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Research

Macro-Finance Salon

Editor's Note:

The Macro Finance Salon, co-hosted by the School of Finance and the National Academy of Financial Research at Renmin University of China and organized by the International Monetary Institute (IMI), serves as a high-level academic platform. It draws on China's practical experiences and keeps pace with global developments to promote the construction of the Macro Finance discipline and advance theoretical, policy, and strategic research in finance.

Professor Huang Da, the founder of the Macro Finance theoretical framework in China, initiated this discipline in response to the challenges of economic globalization. Over the years, successive generations of scholars have expanded this system, emphasizing the integration of finance with the real economy and macrofinance with microfinance. This framework, rooted in Renmin University's distinctive academic tradition, continues to inspire theoretical innovation and offers valuable guidance for addressing China's financial and economic challenges.

Macro-Finance Salon (No.268): An In-Depth Analysis of the 1965 HSBC Acquisition of Hang Seng Bank

On December 22, the 268th Macro Finance Salon, hosted by the School of Finance of Renmin University of China and the National Academy of Financial Research of Renmin University of China, and organized by the International Monetary Institute (IMI), was successfully held at the Mingde Main Building of Renmin University of China. The salon, themed "One System for Two Banks – An Analysis of the 1965 HSBC-Hang Seng Bank Merger," invited Professor Li Peide, Distinguished Professor at the School of Overseas Chinese and Area Studies, Huaqiao University, to deliver a keynote speech. Associate Professor Zhao Ran from the School of Finance, Capital University of Economics and Business, and Assistant Professor Wang Jingye from the School of Finance, Renmin University of China, served as discussants. The event was moderated by Professor He Ping, Professor at the School of Finance, Renmin

University of China, and Deputy Director of the Financial History Committee of the China Finance Society.

In his keynote speech, Professor Li Peide pointed out that understanding the historical narrative surrounding HSBC and Hang Seng requires placing the 1965 merger within the structure of colonial financial governance and the competition between British and Chinese capital. Only then can the key issues and difficulties be grasped. The colonial background not only promoted the modern banking system but also brought negative effects due to regulatory orientations and power structures. The 1965 crisis was closer to a liquidity run than to insolvency. After a brief stabilization following the first shock, the second run spiraled out of control amid rumors and press accusations. The rescue ultimately resulted in the transfer of controlling interest. The merger was not just a crisis resolution but also reshaped the market structure. Hang Seng's rise stemmed from its service orientation towards small and medium-sized commercial enterprises, as well as its differentiated advantages in interest rates and branch networks. It was also related to the coordinated investments and asset allocations of a "financial cohort" that included Ho Sin Hang, Ho Tim, Lam Bing Yim, Li Kuo Kwai, Leung Kau Kui, and Leung Chi Wai. The so-called "one system for two banks" was more like two brands under one set of controls; personnel adjustments and the elimination of related-party transactions following the acquisition showed that intervention was never absent. By leaving the resolution to the largest competitor, the government objectively contributed to HSBC's long-term dominance. There was a clear conflict between the inheritance logic of Chinese family-owned businesses and British governance methods. The influence of the financial cohort was compressed after the merger, and the change in British nationality after the crisis is also worth discussing. Li Kuo Kwai's intermediary role in the negotiations altered the power structure. Regarding whether there was a conspiracy behind the second run, evidence-based and prudent assessment is required. Looking ahead sixty years to the high-premium privatization in 2025, the debate over whether "one system for two banks" will evolve into "one system for one bank" has once again been ignited.

In the discussion session, Associate Professor Zhao Ran from the School of Finance, Capital University of Economics and Business, noted that the lecture presented a wealth of historical materials, data, and photographic details that are uncommon in existing literature, thus possessing significant primary value. It also prompted reflections on bank pressures in today's low-interest-rate environment. When the survival space for small and medium-sized banks is squeezed, runs and liquidity risks are not unimaginable. This offers a comparative perspective: large banks often have greater risk warning and resolution capabilities, while smaller banks may have a stronger local customer base and brand recognition. If complementary capabilities are achieved through mergers, and the original brands are retained post-integration, could this create a synergy effect and reduce systemic risk exposure? She also questioned whether the high-premium privatization is related to shifting market trends, particularly against a backdrop of weakening real estate and rising gold interest—whether a foundation in gold business has become a strategic consideration.

Assistant Professor Wang Jingye from the School of Finance, Renmin University of China, stated that the lecture, by restoring historical processes using archives, old newspapers, and negotiation details, is highly insightful for those accustomed to understanding bank risks from a macro perspective. A liquidity crisis does not necessarily stem from insolvency; rumors and panic themselves can trigger a run and change the outcome. Whether rumors were deliberately amplified also requires further evidentiary examination. This raises two points of interest. First, from what perspective should we assess whether "one system for two banks" is moving towards "one system for one bank," and where does the significance lie? Beyond restoring historical facts, can research also extract generalizable lessons, offering different insights for bank operators, regulators, and policymakers? Second, as Hong Kong's status as an international financial center has been frequently discussed in recent years, with more Chinese, American, and other competitors entering the market, does Hang Seng's privatization and the merger arrangement still have critical implications for market structure and the competitiveness of the financial center?

During the interactive discussion, guests engaged in in-depth exchanges on topics such as the implications of historical events for contemporary financial regulation, brand retention and cultural integration in bank mergers, and the evolution of Hong Kong's status as an international financial center, generating many valuable insights.

It is noted that the Macro Finance Salon is a high-level academic forum jointly initiated by the International Monetary Institute (IMI) and the Monetary Finance Department of the School of Finance at Renmin University of China. Grounded in Chinese practice and keeping pace with international frontiers, the salon provides a high-level, professional, and open academic exchange platform to promote the development of the "Macro Finance" discipline in the new era and to facilitate in-depth research on "Macro Finance" theory, policy, and strategy. The concept of "Macro Finance" originates theoretically from the fundamental approach advocated by Professor Huang Da, which integrates macro and micro financial theories, and conceptually from the systemic thinking that views finance and the real economy as an inseparable organic whole. Chen Yulu, former Deputy Governor of the People's Bank of China, systematically demonstrated the basic connotation and methodological thinking of the "Macro Finance" proposition in his book *An Outline of Macro Finance*, laying a theoretical and empirical foundation for the comprehensive construction of a "Macro Finance" system framework conducive to promoting long-term economic growth and enhancing national competitiveness.

Content compilation: Liu Chenyang
Editorial coordination: Wang Wenshu
Supervisor: Li Jingyi

Macro-Finance Salon (No.270): Iteration, Adaptation, and Breakthrough: The Evolution of China's Cross-Border Payment System from a Global Perspective

On December 31, 2025, the "Macro Finance Salon" (No. 270), co-hosted by the School of Finance of Renmin University of China and the National Academy of Financial Research of Renmin University of China, and organized by the International Monetary Institute (IMI), was successfully held in Beijing. The theme of the salon was "The Evolution of China's Cross-Border Payment System from a Global Perspective." Ms. Qiu Yitong, Tenure-Track Assistant Professor of Modern East Asian History at University College London (UCL) and a PhD in Economic History from the London School of Economics and Political Science (LSE), delivered the keynote speech. Attendees and panelists included Professor Feng Yuejian, Researcher at the Institute of Economics, Chinese Academy of Social Sciences (CASS); Professor Lan Rixu, Head of the Department of Economic History at the School of Economics, Central University of Finance and Economics (CUFE); Professor Li Jing, School of Economics, Capital University of Economics and Business (CUEB); Associate Professor Sun Yuchen, China School of Finance, University of International Business and Economics (UIBE); and Zhao Xueqing, Senior Researcher at the Bank of China Research Institute. The salon was moderated by Professor He Ping, Professor at the School of Finance, Renmin University of China, and Deputy Director of the Financial History Committee of the China Finance Society.

