

A Brief Introduction to China Banking Industry

December 21st, 2023

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Armstrong Chen is a senior partner of one of Chinese law firms. He started to practice in a leading law firm in 2014. Prior to that, he worked on Foreign Banks Supervision, Banking Innovation Supervision and Policy Research in the People's Bank of China Shanghai Head Office, the State Administration of Foreign Exchange and the China Banking Regulatory Commission (CBRC) respectively. He has participated in the legislation of numerous banking related laws and regulations and engaged in the investigation and administrative penalty in the banking industry. He has profound and comprehensive understanding of the laws and regulations in this field.

Armstrong Chen is the Chief Advisor of China Banking Association, the advisor of the Hong Kong Institute of Bankers. He is also the director of the Banking Law & Practice Center in Shanghai Law Society and the executive director of Financial Arbitration and Mediation Center in Central University of Finance and Economics. He is the author of both *The Opening-up Theory and Practice in Banking Industry* and *Investment in China: The Regulation Interpretation and Practice Guidance in Banking Industry*.

Armstrong Chen is very active in international arbitration and has extensive experience in this area. He is listed on the panel of arbitrators of **Russian Arbitration Center(RAC)**, Beijing Arbitration Commission (BAC), Shanghai International Arbitration Centre (SHIAC), South China International Economic and Trade Arbitration Commission (SCIA), China International Economic and Trade Arbitration Commission (CIETAC), China Maritime Arbitration Commission (CMAC), the ICC International Court of Arbitration (ICC) and Hong Kong International Arbitration Centre (HKIAC). He has ruled on over two hundred cases pertaining to finance, investment, international trade and shipbuilding industries.

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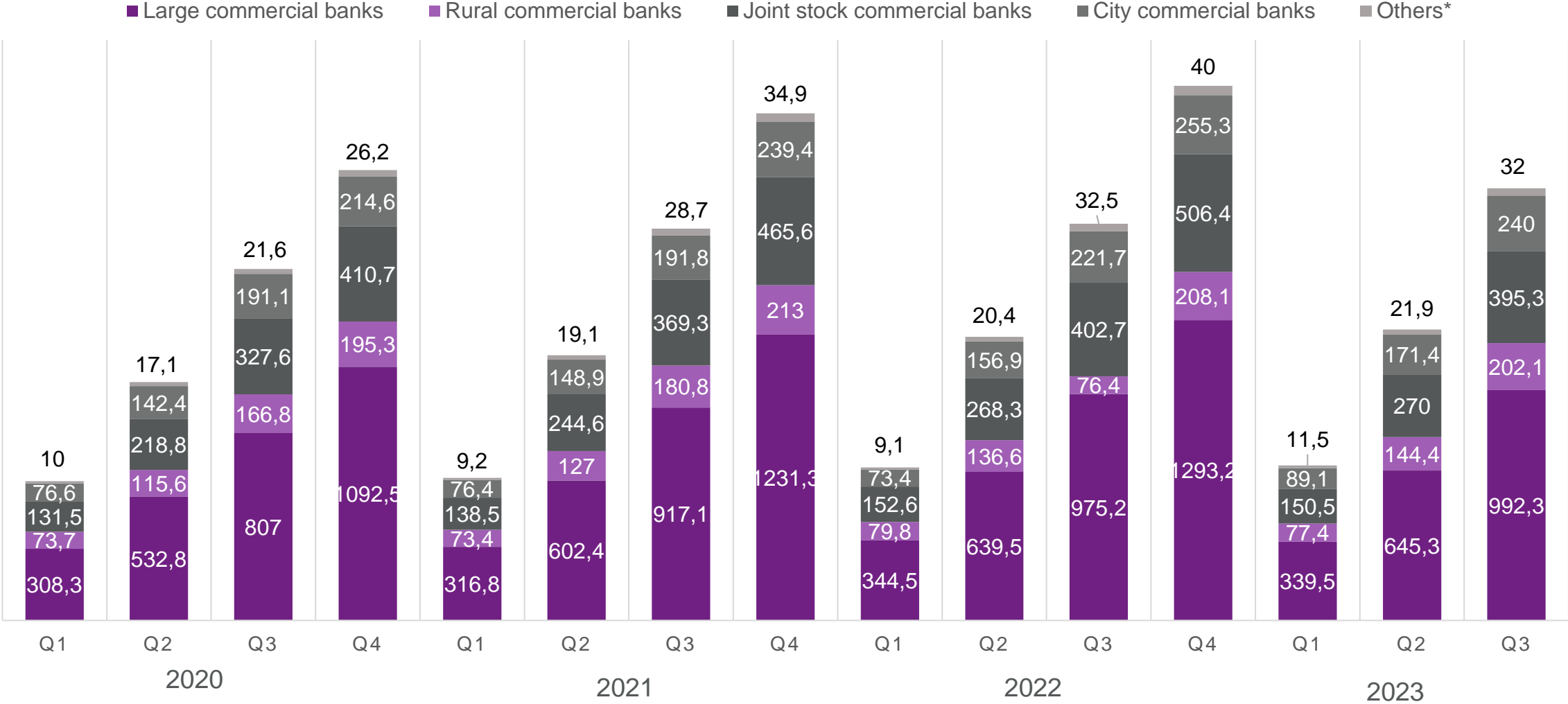
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Part 1

