developing as digital assets whereas CBDC takes up the function of a real currency.

Third, the new role of Renminbi (RMB). The digital RMB plays an essential and new role in this evolution. Revolutionary and innovative, it bolsters digital economy in China by consolidating the country's material base. We should expand China's existing advantage in digital economy, which will serve as a new momentum in the Chinese-style high-quality modernization.

Macro-Finance Salon (No. 203): Economic Development and Cooperation between China and ASEAN Countries under the New Circumstances

The salon featured two Filipino guests: Mr. Rommel C. Banlaoi, chairman of the Advisory Board of the China Studies Center, School of International Relations, New Era University, and Madame Anna Rosario Malindog Uy, vice president of external affairs and deputy director of Asian Century Philippines Strategic Studies Institute (ACPSSI). A renowned professor of international relations, policy researcher, and public intellectual in Philippines, Mr. Banlaoi won the Albani Peace Prize Award for Education. Due to his outstanding contribution, he was also among the initial winners of the Award for Promoting Philippines-China Understanding. Madame Anna is a senior research fellow of South China Sea Strategic Situation Probing Initiative (SCSPI) and the president of Techperformance Corp. She also served as a consultant in Asian Development Bank (ADB) and other local and international NGOs as well as enterprises. The Chinese guests included Professor Ji Xianbai, executive director of the Research Center of International Politics and Economics, the School of International Relations, RUC, Mr. Wang Bing, associate research fellow of international mining industry, University of Science and Technology Beijing (USTB), and Mr. Zhao Wei, committee member of Hainan Free Trade Port Economic and Cultural Forum on Maritime Tourism. The salon was moderated by Dr. Ou Oiang.

Mr. Banlaoi argued that China and Philippines are important partners of each other with major common interests and value in maritime environment



research, joint management of fishing industry, disaster search and rescue, combat against cross-border crimes, etc. In particular, the Senate of Filipino Congress officially approved of the approval letter for RCEP this February, which marked a milestone of deepening reginal cooperation and optimizing global supply chain. Through dialogues and agreements, China and Philippines will continue to have exchanges, thus benefiting bilateral practical cooperation and driving China-Philippines relations toward a stable and sustainable future.

Madame Anna also agreed that China and Philippines are willing to have friendly negotiations and deepen their good neighborliness. She highlighted that generations of national leaders from both countries forged a strong friendship and that China-Philippines relations has been progressing with the nurture of those leaders. In recent years, the two countries have been cooperating more in economic and trade investment, with China being Philippines's largest trading partner, largest export market, largest source of import, second largest source of foreign investment, and second largest source of tourists. The golden age between the two countries has just begun, and Filipino people have high expectations that the future China-Philippines relations will be even more vibrant and stable.

During the discussion session, guests from both countries had in-depth discussions on China and Philippines's cooperation in infrastructure, agriculture, energy, education, economy and trade, and environment. The Belt and Road Initiative and green, low-carbon development were also among the topics.

At the end of the salon, Mr. Zhao Wei stated that Hainan Economic and Cultural Forum on Maritime Tourism, together with its superior authority, will continue to keep a close eye on China and ASEAN, especially on their economic and trade cooperation. Mr. Zhao noted that hopefully with the forum as a platform, more series of such thematic exchange events would be held, so that the friendly economic and trade relations between China and ASEAN countries, especially that with Philippines, would see continuous progress.

Macro-Finance Salon (No. 204): Crisis of European and American Financial Institutions and Monetary Policy of the US

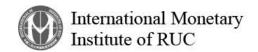
On March 30, International Monetary Institute (IMI), together with School of Finance of RUC, has jointly organized an internal webinar, with the theme of "Europe and American Financial Institutions and Monetary Policy of the US". Peng Wensheng, chief economist and head of Research Department of CICC, gave a keynote speech under the title of "Economic Recovery in the Postpandemic: Financial Change". The webinar guest included: Ding Zhijie, director of Research Center of Foreign Exchange of SAFE; Pan Hongsheng, director and chief economist of China Institute of Finance and Capital Markets; Wang Jinbin, associate dean of School of Economics of RUC; Zhu Haibin, head of economic research and chief economist of Morgan China. The webinar host

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was Tu Yonghong, dean of Yangtze River Economic Zone Research Institution of RUC.