Session One: Keynote Speech

Ms. Qiu Yitong, Tenure-Track Assistant Professor of Modern East Asian History at UCL and a PhD in Economic History from LSE, presented her research. Based on digitized data on cross-border correspondent banking relationships from 1920 to 2005, she employed social network analysis to reconstruct the global correspondent banking network over the past century. Focusing on four major critical junctures — the Great Depression of 1929, World War II in 1939, the founding of the People's Republic of China in 1949, and the Asian Financial Crisis in 1997 — she explored the impact of major shocks on the cross-border payment network. Correspondent banking, a cross-border payment system reliant on Nostro accounts, enables settlement without physical branches, relying essentially on legal contracts and regulatory trust. The study found that global financial integration depends more on strategic integration and institutional adjustments, and that economic and geopolitical turmoil tends to reinforce the centrality of financial hubs like London. Among the four critical junctures: the Great Depression did not lead to network contraction but rather pushed banks towards London, consolidating its financial hub status; World War II led to fragmentation of the global system, severing connections between Europe and the core Anglo-American network, severely impairing cross-border payment functions; after the founding of the PRC in 1949, China maintained stable ties with Britain through the buffer of Hong Kong and opened up new cooperation channels, demonstrating institutional adaptability; the 1997 Asian Financial Crisis, however, showed a complete collapse of the network, with both core and peripheral connections receding and no alternative structure emerging.

Session Two: Panel Discussion

Panelists engaged in in-depth discussions on topics including correspondent banking networks, research frameworks and extension suggestions, and financial connectivity.

Researcher Feng Yuejian from the Institute of Economics, CASS, raised a core question regarding the statement in the report that "from the Ming and Qing dynasties to the present, China has never completely cut off foreign trade, always importing goods such as grain and machinery." While acknowledging the constant existence of smuggling, he sought to clarify historically when China's total trade volume was at its lowest, and when government-led trade was at its minimum (i.e., the period of most severe isolation). Professor Qiu Yitong responded that precisely defining these two "lowest periods" is extremely challenging. First, complete transaction records are easily destroyed during political events, and archival materials have omissions. Second, the scale of barter trade, which did not pass through traditional financial institutions and relied only on letters of recommendation and port documents, was significant. Statistics on such trade would differ from traditional results by a factor of three to four, making accurate calculation and positioning difficult.

Professor Lan Rixu, Head of the Department of Economic History at CUFE, noted that the Bank of China primarily relied on correspondent banking from 1912 to 1929, began opening branches in London and elsewhere after 1929, initiated mergers and acquisitions after 1979, and accelerated this process after the 2008 subprime crisis. He agreed with Professor Qiu's analytical framework focusing on financial crises, wars, and regime changes, while adding his own insights: first, emphasizing the key role of rules. He argued that non-participation in monetary-related exploration could lead to subsequent exclusion from international rule-making. The evolution of the gold standard and the Bretton Woods system demonstrates that rule-making is closely tied to national strength; Britain's replacement by the US after WWII was a direct result of changing power dynamics. Second, he pointed out that the dominance of cross-border payment channels is determined by economic power. The shift in leadership from Britain to the US has played a decisive role in responding to historical shocks. Third, he suggested incorporating the subprime crisis into the study, as the support base for financial crises shifted from the real economy to finance around the time of the Great Depression, related to structural economic changes, which could enrich the research dimension. Additionally, Professor Lan suggested extending the research to the cultural level, arguing that political and cultural differences between China and the West affect national risk response models. For example, during the 1997 Asian Financial Crisis, China's commitment to not devalue the RMB contrasted with Japan's devaluation of the yen, a difference influenced by cultural factors. He also mentioned that his own research, based on Bank of China archives, has verified the differences in the bank's response mechanisms across different periods.

Professor Li Jing from CUEB, drawing on her own research on border area currencies, noted that China has always adopted a pragmatic attitude in financial development. Even during the border region period, although the concept of a "currency zone" was not explicitly defined, related ideas were already being practiced. She also mentioned that scholars like Zhang Naiqi and Ma Yinchu during the Republican era had already conducted profound research on China's financial connections with the world. She then raised several questions: First, the fragmentation and network collapse of the global financial system after WWII remains somewhat puzzling. During WWI, financial institutions clustered in Britain, making it a hub, but WWII presented a different pattern;

while partially explained, some confusion remains. Second, what were the core drivers that prevented China from losing financial connectivity with the world despite experiencing wars and turmoil? Third, does Hong Kong's heterogeneity and distinctiveness still hold significant importance for China's current financial connectivity with the world? Fourth, in the process of RMB internationalization and China's financial integration with the world, which is more critical: institutional development or maintaining existing reputation?

Associate Professor Sun Yuchen from UIBE highly commended Qiu Yitong's team's research on the cross-border payment system. He noted that the construction of the network structure and the panel data on annual bank correspondent relationships are both difficult to obtain and highly valuable. Drawing on his own experience consulting archives, he fully appreciated the complexity of data entry and related work. Based on his own research experience, he proposed two directions for expansion: first, using quantitative analysis to explore the impact of factors such as political background, bankers' educational backgrounds, and bilateral political relations on the formation of correspondent relationships; second, conducting in-depth research on the economic ripple effects of disrupted correspondent relationships on cross-border trade and other areas.

Zhao Xueqing, Senior Researcher at the Bank of China Research Institute, pointed out that cross-border payments had previously received relatively little academic attention, mostly focusing on technical and practical aspects. Interest in this field has grown significantly in recent years, driven by user demand and market structural changes brought about by global system transformations, the pandemic, and new technologies; the higher efficiency and security requirements brought by RMB internationalization; and the widespread attention drawn by the "weaponization" of cross-border payments after the Russia-Ukraine conflict. She highly praised the research value of the report, believing that historical analysis can provide insights into the patterns and essence of new problems. Drawing on BOC's practice, she noted that correspondent banking relationships are the foundation and primary model of the global cross-border payment system. She then shared four key insights: First, the center of gravity of the global correspondent banking system has shifted multiple times — from medieval hubs in Europe, Asia, and the Middle East, to London becoming the center after the 19th century, the rise of the US and Europe after WWII, and currently payment flows concentrated in North America, Europe, and Asia, with China, the US, and the Eurozone as the top three payment systems. Second, the current cross-border payment system exhibits a core-periphery structure, with SWIFT as the main communication channel, developed economies (primarily the US and Europe) dominating governance, and emerging markets on the periphery. Third, external shocks have significant impacts. Beyond the shocks analyzed in the report (the Great Depression, WWII, etc.), the current convergence of technology, economic, and geopolitical cycles has led to a 23.5% decrease in the number of active global correspondent banking relationships by the end of 2022 compared to a decade earlier, a trend requiring close attention. Fourth, cross-border payments are closely linked to currency internationalization. RMB cross-border payments are the foundation and key support for its internationalization. Improved payment efficiency positively influences the share of international settlements and the use of the currency for investment and financing, which is of great significance for promoting the international use of the RMB.

