



**Activity Title and Number:** Study Assignment on Financial Stability Reform, Financial Risk Measurement and Resolution; A329-C1

**Beneficiary:** People's Bank of China (PBOC)

**Location and Date:** Spain, France, Germany; 9-18 June, 2014

**Stakeholders:** European Central Bank, Member states regulators

## Brief Activity Report

### Relevance and Impact

The implementation of policies to ensure greater financial stability is a key challenge for regulators in the wake of the 2008 global financial crisis. At the G20 Washington Summit in November 2008, leaders of all G20 countries committed to undertake the Financial Sector Assessment Program (FSAP) – an assessment developed and conducted jointly by the World Bank and the International Monetary Fund (IMF) - to evaluate a country's financial-sector stability. China's first FSAP was conducted between 2009 and 2011. While the IMF and the World Bank recognised the remarkable achievements of China's financial system, they also stressed the need for China to continue financial reforms, strengthen financial regulation and improve its financial stability framework. A robust regulatory framework is needed at a time when the Chinese Government is pushing to increase the share of the services sector (including the finance sector) in China's GDP. To assist China's reform efforts, EUCTP II organised a study assignment to Spain, France and Germany for People's Bank of China officials to learn about macro-prudential policy, financial regulatory reforms and systemic risk monitoring and evaluation from the European Central Bank (ECB) and Member States' Central Banks. The study assignment aimed at deepening PBOC's knowledge of the framework and operation of the deposit insurance system, banking sector restructuring and resolution during the global financial crisis.

### Activity Description

In the aftermath of the financial crisis, the European Central Bank (ECB) established the European Systemic Risk Committee to improve macro-prudential responsibilities. At the same time the German Central Bank put in place a consolidated mechanism to effectively implement Basel III. France implemented a series of post-crisis adjustments and functional reorganisation of its regulatory agencies. The Spanish Central Bank took a series of measures to deal with the crisis especially in the fields of financial institutions and financial market risks. Fifteen officials from the People's Bank of China led by Mr. HUANG Xiaolong, Deputy Director General of the PBOC Financial Stability Bureau participated in the study assignment. The delegation met with the following institutions - ECB, Banque de France, Banco de España, Fondo de Garantía de Depósitos de Entidades de Crédito (FGD), Fondo de reestructuración ordenada bancaria (FROB), BNP Paribas and Deutsche Bank – to learn about these post crisis reform initiatives.

### Results and Dissemination

- ✓ Provided a useful reference framework to inform the establishment of deposit insurance policies in China;
- ✓ Strengthened the cooperation between European and Chinese financial regulators by providing a discussion platform on global financial issues.