



**Regulatory
Developments**

PBoC, CBIRC issue White Paper on Financial Services for MSEs

To comprehensively summarize the new policies, new practices and new effects of financial services for micro and small enterprises (MSEs), systematically elaborate the working ideas on financial services for MSEs, and better respond to the social concerns, the People's Bank of China (PBoC), together with the China Banking and Insurance Regulatory Commission (CBIRC) and other relevant authorities, compiled the White Paper on Financial Services for Micro and Small Enterprises (2018) (*White Paper*, attached below). The *White Paper* is expected to be published in the near future as the first white paper on financial services for MSEs published by relevant Chinese government organizations.

The *White Paper* comprehensively summarizes and sorted out the major work of relevant authorities and financial institutions on financial services for MSEs in 2018 and the effects of such work. The year 2018 saw credit supply for SMEs constantly boosted, financing cost sharply reduced, financial service coverage widened, financial service modes and products innovated, convenience in accessing financial services continuously enhanced, and diversified financial channels fit for the characteristics of MSEs expanded. These results benefited from constantly optimized financial policies and supporting systems. To be specific: (i) With the establishment of improvement of the Inclusive financial system, banking and financial institutions optimized allocation of resources and credit management mechanism, enhanced the application of fintech, and innovated in products and services. As a result, their service capacity and service level saw constant upgrading; (ii) The multi-channel financing system, covering note market, bond market, stock market and venture capital investment, etc., saw continuous optimization; (iii) The policy supporting systems, such as monetary policies, diversified regulatory policies, finance and tax incentives and other measures, became more robust; (iv) Risk sharing and credit enhancement mechanisms, including insurance organizations, financing guarantee institutions, local government loan risk compensation and credit system, were established step by step.

The *White Paper* briefly analyzes the problems and challenges MSEs are facing, and also proposes the main idea and measures to solve the problem of difficult and expensive financing for MSEs. The main idea is: guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and centered on the essential requirement for the financial sector to better serve the real economy, the financial sector should continue to deepen supply side structural reform, improve financial service system and transmission mechanism, develop multi-layer capital market, widen capital supplement channels for MSEs, intensify policy support, enhance the capacity of financial institutions to serve MSEs, optimize business environment and public service, and uplift the efficiency for providing financial services for MSEs.

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China's central bank issued bills in Hong Kong

On June 26, the People's Bank of China (PBoC) issued RMB 30 billion worth of central bank bills in Hong Kong, including RMB 20 billion one-month bills and RMB 10 billion six-month bills, with the bid-winning interest rate at 2.80% and 2.82%, respectively. It was the first time for PBoC to issue one-month and six-month bills in Hong Kong. With a total bid amount of over RMB 85 billion, the bills attracted investors of the offshore market, with subscribers including commercial banks, funds, investment banks, central banks and international financial organizations.

The successful issuance of the one-month and six-month Renminbi-denominated bills in Hong Kong enriched the spectrum of Renminbi investment products of high credit ratings in Hong Kong and Renminbi liquidity management tools, satisfying the market demand. Moreover, it also helps improve the yield curve of Renminbi bonds in Hong Kong and promote the internationalization of Renminbi.

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