Finally, moderator Professor He Ping offered a concise summary. He noted that Professor Qiu's presentation was succinct and hit several core issues of cross-border payments. First, cross-border payments are an inevitable requirement of international economic intercourse and will not disappear due to ideological differences or rival alliance blocs. They merely take different forms depending on the circumstances of geopolitics, war, and trade. In wartime, cross-border payments rely more on the self-regulating activities of non-institutionalized private trading entities, with barter and letters of recommendation playing prominent roles. At the same time, the dominant players in geopolitically driven international relations automatically become the focus and hub of cross-border payments for various countries. Under normal peacetime international trade, contractual cooperation and organizational coordination between international financial organizations shape the cross-border payment system, which evolves from correspondent banks and branches to mergers and acquisitions forming independent multinational financial organizations, integrating with purely international payment and settlement institutions to support cross-border payments. Second, cross-border payments follow inherent economic and financial logic. Regardless of political affiliation, certain basic monetary and financial laws and behavioral rules must not be broken. In peacetime, the construction of institutionalized token-based payment systems is convenient, efficient, and cost-effective. In wartime, hard currency (whose value rises accordingly) is preferred for payments, and barter for trade. But the core concern always remains maintaining the value stability of international payments, with emphasis on security and efficiency. Third, historical experience suggests that relations between nations always oscillate between the two choices of war and trade. We must continuously improve cross-border payment infrastructure and develop new tools based on technological progress and institutional optimization through international coordination, while also presupposing the objective requirement for hard currency in international payments under uncontrollable war situations. Only by doing so can we formulate appropriate strategies that serve the interests of the nation and its people.

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Content compilation and editorial coordination: Yu Zhixun
Supervisor: Shang Qian

Macro-Finance Salon (No. 271): The Current International Monetary System and the Development and Challenges of the Belt and Road Initiative

On the afternoon of February 3, 2026, the Macro-Finance Salon (No. 271) was successfully held. Anoop Singh, former Director of the Asia-Pacific Department at the International Monetary Fund (IMF) and former Managing Director of JPMorgan Chase Asia Pacific, delivered a keynote speech on "The Current International Monetary System and the Development and Challenges of the Belt and Road Initiative". The salon was jointly organized by the International Monetary Institute (IMI) and the International Cooperation Center (ICC) of Renmin University of China. The event was chaired by Zhang Zhixiang, former Director-General of the International Department of the People's Bank of China and former Executive Director of China at the IMF.

Anoop Singh, former Director of the Asia-Pacific Department, IMF and former

Managing Director of JPMorgan Chase Asia Pacific, noted that the current international monetary system is under systemic pressure, with global debt levels reaching historic highs while IMF reforms have significantly lagged behind. Analysis reveals that public debt in approximately 59 economies continues to rise, accounting for about 80% of global GDP, with risk exposure markedly expanding. The current debt environment is marked by heightened complexity—including reduced transparency, sovereign debt dominance, and fragmented creditor bases—all of which significantly complicate risk identification and management. Additionally, financial markets have shown abnormal signals: The S&P 500 and gold prices have recently shown synchronized extreme movements, entering a risk zone as identified by the BSADF test, which reflects widespread market anxieties over financial uncertainty. This "return to fiscal dominance" has made public debt constraints on monetary policy increasingly apparent, while its cross-border spillover effects underscore the importance of central bank credibility as a global public good.

Regarding the governance in the future, Mr Singh emphasized that the IMF must launch a reform centered on "legitimacy, mission, and coherence". The reforms should encompass the following three pillars. First, improve fairness and governance, addressing the underrepresentation of emerging economies through optimized quota allocation and ensuring symmetrical oversight practices between developed economies and low-income countries. Second, update the IMF's mission to establish it as a "true global lender of last resort", while strengthening multilateral consultation mechanisms to coordinate trade tensions and disputes over tariffs and industrial policies. Third, enhance the role of the SDR as a reserve asset for addressing systemic liquidity shocks. Of particular importance is the creditor coordination mechanism in debt restructuring, which has become a critical constraint for current reforms. Failure to resolve inefficiencies in restructuring processes caused by the coexistence of bondholders and bilateral lenders will continue to weaken the Global Financial Safety Net (GFSN). Reforming the international monetary system is no longer an option; governance frameworks must evolve in tandem with the changing global economic landscape.

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Writer: Liu Chenyang
Supervisor: Li Jingyi

Macro-Finance Salon (No. 272): What Do Banking Experts Mean by "Ontology"?

On the evening of March 12,2026, the Macro-Finance Salon (No. 272) and the Financial Live Lecture (No. 27) were successfully held. Zhang Kun, Financial Consulting Director of Fanruan Software, delivered a keynote speech on "Ontology and Its Application in the Financial Sector". The event was jointly organized by the International Monetary Institute (IMI) of Renmin University of China, the Fintech 50 Forum, and Shenzhen Research Institute of Renmin University of China (Institute of Advanced Social Sciences, Shenzhen), with support from the Shenzhen Institute of Advanced Finance of Renmin University of China. The salon was chaired by Qiu Zhigang, Deputy Director of the Shenzhen Institute of Advanced Finance and Researcher of the International Monetary Institute.

In his keynote speech, Zhang Kun highlighted that "ontology" has emerged as a pivotal focus for AI implementation in the financial sector, driven by the groundbreaking practices of U.S. tech company Palantir. Palantir achieved explosive revenue growth in 2025, and its core modeling framework, referred to as "ontology", is widely viewed by the tech industry as the key to its success. The core of "ontology" can be broken down into three elements: objects, links, and actions. Objects are real-world entities mapped into the digital world. Links turn hidden technical connections in traditional data models into clear business relationships. Actions enable AI to directly perform system write-back and API calls, closing the loop from analysis to execution. Compared with traditional data modeling, "ontology" makes business logic explicit and computable, providing a clear reasoning basis for AI.

He delivered an in-depth analysis of why financial institutions need to adopt "ontology".

Currently, data analysis in financial institutions generally involves four levels: statistical description, attribution diagnosis, trend forecasting, and decision execution. However, persistent challenges, including implicit indicator linkages, difficulty in consolidating business insights, and low efficiency in decision-making cycles, prevent AI from gaining a deep understanding of financial business know-how during implementation. By establishing explicit connections between business processes and indicators, “ontology” enables the systematic integration of fragmented financial knowledge, allowing AI to rapidly acquire and learn specialized business logic, thereby fundamentally addressing the disconnect between technology and business operations.

