Global banks welcome latest policy reform plans

Citi and StanChart among institutes that intend to expand their services in China as sector opens

By JIANG XUEQING
jiangxueqing@chinadaily.com.cn

Foreign banks are looking at new opportunities to expand their businesses in China.

Major global lenders see growth areas in the Belt and Road Initiative, the country's interbank bond market and yuan trading.

In August, the State Council stressed it would continue plans to open up the banking, securities and insurance sectors to overseas investors.

"The policy reforms are encouraging," said Christine Lam, CEO of Citi China, which is part of the multinational Citigroup. "They will support foreign banks' further engagement, and participation in the opening and development of China's financial industry."

Citi aims to be a key player in China as regulations in the sector are rolled back.

"The bank is committed to innovation and the reform of China's financial markets," Lam said. "China remains one of Citi's most important countries worldwide, and we are optimistic about renminbi internationalization and other opportunities arising from opening up the market."

Citi aims to expand cross-border yuan settlement and promote the currency to corporate clients, as well as strengthen its operations for institutional investors in China's bond market.

The Belt and Road Initiative, which aims to revitalize the ancient Silk Road routes, is another key area for the global lender.

"With long-standing relationships with clients and regulators in the economies related to the Belt and Road Initiative, Citi is in an excellent position to be the partner of choice," Lam said.

Other foreign banks are also looking at opportunities in Belt and Road economies.

Standard Chartered has branches in 46 economies related to the initiative and has made it a strategic focus. The London-based banking group has also increased its investment in the Chinese market, which includes a thriving yuan business.

"Foreign banks including StanChart are greatly encouraged by the recent launch of policies by China to further open its financial markets," said Jerry Zhang, CEO for China at Standard Chartered.

"We'll take advantage of these policies, grasp the opportunities brought by China's (decision to) open up, and draw on our strengths in cross-border financial services and global networks."

Opening up China's financial sector "has a very deep meaning with rich connotation", Zhang pointed out.

This was reflected by China's moves to promote the yuan on international markets, financial support for the Belt and Road Initiative, and opening up the domestic interbank bond sector.

"International financial institutions like StanChart can make the most of our advantages in global networks and specific fields of finance," she said. "(We can) coordinate with our Chinese counterparts, regional development banks and multilateral development banks, and play a unique role in the above-mentioned business areas," Zhang added.

Standard Chartered was among the first batch of banks to join China's Cross-Border Interbank Payment System, which offers clearing and settlement services in yuan trading. As many as 64 foreign banks have now signed up for the system.

A Citibank outlet in Shanghai. PROVIDED TO CHINA DAILY

Private equity players eye market

Growing ranks of high-net-worth individuals and changing policies in China attract international firms

By CHEN JIA
chenjia@chinadaily.com.cn

Foreign private equity (PE) managers are rushing to apply for onshore business licenses in China.

As the financial system continues to open up, PE firms plan to roll out financial products in the world's second-largest economy.

"More qualified foreign fund management companies are welcomed to the Chinese mainland," said Zhang Xiaojun, a spokesman for the China Securities Regulatory Commission.

Global giant BNY Mellon has set up BNY Mellon Investment Management, a wholly foreign-owned enterprise, or WFOE. The company is preparing to launch and sell onshore private equity funds to high-net-worth clients and institutional investors.

In June, the firm was established in the China (Shanghai) Pilot Free Trade Zone (FTZ) with registered capital of $2 million.

Swiss firm UBS and United States-based Fidelity Investments have also started up WFOEs in Shanghai to provide private equity products and asset management services on the Chinese mainland.

They are not alone. More than 40 foreign asset management institutions, including BlackRock and Vanguard Group, have launched, or plan to wheel out, WFOEs in Shanghai's FTZ.

These global asset management firms have been encouraged to set up businesses on the Chinese mainland after the China Securities Regulatory Commission last year opened up the market to qualified WFOEs.

The new policy was a sign that the country will further develop its financial industry, with foreign market players expected to bring in advanced management techniques along with competition.

"This can (only) enrich institutional investors' diversification and deepen the opening up of the Chinese capital market," Zhang said.

> **"This (new policy) can (only) enrich institutional investors' diversification and deepen the opening up of the Chinese capital market."**
>
> **ZHANG XIAOJUN**
> **Spokesman for the China Securities Regulatory Commission**

A research report released by China Merchants Bank and consultancy Bain & Company showed that private asset investments in the mainland are expected to increase to 188 billion yuan ($29 billion) by the end of this year compared to 165 billion yuan in 2016.

"The annual average compounded growth rate of investible Chinese private assets was 21 percent during the two years since 2014," the report stated.

Analysts point out that the rising numbers of high-net-worth individuals in the mainland and their desire to invest their assets worldwide will drive market growth for financial services. Fueled by a surge of yuan-denominated fund-raising, $72.51 billion was raised by private equity companies and venture capital firms on the Chinese mainland last year.

This was a record high, according to research conducted by professional services firm PwC.

Wu Fan, general manager with the Alternative Investment Management Association, stressed that the financial industry is expected to grow considerably in the future.

"As regulatory policy continues to ease for foreign institutional investors with more creative measures, it is expected that overseas financial institutions will decide to start asset management services in China," Wu said.