



Banking Industry

CHINA: Industry Brief

MARKET OVERVIEW

- Nearly 310,000 households in China hold net investment assets worth more than US\$1 million.
- There are 312 foreign-funded banks operating in China.
- Domestic banks include: the "Big 4" state-owned banks, 13 second tier joint-stock commercial banks, 117 city commercial banks and over 38,000 rural credit cooperatives.
- Total local and foreign currency assets of China's foreign-funded banks amount to \$118.8 billion, accounting for 2.1% of total banking assets in China.
- As of May 2007, 52 Qualified Foreign Institutional Investors (QFII) were approved to engage in China's securities sector, with the foreign exchange quota of USD 9.995 billion.
- As of September 2007, the total quota for the Qualified Domestic Institutional Investors (QDII) reached US\$42.17 billion, raising RMB funds from domestic individuals and institutions to buy foreign currency for overseas investments.

BEST PROSPECTS

- Private Banking
- Wealth Management
- Credit Cards
- SME Financing
- QFII Custodian
- QDII Custodian
- Residential Home Mortgage Loan Services

MARKET OPPORTUNITIES

- After China's banking sector fully opened to foreign banks on December 11, 2006, foreign banks have gained access to the local currency-based retail banking business.
- SMEs comprise about 60% of China's GDP and 70% of the nation's import and export trade volume. SME financing is in high demand.
- The rising household income levels and an increasingly wealthy population in China foster demand for wealth management and private banking services.

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Key Trends

- China's banking system has undergone significant changes over the last two decades.
- As a result of government-led reforms, banks have transformed from state-owned and controlled entities tasked with providing policy loans to state-owned enterprises (SOEs) to more autonomous market-oriented financial institutions.
- While the banking industry has remained in government hands, China's accession to the WTO is gradually opening this sector to further liberalization and foreign participation.
- While China welcomes foreign banks for their technology and expertise, Chinese banks are focusing on gearing up for global competition.
- Key areas for reform include improved credit management systems, bank personnel training, and bank IT-infrastructure upgrades.

EVENTS AND SHOWS - 2008

<u>Event</u>	<u>Location</u>	<u>Date</u>	<u>Website</u>
Payment China	Beijing	Apr 16-18	www.globaleaders.com/en/
Banking Tech Asia	Beijing	Jun 5-6	www.globaleaders.com/en/
Retail Banking Asia 2008	Shanghai	Sep 2008	www.globaleaders.com/en/
China Int'l Exhibition on Financial Banking Technology & Equipment (CIFTEE)	Beijing	Oct 19-24	www.ciftee.com.cn/

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