The introduction of “ontology” will bring three transformations to financial institutions. First, the semantic reconstruction of financial operations, which integrates fragmented stored semantics into complete entities, thereby reducing AI learning costs. Second, the explicit representation of business relationships within technical black boxes, enabling clear statements like “the customer-order relationship constitutes a purchase transaction” to serve as the basis for AI inference. Third, the automated closed-loop execution of business actions. By standardizing and encapsulating operational Skills, the decision-response cycle is shortened from days to real time, achieving full end-to-end digitalization from problem identification to effect verification. Zhang Kun emphasized that “ontology” establishes a semantic operating system for financial AI in the era of large models, driving AI evolution from analytical tools to execution agents.

For the practices by domestic financial institutions, he proposed a streamlined approach. Without dismantling existing systems, the priority should be to establish an independent metric semantic layer to standardize metric definitions; leverage BI tools to create visual dashboards, enabling business personnel to independently establish metric correlations through a “crowdsourcing + review and release” model, thereby replacing Palantir’s labor-intensive FDE on-site model. This approach accommodates the resource endowments and digitalization foundations of different institutions, effectively removing bottlenecks to large-scale expansion.

Following the keynote speech, Qiu Zhigang and Zhang Kun engaged in an discussion. Qiu Zhigang shared his views on issues including whether multi-level implicit causality can be integrated into ontological modeling and the demand for interdisciplinary talents. He pointed out that link construction requires both in-depth financial expertise and professional algorithmic capabilities, posing considerable challenges for industry adoption. Nevertheless, the value of “ontology” lies in providing underlying support for the end-to-end digital transformation of commercial banks in the artificial intelligence era. Only by applying “ontology” to the full spectrum of financial business scenarios and connecting the entire chain from data modeling to intelligent execution can financial institutions achieve genuine intelligent upgrading.

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Writer: Wang Xinyue
Editor: Zhu Shuangshuang

Macro-Finance Salon (No. 273): How Should Fiscal and Monetary Policies Work in Synergy in the Opening Year of the 15th Five-Year Plan?

On April 2, 2026, the Macro-Finance Salon (No. 273), organized by the Shenzhen Research Institute of Renmin University of China (Institute of Advanced Social Sciences, Shenzhen) and hosted by the International Monetary Institute (IMI) of Renmin University of China and the Shenzhen Institute of Advanced Finance of Renmin University of China, was successfully held. The theme of the conference was "More Proactive and Effective: Policy Synergy and New Paradigms in the Opening Year of the 15th Five-Year Plan".

Professor Li Rong from the School of Finance of Renmin University of China and Professor Gao Haoyu, Deputy Director of the Banking Research Center of Renmin University of China, delivered keynote speeches. Distinguished guests including Xiao Geng, Professor of Practice in Economics and Associate Dean (International Collaboration) at the School of Public Policy, The Chinese University of Hong Kong, Shenzhen, and President of the Hong Kong Institute of International Finance; Liang Ji, Research Fellow at the Public Revenue Research Center of the Chinese Academy of Fiscal Sciences; and Wu Ge, Chief Economist of Changjiang Securities, attended the conference and participated in the discussion. The salon was chaired by Zhao Xijun, Co-Director of the China Capital Market Research Institute at Renmin University of China.

Li Rong delivered a keynote report on the theme of "a 'more proactive' fiscal policy". He noted that China's economy is characterized by stable GDP growth and low inflation levels. At the 2026 National People's Congress, the GDP growth target was revised downward from 5% to 4.5%-5%, with a clear commitment to maintaining a more proactive fiscal policy and a moderately accommodative monetary policy. This downward adjustment does not imply a tightening of macroeconomic policies; rather, inflation remains the central focus. The key pillars of the proactive fiscal policy include "increased spending", "support for local governments", and "boosting consumption". Against this backdrop, the connotation of a "more proactive fiscal policy" is as follows. First, efforts will be focused on the expenditure side, with a high deficit level maintained and the continuous issuance of ultra-long special treasury bonds. Second, the initiative of both central and local governments will be brought into play to further expand the scale of expenditures and advance their implementation. Meanwhile, transfer payments will be improved in both quantity and quality to strengthen and enhance local governments' independent financial resources and overall coordination capacity. Active and orderly efforts will continue to defuse local government debt risks, accelerate the establishment of a unified long-term mechanism for government debt management, and ease debt-servicing pressure. Third, domestic demand will be boosted by increasing social security and other livelihood expenditures to reduce incentives for precautionary saving, and by deepening the reform of the fiscal and taxation system to raise the marginal propensity to consume among households.

Gao Haoyu delivered a presentation titled "New Considerations on the 'Moderately Loose' Monetary Policy". He emphasized that this policy serves as a pivotal measure aligned with the 15th Five-Year Plan and mid-to-long-term development goals, aiming to balance growth stabilization, structural adjustment, and risk prevention—all essential for high-quality development. To fully comprehend the "moderately loose" monetary policy in the new era, he highlighted the following three key questions. First, why this monetary policy is needed and how it has evolved. China now faces weak domestic demand and unstable expectations. A "moderately loose" policy is necessary to keep the economy stable. Our monetary policy has gradually shifted from broad-based adjustment to targeted structural improvement, with more tools available, always focused on supporting the real economy and controlling risks. Second, the new features of this policy shift. This round of "moderate easing" avoids excessive, blanket stimulus. Instead, it fits today's low-interest environment and the shift to new growth drivers, using targeted, structural tools. It focuses on key financial priorities to prevent unintended risks seen in the past. Third, the need for coordinated implementation. Fiscal and monetary policies must work better together to overcome weak policy transmission. Preferential interest rates and tax cuts will be used to attract private investment. Meanwhile, commercial banks' profitability and risk control will be balanced to make policies more effective. In short, the new "moderately loose" approach aims to provide support while staying well controlled. We encourage in-depth research to accurately grasp the appropriate boundary of easing, so as to support China's long-term development goals.

During the discussion session, participants engaged in in-depth discussions on key topics including the coordinated implementation of fiscal and monetary policies, optimization of the macro tax burden, and enhancement of local fiscal capacity.

Xiao Geng shared his views on fiscal and monetary policies for the opening year of the 15th Five-Year Plan from an international perspective. He stated that China has become the world's largest economy by purchasing power parity, and its monetary and fiscal policies should align with those of the U.S. The core challenge lies in the severe imbalance between asset sides between China and the U.S. over the past five to eight years, when the rapid expansion of U.S. assets and the continuous contraction of China's assets left China at a disadvantage in global trade and investment. He emphasized that the 15th Five-Year Plan should adopt a more proactive fiscal policy and a moderately accommodative monetary policy, focusing on addressing asset-liability imbalances and historical debt issues. First, promote reasonable inflation and asset revaluation to balance asset and liability sides and resolve the negative asset dilemma faced by local governments. Emphasizing real estate value revaluation is crucial for achieving debt-to-asset equilibrium. Second, resolve local government debt requires top-level design by the central government to restore sustainable fiscal revenues and expenditures for local governments, alleviate tax and fee pressures on private enterprises, and enhance market vitality. Third, promote reasonable appreciation and internationalization of the RMB to narrow the price level gap between China and the U.S. and mitigate structural shocks caused by U.S. dollar inflation and depreciation. He emphasized that China has the economic capacity to implement such adjustments. It is essential to drive behavioral changes among local governments, enterprises, and households, while asset revaluation and debt restructuring will underpin high-quality development throughout the 15th Five-Year Plan period.