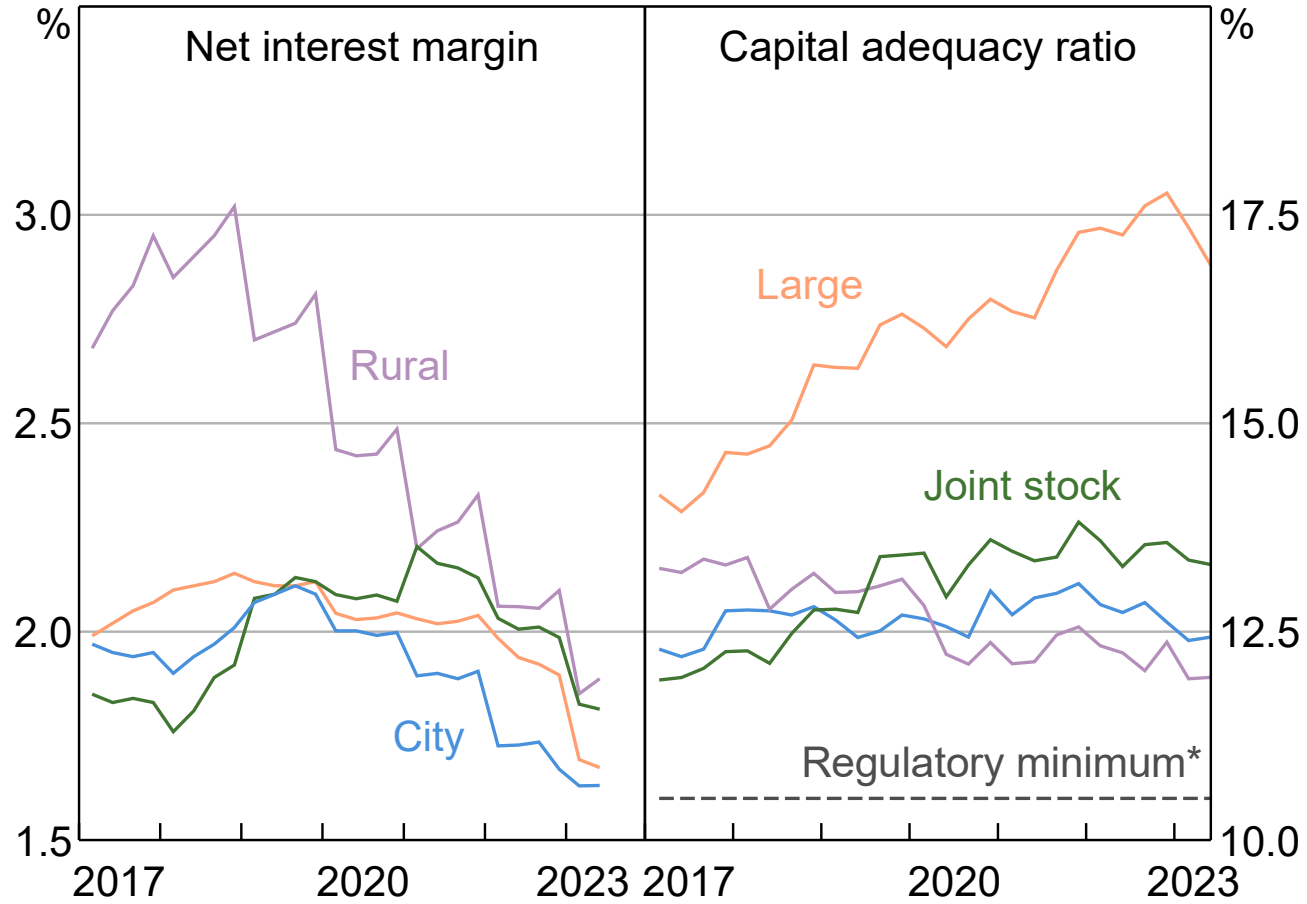
General Situation of China Banking Industry