The experts analyzed in depth the reasons behind the recent banking risks in Europe and the United States; their future evolution, their impact and revelations on China. They discussed whether they are a systemic risk, whether they will form a global crisis, and whether there is a miscalculation of the Federal Reserve's monetary policy. More insights dwelled on its changes on the financial structure, potential impact on financial regulation, and revelations on China's banking industry as well as fiscal and monetary policies.



Huarui Fintech Salon

<u>Huarui FinTech Salon (No. 6) Blue Oceans of Digital Intelligence Fintech Service Industry</u>

On October 26 afternoon, "Huarui Fintech Salon (No. 6)" (also Macro-Finance Salon No. 200), 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 "Blue Oceans of Digital Intelligence Fintech Service Industry", the salon was joined by keynote speaker Cao Tong, Chairman of HuaRui Bank. Fellow participants of the salon include Ben Shenglin, Co-director of IMI and Dean of Zhejiang University International Business School and RUC FintTech Institute, Ma Hongjie, Vice President of Digital China Information Service Company Ltd. (DCITS), and Wen Jirong, Dean of the School of Information, RUC and Executive Dean of Gaolin School of Artificial Intelligence, RUC. The seminar was moderated by Song Ke, Deputy Director of IMI and Executive Director of RUC FinTech Institute.

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Huarui Fintech Salon (No.7): New Development in Quantum Fintech

On March 18, 2023, Huarui Fintech Salon (No.7): New Development in Quantum

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Fintech was successfully held at the Wenhua Building of Renmin University of China (RUC), co-organized by Shanghai Huarui Bank, the International Monetary Institute (IMI) of Renmin University of China, and FinTech Institute of RUC, with the cooperation of the China Banking Research Center of RUC. Wang Yanbo, Chief Data Scientist of Longying Zhida (Beijing) Technology Co., Ltd., gave a keynote speech. Ding Jintai, a lifetime professor at Tsinghua University, a professor at the Beijing Yanqi Lake Applied Mathematics Institute, and Chief Quantum Security Scientist at CCB Fintech, Ma Yin, Founder and Chief Operating Officer of QBoson, Yang Dong, Dean of the School of Interdisciplinary Studies at RUC, and Yang Tao, Deputy Director of the National Institution for Finance & Development (NIFD), participated in the seminar. The event was hosted by Luo Yu, Deputy Secretary of the Party Committee and Professor of the School of Finance of RUC.

Wang Yanbo, Chief Data Scientist of Longying Zhida (Beijing) Technology Co., Ltd., gave a keynote speech on "Future Trends in Quantum Fintech". He stated that General Secretary Xi Jinping has repeatedly emphasized the need to accelerate the research and development and application of cutting-edge technologies, including quantum computing. It is important to seize the opportunities generated through restructuring of global industrial structure and layout, and open up new playing fields. Quantum technology is now of national strategic significance. In 1900, Planck proposed the hypothesis of radiation quanta, opening a new chapter in quantum mechanics. Under the continuous efforts of numerous well-known scientists, the relevant normative theories of quantum have rapidly developed. In December 2020, Wu Yongfei, Chief Information Officer of Huaxia Bank, led a team to publish an article in "Financial Computer of China" on quantum fintech, proposing a set of framework methodologies. After subsequent promotion and updates, the 8M framework methodology of quantum fintech was finally clarified, including quantum computing, memory storage, algorithmics, algorithms, financial markets, currency, measurement, and encryption communication. Under this framework, we have applied specific scenarios of commercial banks and explored many applications of quantum fintech, such as risk management, asset pricing, and portfolio optimization using quantum technology. As the digital transformation of the financial industry accelerates, more and more financial institutions are paying attention to and investing in the field of quantum fintech. 2022 was also defined as the first year of quantum fintech, with more application scenarios emerging in the future. The next step will be to promote the development of quantum technology in financial applications, including the combination of quantum communication and blockchain, exploration of quantum direct communication and data security, data composite management, and the application of quantum cloud platforms in the financial field.



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