Liang Ji conducted an analysis focusing on the proactive fiscal policy for 2026, macro tax burden, and local financial capacity. First, the total expenditure under the proactive fiscal policy in 2026 remained at a high level, with deficits, government bond issuance, and central-to-local transfer payments all reaching record highs. The expenditure structure continued to be optimized, prioritizing investments in science and technology as well as public welfare, while strictly controlling administrative expenditures and enhancing coordination among fiscal, financial, and industrial policies to amplify multiplier effects. Second, China's macro tax burden across small, medium, and large sectors has significantly declined in recent years, primarily driven by tax and fee reductions, low price levels, weakening traditional tax revenues during the transition from old to new growth drivers, and insufficient compensation from new tax revenues. While this reduction supports proactive fiscal policies, it also limits their future flexibility; thus, the 15th Five-Year Plan should prioritize maintaining an appropriate macro tax burden. Third, strengthening local financial capacity and improving the local tax system require comprehensive consideration under the new context. Currently, national local general public budget expenditures exceed national general public budget revenues, and central-to-local transfer payments surpass central government revenue. Under these circumstances, enhancing local financial capacity requires dual efforts: first, expanding local tax bases to boost domestic demand in promoting high-quality economic development; second, strengthening local financial capacity by integrating transfer payments and improving local governance capabilities in managing these funds.

Wu Ge conducted an analysis focusing on the synergy between fiscal and monetary policies, centering on three key aspects: the relationship between policy objectives and tools, projections for the economic landscape in 2026, and the coordination of policy responsibilities. First, clarify policy goals and tools. Macroeconomic policy aims to keep growth and prices stable. The main problem now is persistently low inflation. Policies must support growth and stabilize prices. Counter-cyclical measures should stay in place until prices stop falling and corporate profits and confidence fully recover. Second, assess the 2026 economic outlook. Strong exports will support GDP growth this year, and external supply shocks may push prices up, but this will not be driven by domestic demand. Higher costs could squeeze profits for downstream firms, and thus weak domestic demand may become a risk. Policies should continue to lower financing costs and support vulnerable groups. Third, coordinate fiscal and monetary policy. Fiscal policy focuses on structural changes and is hard to reverse, while monetary policy manages overall liquidity and is more flexible. The key is, when the government issues large-scale bonds to resolve debt, the central bank should keep long-term interest rates low and match short- and long-term funding. Clear division of responsibilities will make policies work more effectively.

The Macro-Finance Salon is a high-level academic salon initiated and established by the International Monetary Institute (IMI) of Renmin University of China. Grounded in China's practices and keeping abreast of international frontiers, it serves as a high-level, professional and open academic exchange platform for advancing the disciplinary construction of "Macro-Finance" in the new era and conducting in-depth research on its theories, policies and strategies.

Professor Huang Da is the initiator and designer of the "Macro-Finance" ideological system in China. At the turn of the century, in response to the new challenges and requirements posed by economic and financial globalization for the development of China's financial discipline, he reconstructed a financial disciplinary framework rooted in China's realities, and pioneered and systematically designed the "Macro-Finance" disciplinary system. Generations of scholars have carried forward and developed this framework on an ongoing basis, advocating the integration of finance with the real economy and the integration of macro-finance and micro-finance. A major theoretical innovation system with distinctive characteristics of Renmin University of China has gradually taken shape.

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Highlight

“AI Technology Empowers Small and Medium-Sized Banks to Combat Telecom Fraud” Industry Exchange Event and Academic Report Release Held in Financial Street

On March 31, the industry exchange event themed “AI Technology Empowers Small and Medium-Sized Banks to Combat Telecom Fraud,” co-hosted by the International Monetary Institute (IMI) of Renmin University of China and the Fintech 50 Forum, and supported by Tencent Research Institute and Tencent Cloud, was held at the iLiving Room on Financial Street. As a key academic achievement, the report “AI Empowers Industry Co-governance: Practices and Explorations of Small and Medium-Sized Banks in Combating Telecom Fraud” was also released for the first time at this event.

The conference centered on the core theme of “AI Technology Empowers Small and Medium-Sized Banks to Combat Telecom Fraud,” closely aligning with the national policy direction for the precise governance of telecom and online fraud, and focusing on the pain points and difficulties faced by small and medium-sized banks in fraud prevention. Combating telecom fraud is not only an important vehicle for small and medium-sized banks to fulfill the political and people-oriented nature of financial work, but also a specific measure to implement national strategies such as rural revitalization, inclusive finance, and financial consumer protection. At the same time, it serves as a core lever and litmus test for the digital transformation of small and medium-sized banks. Upgrading anti-fraud capabilities to drive the overall enhancement of bank-wide digitalization has become an important component of the development strategy for small and medium-sized banks.

Yang Tao, Deputy Director of the National Finance and Development Laboratory, and Luo Yu, Professor, Deputy Secretary of the Party Committee at the School of Finance, Renmin University of China, and Researcher at IMI, delivered speeches on behalf of the organizers. Qu Qiang, Assistant to the Director and Researcher at IMI, moderated the conference.

Yang Tao, Deputy Director of the National Finance and Development Laboratory, noted that for small and medium-sized banks to leverage new technologies to enhance their anti-telecom fraud capabilities, four key issues must be addressed.

First, clarifying responsibilities and the situation. Anti-telecom fraud is a common global financial security challenge, with Chinese banks bearing even more prominent responsibilities. Small and medium-sized banks, whose customer bases largely consist of retail clients and small and micro enterprises — groups more vulnerable to fraud — face particularly significant pressure and responsibility in this area.

Second, identifying new characteristics of fraud. Current telecom fraud activities exhibit new trends of “industrialization, intelligentization, concealment, and internationalization.” Industrialization has created a complete transnational industrial chain; intelligentization has spawned new risks such as Agent payments, necessitating the establishment of KYA (Know Your Agent) rules; concealment continues to escalate within the Web3 encrypted world; and internationalization brings the challenge of cross-jurisdictional fraud prevention.

Third, anchoring the path of ecosystem co-construction. Empowering small and medium-sized banks cannot rely solely on the technological upgrades of individual institutions; a collaborative ecosystem must be built. No single small or medium-sized bank can independently counter industrialized, transnational fraud networks. It is necessary to promote the formation of a cooperative prevention community involving financial institutions, technology companies, regulatory authorities, and other parties.

Fourth, breaking through institutional coordination barriers. Many practical obstacles stem from cross-departmental rules and data barriers. Future efforts should focus on establishing incentive-compatible coordination mechanisms, exploring effective anti-fraud pathways suitable for China’s national conditions through joint research and discussion among government, regulatory bodies, enterprises, and academia, thereby returning to the fundamental goal of financial security serving the real economy.

Luo Yu, Professor, Deputy Secretary of the Party Committee at the School of Finance, Renmin University of China, and Researcher at IMI, stated that empowering small and medium-sized banks to combat telecom fraud with AI technology is a critical issue for current industry development, as telecom and online fraud has become a systemic problem requiring comprehensive countermeasures. First, clarify the impact of telecom fraud on bank risks. With the digital transformation of the banking industry, the harm of telecom fraud has expanded from infringing on individual household property security to affecting the development and security of the banking industry itself, becoming a technological risk affecting both sides, requiring a systemic response. Second, identify the special challenges faced by small and medium-sized banks.

