

## China Development Forum 2021

### *China on a New Journey of Modernisation*

15:35-16:35, 20 March 2021

#### Panel Session 4 - Venue III

#### Financial Industry: Further Opening-up and Risk Prevention

##### Moderator

Dong Zhiyong, Assistant President, Peking University; Professor and Dean, School of Economics, Peking University

##### Speakers

Chen Siqing, Chairman, Industrial and Commercial Bank of China

Michael A. Wells, CEO, Prudential Plc

Li Yang, Chairman, National Institution for Finance and Development

Jean Lemierre, Chairman, BNP Paribas

Ralph Hamers, CEO, UBS Group

Thomas Gottstein, CEO, Credit Suisse AG

##### Key points

- Financial opening-up does not in itself will not bring risks, but it does increase the complexity of risks and the difficulty of preventing them. Financial institutions should implement comprehensive security and ensure they develop in a secure manner with stronger risk management capabilities.
- Financial opening-up has shifted from "policy-oriented opening-up" to "institutional opening-up", and should be aligned with international best practices.
- Insurance can play a critical role in preventing risks and driving economic growth, thereby helping consolidate China's poverty alleviation achievements.
- International financial institutions are generally optimistic about China's economic growth, estimating it will reach 7.0% to 8.2% in 2021.

##### Synopsis

During the 14th Five-Year Plan period and beyond, China will intensify efforts to further open its financial markets. As Chen Siqing, Chairman of Industrial and

Commercial Bank of China said, "China's financial opening-up has entered a new stage on both a macro and micro level."

There are always risks in opening-up, and how to prevent and mitigate these risks is an eternal theme. China's economy remains stable and sound, providing a good environment for financial opening-up. However, given the volatile global economic recovery, financial risks cannot be ignored. The world economy is facing a "strong rebound, long-term recovery and desynchronized growth", with many uncertainties ahead. The complexity of the external environment requires an increasingly systematic approach to promote high-quality opening-up with a high standard of risk control.

China is now pursuing institutional opening-up. The basic requirement of institutional opening-up is to be aligned with international best practices, which inevitably brings concerns about institutional arrangements and new risks. China should therefore adopt a new perspective in its strategic considerations. Li Yang, Chairman of the National Institution for Finance and Development, believes priority should be given to three main issues: property rights protection, competitive neutrality (equal treatment of state-owned enterprises, domestic private enterprises and foreign enterprises) and state-owned enterprises (shifting from enterprise management to capital and asset management).

China had lifted 800 million people out of poverty as of 2020, and insurance can play an important role in consolidating that achievement. Health and life insurance products provide coverage against injuries, diseases and death. Michael Wells mentioned that Prudential will continue to work with Chinese regulators to drive China's economic development. First it will offer insurance coverage to residents and thus making them more willing to consume. Second, intensified efforts will be made to create jobs, with the number of newly recruited insurance brokers reaching 24,000 across 18 provinces and cities in 2020. Third, Prudential will help residents turn small amounts of money into large, long-term investments through insurance.

Jean Lemierre mentioned that BNP Paribas will strengthen communication with Chinese investors and regulators, launching more medium and long-term products to help investors increase their profits and reduce risks.

Overseas financial institutions continue to be optimistic about China's economic growth. Ralph Hamers, CEO of UBS Group, said the bank predicts China's economic growth will be 8.2% in 2021, higher than the official target of more than 6%, with GDP to reach USD30 trillion by 2030. China will become one of the major financial services markets with a wide variety of international financial institutions.

Thomas Gottstein, CEO of Credit Suisse AG, believes China's economy will grow by at least by 7% to 7.1% this year. Overseas institutions will continue to support China's sustainable economic development, focusing on investment in innovation, digitization and green development alongside other key emerging trends.

China's wealth management market is fast-growing, fueled by robust demand for investment. There is a strong need among Chinese investors for diversified portfolios, while SMEs need of more financial instruments, and services spanning export credit, the equity market, and cross-border M&A. Furthermore, China's aging population calls for more wealth management solutions. With the majority of people born in the 1960s having retired by 2020, the elderly population will reach 250 million. Their increasingly diversified needs for wealth management require more diverse solutions to help solve medical and health problems.

<End>

---

*Acknowledgement:* **Deloitte.**  
德勤