

20090701 China Financial Stability Report 2009 Released

Source: People's Bank of China

The People's Bank of China released the China Financial Stability Report 2009 today, which provided an overview of the stability of China's financial system. The Report holds that despite the devastating natural disaster and the impacts of the international financial crisis in 2008, China's economy maintained its stable and relatively rapid development momentum. Financial reform and innovation progressed, financial infrastructure was improved, and the financial system was generally stable and secure. At the same time, China was actively involved in international financial cooperation to jointly safeguard financial stability.

The Report points out that the rapid economic development momentum created a sound macroeconomic environment for the operations of the financial system; the financial reform achieved marked progress, financial liberalization continued, and financial innovation was beefed up; foreign exchange reserves kept growing, which boosted the country's resilience to external shocks; fiscal revenues, corporate profits and household income continued to grow, which improved the payment ability of the public and private sectors; financial markets kept a healthy development momentum, and performed in a stable manner; the building of the financial safety net progressed, and the financial infrastructure continued to improve.

After separately evaluating the banking, securities and insurance sectors in 2008, the Report notes that the overall strength of China's financial industry was steadily enhanced and the anti-risk capability improved. The total assets and the outstanding deposits and loans in both local and foreign currencies continued to increase, and the number of banks with required levels of capital adequacy ratio also rose. Securities and futures firms operated well, and the fundamental institutional building for the stable and healthy development of the capital markets steadily advanced. The insurance sector was financially stronger, and was increasingly becoming an important force for optimizing the financial structure and improving the financial markets' resources allocation efficiency. By implementing policy measures about finance promoting economic development, financial institutions beefed up support to economic development, and strengthened internal management to prevent financial risks and to promote coordinated development of economy and finance.

The Report maintains that the development and reform of China's financial industry would face a new situation in 2009, and new challenges would be encountered in financial stability. China's financial industry will endeavor to prevent and mitigate systemic financial risks, and maintain its stable, healthy and safe performance. To this end, the Report proposes the following priorities: to carry out the measures on finance promoting economic development so as to create a benign macroeconomic environment for financial stability; to continue to deepen the financial reform so as to improve the anti-risk capability and international competitiveness of the financial industry; to put into a better play of the role of the crisis response mechanism so as to prevent systemic financial risks; to improve the financing structure so that the financial industry can better serve national economic development; to improve financial regulatory systems and methodologies in a bid to improve the financial regulatory framework; to steadily push ahead with financial innovation with a view of improving the overall competitiveness of the financial industry; to promote the reform of the international financial system so as to pursue stability of the international financial system.

To read the report [click here](#).

NovaRes Team