Compared to large banks with better anti-fraud technologies and customer identification capabilities, small and medium-sized banks, constrained by resources and technical conditions, face greater difficulties in combating telecom fraud and urgently need to leverage technological means to bridge the gap. Third, anchor the core pathway for AI technology to empower anti-fraud efforts. New-generation technologies represented by AI can identify abnormal transactions, conduct behavioral profiling, and provide real-time risk warnings, shifting fraud prevention from “human defense” to “technical defense,” extending from post-incident investigation to mid-incident interception and pre-incident early warning, reshaping the boundaries of bank anti-fraud capabilities. Fourth, promote small and medium-sized banks to leverage anti-fraud capability enhancement to drive digital transformation. Using AI technology as a lever to improve the precision and coverage of anti-fraud work is an important litmus test for small and medium-sized banks to narrow the technological gap with large banks and enhance their overall digital transformation capabilities, requiring the convergence of wisdom from regulatory, academic, banking, and technology enterprise circles to collectively offer suggestions.

During the keynote speech session, experts including Gao Feng, Head of the Report Research Group and former Chief Information Officer of the China Banking Association, and Wang Liao, Director of the Anti-Money Laundering and Financial Security Research Center at the China-Shanghai Cooperation Organization Judicial Training Base and Professor at Shanghai University of Political Science and Law, delivered in-depth presentations from the perspectives of industry practice, technology application, and judicial safeguards.

Gao Feng, Head of the Report Research Group and former Chief Information Officer of the China Banking Association, noted that the current state of financial intelligence features continuous upgrades in computing power, data volume, and model capabilities. However, AI still “does not understand business,” with many intelligent projects remaining at the level of superficial statistical analysis and rule matching, struggling to penetrate the essence of business and address complex risks. Addressing the hallucinations and insufficient accuracy of large models remains a primary task.

Regarding telecom and online fraud, financial institutions face a triple test of regulatory pressure, fund security, and customer trust. Criminal methods are iteratively upgrading, with new types of fraud such as AI face-swapping and fake apps emerging continuously. Group fraud, cross-border money laundering, and other techniques are constantly evolving, highlighting the limitations of traditional anti-fraud methods, which also suffer from insufficient precision, easily causing inconvenience to customers.

Ontology, as a standardized business semantic modeling system, is the key to solving this pain point. Through its core framework of “object-link-action,” it makes implicit business knowledge, complex associative relationships, and underlying business logic explicit, structured, and standardized, allowing AI to truly understand business semantics rather than simply fitting data. Anti-telecom fraud, with its natural advantages of strong demand, clear boundaries, dense associations, and sufficient data, becomes the preferred scenario for the lightweight implementation of ontology in the financial sector, and the best entry point for small and medium-sized financial institutions to achieve intelligent rapid development with small investment under cost pressure.

Wang Liao, Director of the Anti-Money Laundering and Financial Security Research Center at the China-Shanghai Cooperation Organization Judicial Training Base and Professor at Shanghai University of Political Science and Law, shared insights from the perspectives of investigation science, behavioral science, and data science regarding the application of AI and data co-governance in anti-telecom fraud.

First, having a legitimate basis. The “Anti-Telecom and Online Fraud Law,” along with subsequent administrative regulations, judicial interpretations, and guiding opinions, provides a solid legal foundation for combating fraud.

Second, from the perspective of investigation science. Telecom fraud has evolved from single acts into group-based, industrialized criminal phenomena. Accounts, as key nodes, contain rich types of evidence such as facial recognition data, audio, and video. The widespread adoption of online account opening has weakened evidence collection capabilities, necessitating a re-evaluation of the investigative value of the account opening process. Methods for the flow of fraudulent funds have been upgraded. In response to the phenomenon where small and medium-sized banks have become heavily affected by corporate accounts involved in fraud, national intelligent agent empowerment should be strengthened to fill prevention gaps, focusing on precise analysis of criminal behaviors and gang ecosystems.

Third, a strategic confrontation. Multi-party forces need to be integrated, combining private sector capabilities in text scraping, speech recognition, and social data analysis with public data to empower financial fraud prevention. Standardized components facilitate transfer and protect privacy, representing an effective path for capability output.

Fourth, adhering to standards first. Establish a three-tier standard system at the enterprise, industry, and national levels, align with international financial information intelligence exchange standards, and simultaneously promote the integration of anti-fraud research results into the teaching and practice of national security studies.

At the conference, Gao Feng, Yang Tao, Wang Qian (Vice President of Tencent Cloud), and Du Xiaoyu (Vice President of Tencent Research Institute) jointly unveiled the report “AI Empowers Industry Co-governance: Practices and Explorations of Small and Medium-Sized Banks in Combating Telecom Fraud.” The report was co-initiated by China Financial Media, Tencent Research Institute, and Tencent Cloud, with academic support from the Fintech 50 Forum and the International Monetary Institute of Renmin University of China.

Du Xiaoyu, Vice President of Tencent Research Institute, released the report on behalf of the research group and provided a detailed interpretation, sharing outstanding practical cases of AI anti-telecom fraud in small and medium-sized banks based on Tencent's technical practices in the financial anti-fraud field. Tencent’s Tianyu anti-fraud solution applies AI large model technology to construct a “blacklist removal + whitelist protection” dual-mode anti-fraud system, applicable to the full lifecycle protection of financial accounts.

He pointed out that in the context of the “Anti-Telecom and Online Fraud Law,” anti-fraud efforts have shifted from “blanket approaches” to “precise drip irrigation,” aiming to improve interception rates while reducing false positive rates. This poses a severe challenge for resource-constrained small and medium-sized banks. Serving grassroots communities, these banks often deal with customers having relatively weaker financial literacy, making transaction identification more difficult. Coupled with constraints on talent, capital, and data, their model iteration lags behind technological upgrades, leading to a deep contradiction between compliance and customer experience.

Based on a survey of 32 small and medium-sized banks, the report proposes that AI empowerment is a strategic choice for achieving precise risk control. The core of the solution lies in the collaboration of large and small models and the fusion of internal and external data: large models act as a “watchtower” for deep semantic penetration and multimodal fusion, while small models serve as a "ballast stone" ensuring decision stability and millisecond-level response. Through models such as MaaS (Model as a Service), small and medium-sized banks can quickly access external AI capabilities, achieving cost-effective and efficient upgrades in prevention and control.

In terms of case studies, over the past year, Tencent Cloud Tianyu has partnered with more than 60 financial institutions, issuing over 62 million warnings, preventing losses exceeding 1 billion yuan, and reducing the false positive rate by 90%. Looking ahead, anti-fraud efforts should transition from high-intensity control to refined governance, promoting coordinated action among financial institutions, technology companies, and industry organizations.

Du Xiaoyu stated that AI raises the ceiling of capability, but the ultimate effectiveness depends on multi-party co-governance. He hopes the report will serve as a new starting point for the anti-fraud efforts of small and medium-sized banks.

