


Promoting Financial Inclusion in China



China banking Regulatory Commission
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Financial Inclusion in China

- The State Council has paid great attention to establish an inclusive financial system with comprehensive and accessible services.
 - 11th 5-year period
 - 12th 5-year period

During the 11th 5-year Period

- In line with the instructions and arrangements of the State Council
 - The CBRC has earnestly performed its supervisory duties and attached great importance to strengthening and improving the provision of financial services to Agriculture, Farmers and Rural Areas (*Sannong Issues*).
 - Efforts have been made to encourage and facilitate the innovation of rural financial products and service.
 - The CBRC has urged banking institutions to increase the agriculture-related loans according to market principles.

During the 12th 5-year Period

- The CBRC will continue to work hard to advance the development of a modern rural financial regime, actively press ahead with the reform of the rural financial system and ensure effective financial support for the development of a new countryside.

Specific Measures and Initiatives

- Promotion of rural finance
- Promotion of SME finance
- Promotion of universal banking coverage

Rural Credit

- ❑ Create two of the new-type finance institutions, bank-initiated Village and Township Banks (VTBs) and member-owned Rural Mutual Credit Cooperatives (RMCCs), encourage to develop loan products for rural enterprises and households.
- ❑ Transform the Postal Savings and Remittance Bureau (PSRB) into the Postal Savings Bank of China (PSBC), with the mandate to develop commercially viable loan products for rural enterprises, migrant workers, and farmers.
- ❑ Increase agriculture-related credit, maintaining a growth rate of no lower than the average level of various loans.
- ❑ Pilot the loans on forest property, rural residents house and land-use rights mortgage.
- ❑ Three projects to promote financial inclusion in rural areas.

Three Projects to Promote Financial Inclusion in Rural Areas

- Financial inclusion in villages and communities
- Transparent credit
- Financial innovation for rural residents

- The aim of implementing the three projects is,
 - to promote the diversification of service networks and approaches, giving greater access to financial services
 - to raise the transparency of credit business
 - to guarantee the fairness and availability of loans through more disclosure
 - to develop more bespoke financial service products that will better satisfy the needs of customers and the trend of the market

SME Credit

- In 2005 the government issued guidelines encouraging large, medium, and small banks to set up small business units.
- A number of subsequent guidelines, policies, rules, and opinions issued between 2005 and 2014 encouraged banks to support SMEs.
- Provide greater incentives to Chinese banks to offer loans to small enterprises.

Full Banking Service Coverage

- ❑ Push the banking sector to ensure the availability of minimal financial services in all townships and villages, by increasing the number of branches and exploring innovative alternatives to physical facilities.
- ❑ Lower the requirements for setting up rural financial institutions, by encouraging the establishment of three new-type rural financial institutions.
- ❑ Encourage small-and medium-sized commercial banks to offer professional, convenient and high-quality financial services for small and micro businesses, communities and other areas.
- ❑ Create branchless access points by setting up mobile units and automated teller machines(ATMs), or placing point-of-sales(POS) devices with retailers and other nonbanking institutions.

Challenges and Next Step

- Accelerate progress toward a fully inclusive banking sector in China, by encouraging and guiding:
 - Non-bank Financial Institutions
 - Internet Finance
 - Private Capital