Net profit of Chinese banks by type (Billion Yuan)



Source: National Financial Regulatory Administration

China – Banking Sector Ratios

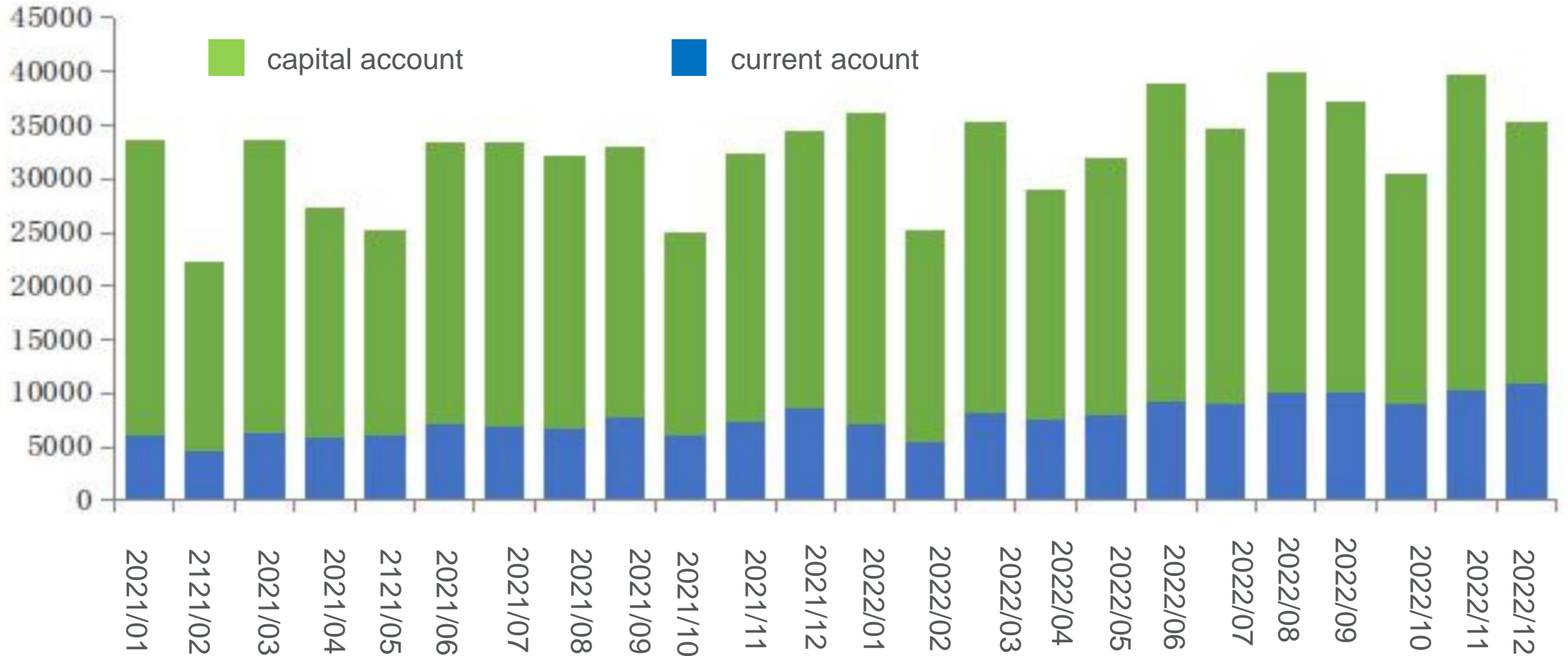


* Regulatory minimum is 10.5 per cent; 11.5 per cent for systemically important banks.

Sources: CEIC Data; RBA.

Overall situation of cross-border use of RMB

Hundred Million


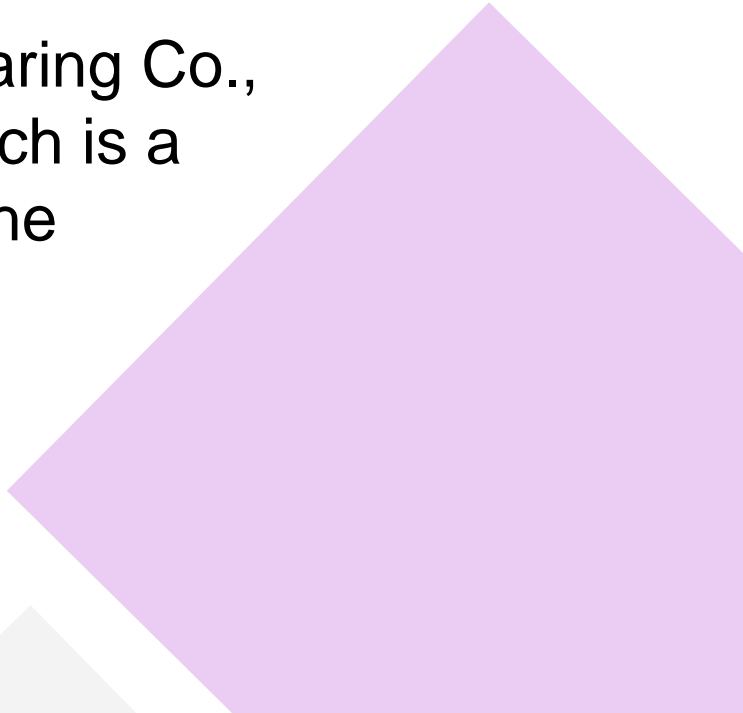


RMB Cross-Border Payment System (CIPS System)



CIPS is an important financial infrastructure that provides fund clearing and settlement services for cross-border and offshore RMB business of domestic and foreign financial institutions.

The operator of CIPS, Cross Border Interbank Payment Clearing Co., Ltd. was established in Shanghai on 8 September 2015, which is a wholly-owned subsidiary of the General Clearing Centre of the People's Bank of China.



The signal of China's financial further expand the scope of opening up

1

The People's Bank of China issued a bank card clearing business license to MasterCard and NetsUnion Clearing Corporation (NUCC) joint venture

2

The State Administration of Foreign Exchange issued the Guidelines for Foreign Exchange Business in Capital Projects (2023 Edition) . Aiming at further optimizing the management

3

The Central Financial Work Conference proposed that efforts should be made to promote high-level financial openness and ensure national financial and economic security.