Subsequently, guests including Wang Gengwu, Head of the Anti-Fraud Project at Northern Banking Financial Technology Co., Ltd., Chen Hua, General Manager of Regional Finance at Tencent Cloud, and Huang Yinxu, Associate Professor at the Law School of Renmin University of China, engaged in comments and sharing around the conference theme, drawing on their respective institutional practices to discuss the application bottlenecks and breakthrough pathways of AI technology in the anti-fraud field for small and medium-sized banks, offering diverse perspectives for industry development.

Wang Gengwu, Head of the Anti-Fraud Project at Northern Banking Financial Technology Co., Ltd., systematically elaborated on his understanding of the report concerning the capacity building of small and medium-sized banks in anti-fraud and industry collaborative governance, sharing in-depth insights based on the practical experience of the Bank of Beijing.

He noted that the report achieves systematic innovation in governance thinking, providing a feasible anti-fraud path for resource-constrained small and medium-sized banks through data fusion, model-driven approaches, and collaborative governance.

At the same time, the "dual-anti integration" model combining anti-fraud and anti-money laundering proposed in the report helps connect accounts, transactions, and fund flows, achieving strategic synergy and process closure, representing an important development direction for future bank risk control systems. Furthermore, as crucial nodes for accounts and fund flows, small and medium-sized banks should strengthen the concept of “equal emphasis on risk prevention and service,” solidifying the industry's last line of defense.

Regarding the situation assessment, he believes that telecom fraud is currently accelerating its evolution towards intelligence and industrialization, showing three major trends: diversification of fraud scenarios, industrialization of illicit operations, and transformation of prevention and control models. He emphasized that the application of AI makes fraud methods more covert and efficient, with anti-fraud confrontation shifting from experience-driven to model- and system-based competition. Banks need to transition from single-point interception to ecological, systematic governance.

In practice, the Bank of Beijing has significantly improved its risk identification and resolution capabilities by building an enterprise-level anti-fraud system, perfecting full-process prevention mechanisms, and promoting the collaborative iteration of models and operations. The establishment of a “Dual-Anti Center” facilitates the integrated operation of anti-fraud and anti-money laundering.

Finally, he proposed promoting cross-institutional data sharing and collaborative early warning through policy and mechanism innovation to enhance the effectiveness of industry-wide anti-fraud governance.

Chen Hua, General Manager of Regional Finance at Tencent Cloud, provided a systematic exposition from three levels: industry perception, practical challenges, and technological empowerment.

He pointed out that current telecom fraud is highly concealed and intelligent, with the widespread use of AI face-swapping, voice synthesis, and automated scripts, allowing fraud to target different customer segments with precision. Meanwhile, fraud chains are becoming increasingly complex, with a significant increase in internet-related links. Traditional identification methods based on fund flows face the challenge of “disconnection and chain breaks,” making it difficult for banks to obtain a complete view of transactions, thus continuously increasing the difficulty of prevention and control.

Regarding specific challenges, he identified several issues: first, weak customer awareness, making them vulnerable to unknowing involvement in fraud; second, a technological capability gap; third, constraints on hardware and computing resources, where AI capability deployment depends not only on equipment but also on systematic scheduling and model capacity building; fourth, the impact of excessive risk control on customer experience, creating a real challenge in balancing risk prevention and service quality.

To address these issues, he proposed a governance pathway of "adding intelligence, supplementing data, strengthening the system, collaborating, and sharing." This involves introducing advanced AI tools to enhance technological prevention, integrating multi-source data (especially internet feature data), constructing a full-process system covering pre-, mid-, and post-incident stages, strengthening industry collaboration, and promoting the sharing of industry experience. Drawing on Tencent Cloud's practice, he further noted that relying on massive internet data and AI technology, risks can be identified before account opening, millisecond-level behavioral recognition and real-time blocking can be achieved during transactions, and post-incident mitigation mechanisms can be optimized, achieving a balance between precise prevention and customer protection.

Associate Professor Huang Yinxu from the Law School of Renmin University of China highly praised the report, noting that it addresses the major proposition of anti-telecom fraud for small and medium-sized banks, which carries national, social, and legal responsibilities. Using AI as a lever, integrating data technology and ecosystem development, the report forms a low-cost, high-efficiency practical solution. He particularly acknowledged Tencent Cloud's technical accumulation and social responsibility in the payment field.

He pointed out that against the backdrop of comprehensive rule of law, small and medium-sized banks should further promote the "integration of law and commerce," deeply combining business with legal and compliance requirements to achieve a leap from traditional operations to comprehensive governance.

Facing the new landscape brought by the deep involvement of technology companies in the financial sector, he emphasized the need to balance technological empowerment and risk prevention. Drawing on his own practice in legal and digital literacy education at the university, he proposed embedding the political and people-oriented nature of financial work into the entire process of moral education, using internet-based education to strengthen security defenses.

Finally, he called for building a collaborative ecosystem involving industry associations, banks, technology companies, and academic platforms to truly achieve “technology for good.” He also looked forward to all parties bringing anti-fraud education to universities, reducing the burden on frontline teachers through ecosystem co-construction, continuously deepening the integration of law and commerce as well as banking and technology, and better serving the high-quality development of China’s economy.

This industry exchange event and report release established a communication bridge between policymakers, academia, industry, and financial institutions, promoting the deep integration of AI technology with the anti-fraud efforts of small and medium-sized banks, summarizing and disseminating excellent practical experiences, providing strong support for enhancing the anti-fraud capabilities of small and medium-sized banks and advancing their digital transformation, and holding significant practical importance for solidifying the financial anti-fraud defense line, protecting the legitimate rights and interests of financial consumers, and maintaining financial stability.

Appendix: Brief Introduction to the Report

Report “AI Empowers Industry Co-governance: Practices and Explorations of Small and Medium-Sized Banks in Combating Telecom Fraud” Released: Promoting Precision Governance with Artificial Intelligence, Helping Small and Medium-Sized Banks Build a Strong Anti-Fraud Defense Line

Against the backdrop of persistently high incidence of telecom and online fraud and the rapid iteration of criminal methods, how to continuously optimize customer experience and maintain service convenience while building a solid risk defense line has become a core challenge for small and medium-sized banks in their anti-fraud efforts. Recently, the report “AI Empowers Industry Co-governance: Practices and Explorations of Small and Medium-Sized Banks in Combating Telecom Fraud” (hereinafter referred to as the “Report”), co-initiated by China Financial Media, Tencent Research Institute, and Tencent Cloud, was officially released. Focusing on the pressing issue of anti-telecom fraud for small and medium-sized banks, the report systematically reviews the current development trends of telecom and online fraud, the special pressures faced by small and medium-sized banks, and the technical pathways and practical models of AI-empowered anti-fraud, providing a forward-looking and actionable reference for the industry.

As anti-fraud governance enters deeper waters, small and medium-sized banks face a series of special challenges. Current telecom and online fraud has rapidly evolved from traditional single-trick scams into complex criminal forms integrating AI, deepfakes, fake apps, phishing websites, cross-border chains, and grey industry collaboration. Fraudulent activities exhibit stronger characteristics of intelligentization, organization, and industrialization. Hot topics, policy changes, and new technology concepts are constantly being repackaged into new fraud scenarios, significantly increasing deceptiveness, concealment, and governance difficulty.

Against this backdrop, the role of small and medium-sized banks in the anti-fraud system is increasingly critical. As important financial forces deeply rooted in local economies and serving county-level and community customers, small and medium-sized banks connect to a large number of grassroots people, small and micro enterprises, and inclusive finance customers, acting as key nodes in the fund chain governance. However, compared with their significant responsibilities, small and medium-sized banks generally face practical constraints such as limited budgets, talent shortages, narrow data dimensions, weaker model capabilities, and high difficulty in cross-institutional coordination. Especially under the continuously increasing requirements for “precision governance,” how to improve identification and interception capabilities while reducing false positives on normal customers has become a real challenge for them.

Driven by both practical constraints and governance pressures, the value of artificial intelligence is becoming increasingly evident. The report argues that AI is becoming a crucial breakthrough for small and medium-sized banks to enhance their anti-fraud capabilities. AI can identify complex relationships within massive, multi-dimensional, heterogeneous data, enhancing early warning capabilities for abnormal behaviors, suspicious accounts, and potential victims, extending the anti-fraud system from “post-incident investigation” to “pre-incident warning, mid-incident interception, and post-incident tracing.” For small and medium-sized banks, this not only means improved identification efficiency but also a practical path to achieve a leap in capability under resource constraints.

Based on this assessment, the report further clarifies the technological evolution direction and lightweight integration construction path for small and medium-sized banks' anti-fraud efforts. The report proposes that the collaborative operation of "large models + small models," supplemented by rule engines and external multi-dimensional data, is becoming a more suitable choice for small and medium-sized banks. Large models can be used for complex semantic recognition, multimodal information understanding, and discovering new fraud patterns, while small models and rule engines are better suited for millisecond-level real-time decision-making tasks. The two complement each other, helping to improve risk identification capabilities while meeting the requirements of financial scenarios for timeliness, interpretability, and customer experience. For most small and medium-sized banks, lightweight models such as Model as a Service (MaaS) or data embedding processes offer more practical value with low investment, easy deployment, and quick results.

The report also emphasizes that building anti-fraud capabilities cannot stop at the model level; the key is to truly embed technology into specific business processes such as account opening, account maintenance, transaction monitoring, post-incident mitigation, and fund tracing, forming a full-chain prevention closed loop. In the pre-incident phase, AI can assist in identifying abnormal account opening and potential grey industry accounts; in the mid-incident phase, it can make joint decisions with transaction rules to achieve precise identification of suspicious transactions and timely loss prevention; in the post-incident phase, it can improve the efficiency of releasing mistakenly blocked accounts, reducing customer friction. The core of anti-fraud is not to intercept risks to avoid punishment, but to protect the property safety of every customer and safeguard their legitimate rights and interests. While increasing risk prevention efforts, small and medium-sized banks need to place consumer protection on an equal footing, establishing clear, simple customer appeal channels and account release procedures, providing clear appeal paths, required documentation, and expected processing times for transactions or account controls suspected of being mistakenly intercepted. The report believes that future anti-fraud efforts will involve competition not only in identification rates but also in response speed, operational capability, and customer experience management.

To enhance practical relevance, the report selected anti-fraud practice cases from various types of institutions, including fintech companies, large banks, small and medium-sized banks, provincial-level rural credit unions, and industry platforms, comprehensively demonstrating how AI anti-fraud can be implemented under different resource conditions and business scenarios. These case studies show that AI anti-fraud is not an “exclusive capability” of large institutions; small and medium-sized banks can also achieve effective improvements in risk control capabilities through reasonable technological pathways and operational mechanisms.

The report also points out that anti-fraud is not a single-point defense by individual institutions but a systematic project requiring coordination across departments, institutions, and industries. Constrained by data visibility, external intelligence, and collaborative resources, a single small or medium-sized bank often struggles to independently cope with evolving cross-platform, cross-regional, and cross-border fraud chains. Therefore, the future enhancement of anti-fraud capabilities for small and medium-sized banks must be built on a foundation of stronger data sharing, smoother police-bank collaboration, more mature industry platforms, and closer technology partnerships.

At the level of industry collaboration, the report articulates a clear and pragmatic vision of “industry co-governance.” It suggests that financial institutions, technology companies, and industry organizations will form clearer and closer divisions of labor and cooperation in the future anti-fraud ecosystem. Financial institutions will gradually shift from traditional risk defenders to builders and integrators of “secure experience”; technology companies will upgrade from pure technology service providers to key capability suppliers, standardizing the output of cross-scenario risk intelligence, model capabilities, and data capabilities; industry organizations will play a more important role in standard setting, data sharing platform construction, and improving cross-institutional coordination mechanisms, moving the industry from fragmented defense to systematic governance. In this new anti-fraud governance landscape, the relationships among multiple stakeholders have transcended traditional supply-demand dynamics, forming an interdependent, collaborative, and mutually reinforcing symbiotic ecosystem, collectively promoting the continuous optimization and upgrading of financial services towards being safer, smarter, and more customer-centric.

From a longer-term perspective, the report argues that building anti-fraud capabilities not only affects the effectiveness of risk prevention and control but will also drive small and medium-sized banks to continuously optimize data governance, process coordination, and operational management, becoming an important lever for their digital transformation. In the future, anti-fraud work will enter a new phase characterized by normalization, high confrontation, and strong experience constraints. Small and medium-sized banks must not only block risks but also find a sustainable balance between the intensity of risk control and customer experience, transforming security capabilities into customer trust and service ability.

The release of the report “AI Empowers Industry Co-governance: Practices and Explorations of Small and Medium-Sized Banks in Combating Telecom Fraud” responds to one of the most pressing common challenges facing the industry today and provides a relatively systematic reference framework for how small and medium-sized banks can implement precision governance and enhance intelligent risk control capabilities under resource-constrained conditions. As AI technology continues to penetrate financial scenarios, anti-fraud efforts will accelerate their shift from “passive response” to “active sensing” and from “single-point defense” to “ecosystem collaboration.” It is foreseeable that driven by both AI and industry co-governance, small and medium-sized banks will play an even more important role in safeguarding the people’s “money bags,” serving local economic development, and maintaining financial security and stability.

This year marks the beginning of the “15th Five-Year Plan” period. The Plan clearly proposes to comprehensively strengthen financial regulation, build a risk prevention and resolution system, and ensure sound financial operations. Anti-fraud work is precisely the micro-level focal point for implementing the spirit of the Plenum and the Plan's deployments, representing a concrete manifestation of the overall national security concept in the financial sector. Especially for small and medium-sized banks, with relatively limited resources and technological capabilities, using AI technology as a lever to improve the precision and coverage of anti-fraud work is both an inevitable requirement for implementing national strategies and a crucial breakthrough for their own digital transformation. The report received expert guidance for its research and writing from Gao Feng, Head of the Report Research Group and former Chief Information Officer of the China Banking Association, and Yang Tao, Deputy Director of the National Finance and Development Laboratory, serving as expert advisors. In addition, the Fintech 50 Forum and the International Monetary Institute of Renmin University of China provided academic support for the research and writing.

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