Support of the joint construction of the “Belt and Road” initiative in the banking industry

Guide banking and insurance institutions to continue to optimize their layout and build a “Belt and Road” financial service network

Continue to expand and deepen cross-border regulatory cooperation

Encourage banking and insurance institutions to provide financial support for the joint construction of the “Belt and Road” based on their own functional position

The State Administration of Financial Supervision will continue to guide banking and insurance institutions to do a good job in financial services related to the initiative



Support of the joint construction of the “Belt and Road” initiative in the banking industry

1. Guide banking and insurance institutions to continue to optimize their layout and build a “Belt and Road” financial service network

2. Encourage banking and insurance institutions to provide financial support for the joint construction of the “Belt and Road” based on their own functional position

3. Continue to expand and deepen cross-border regulatory cooperation

In the next step, the State Administration of Financial Supervision will continue to guide banking and insurance institutions to do a good job in financial services related to the “One Belt, One Road” initiative

Part 2

Russian Banks in China

Structural units of Russian banks in China

Bank's name	Structure	Location	Date of establishment
VTB Bank (Банк ВТБ)	Representative office	Beijing	09.1989
	Branch	Shanghai	12.2007
Russian Credit Bank (Банк российский кредит)	Representative office	Beijing	04.1996
Vnesheconombank (Внешэкономбанк)	Representative office	Beijing	04.1999
Promsvyazbank (Промсвязьбанк)	Representative office	Beijing	03.2004
Gazprombank (Газпромбанк)	Representative office	Beijing	07.2006
MDM Bank (МДМ Банк)	Representative office	Beijing	08.2008
Evrofinance Mosnarbank (Еврофинанс Моснарбанк)	Representative office	Beijing	07.2009
Sberbank of Russia (Сбербанк России)	Representative office	Beijing	06.2010
Rosselkhozbank (Россельхозбанк)	Representative office	Beijing	06.2015
Bank of Russia(Банк России)	Representative office	Beijing	03.2017

Part 3

Chinese Banks in Russia

Structural units of Chinese banks in Russia

Bank's name	Structure	Location	Date of establishment
Bank of China (Банк Китая)	Branch	Moscow	04.1993
	Branch	Khabarovsk	06.2012
	Branch	Vladivostok	01.2013
Export-Import Bank of China (Экспортно-импортный банк Китая)	Representative office	Saint Petersburg	06.2007
Industrial and Commercial Bank of China (Промышленно-торговый банк Китая)	Branch	Moscow	11.2007
China Development Bank (Банк развития Китая)	Representative office	Moscow	09.2010
China Construction Bank (Строительный банк Китая)	Branch	Moscow	03.2013
Agricultural Bank of China (Сельскохозяйственный банк Китая)	Branch	Moscow	01.2015

Part 4

**Demands of Russian clients in Chinese
law firms**

Obtaining License for Life Insurance company group/Financial Leasing Company	Bilateral interbank transactions	QFII Project	Anti-money laundering Project
<ol style="list-style-type: none"> 1. The detailed scope of license for the institution at the PRC market; 2. The requirements for the products, which are in demand at the PRC market; 3. Obtain for the client presentations of the companies that already work at the PRC market of investment products; 4. Customer online-service at the PRC market; 5. The procedure of delivering financial services. 	<ol style="list-style-type: none"> 1. Draft the framework agreement; 2. The possibility of enforcement against each type of (awards) in any dispute arising out of FAs with such counterparties; 3. The requirements of the PRC regulations which are to be complied with by foreign banks. 	<ol style="list-style-type: none"> 1. Possibility of opening nominee' accounts; 2. Grounds / conditions for the opening of nominee accounts; 3. Possibility for the client to open such nominee account.; 4. Possibility for a Russian licensed depository / custodian to open a nominee account in PRC custodian; 5. Assist with checking about 10 banks on the list of CSRC; 6. Assist the potential custodian banks on communicating with Russian Law Firm; 7. Assist on contacting and coordinating with CSRC and SAFE; 8. Provide necessary legal advice on interpreting and analyzing QFII-related policies and regulations. 	<ol style="list-style-type: none"> 1. Conduct searches and perform diligence on new Firm clients and matters consistent with the Firm's policies, procedures and established practices; 2. Evaluate risk based on available information and search results; communicate with Conflicts management/leadership in instances where additional input is needed to assess risk; 3. Review and process information submitted through the Firm's intake software; 4. Engage and collaborate with team members through the creation, identification and presentation of ideas related to best practices, continuous improvement, departmental processes, policies and procedures; 5. Work with others identified by management to cross-train them on the roles, responsibilities and processes associated with this AML Specialist position.

Thank you!

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