

# Modern Banking English Practices

## 现代银行 英语实务 英汉对照

主 编 邹勇 魏萍

副主编 易加 叶净 荣雯轩



西南财经大学出版社

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# 前 言

在全球经济一体化趋势下, 知识经济应运而生。银行业作为现代市场经济中金融体系的主体, 在西方国家已有了 300 多年的发展历史。银行雄厚的资金实力、全方位金融服务和较完善的管理体系使其成为金融体系的核心, 它在对社会资源的配置和维持经济的稳定运行方面发挥着至关重要的作用, 银行的地位是不可能由任何其他金融机构所取代的。

随着中国经济的不断发展和市场的进一步开放, 中国银行业不仅进驻了大量的外资银行, 同时也向海外扩大了自己的业务量。在这种形势下, 社会上越来越迫切地需要既有专业知识又能熟练运用英语的人才。《现代银行英语实务》(英汉对照) 可以满足有志从事银行业务或者需要了解和學習相关银行业务英语实务的人们的需要。力图让使用本教材的学生能够有效提高自己的英语语言运用能力和积累丰富的专业知识是我们编写这本教材的终极目标。

《现代银行英语实务》(英汉对照) 一书利用了国内外的最新资料, 针对当前中国国内银行部门的需要和大学生的接受能力, 提供了商业银行的主要经营业务和管理方法, 可作为高等财经院校、对外贸易院校以及综合性大学的金融、国际金融、商务英语、国际贸易、经贸英语及 MBA 等专业的教学用书, 对中国银行工作人员熟悉英文也有一定的参考价值。

本书具有以下特点:

- (1) 反映了国内外最新的银行业务发展的现状, 涵盖了银行基本业务的大部分知识, 能够使读者在最短的时间内掌握银行业务的知识和提高英语语言的运用能力。
- (2) 本书采用英汉对照的方式, 有利于读者提高英语运用能力和积累扎实的专业知识。
- (3) 对于重点问题, 本书采用注释的方式给予解释和说明, 有助于读者理解和扩充知识。
- (4) 每一章课后配有习题, 可以有效地帮读者巩固本章的主要内容。

本书共分为八章。由西南财经大学邹勇教授拟出大纲初稿, 全书由邹勇主编并总纂。第一、二章由魏萍执笔; 第三、四章由易加执笔; 第五、六章由叶净执笔; 第七、八章由荣雯轩执笔; 测试题及答案、“世界各国主要银行名称中英文对照”部分由张洋、付春丽、杨惠娟、张宜聘、丁夏、李露执笔。本书由西南财经大学经贸外语学院邓海教

授审校。

在编写过程中我们参考了大量国内外书籍、报纸、杂志和资料，但在参考书目中仅列出其中的一部分。在此，我们对这些文献的作者、编辑和出版社表示深深的感谢。此外，由于编者水平有限，虽已经过多次修改，但本书在编写过程中仍然存在一定的不足甚至错误之处，欢迎广大读者和同行斧正。最后，我们还要对出版本书的西南财经大学出版社所付出的辛勤劳动表示衷心的感谢。

**编 者**

2011 年 9 月于成都光华园

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# Chapter 1 Banking Industry

## 1.1 The Evolution and Role of the Banking Sector in China

Although banks share many common features with other profit-seeking businesses, they play a unique role in the economy through mobilizing savings, allocating capital funds to finance productive investment, transmitting money policy, providing a payment system and transforming risks.

First, banks serve as principal depository of liquid funds for the public. The safety and availability of such funds for transactions and other purposes are essential to the stability and efficiency of financial system.

Second, by channeling savings to productive investments, banks play a key role in facilitating efficient allocation of scarce financial resources.

Third, banks serve to transmit the impulse of money policy to the whole financial system and ultimately to the real economy.

Fourth, the banking sector provides indispensable national payment mechanism for the development of modern financial and business system.

Fifth, the banking system as a whole reduces risks through aggregation and enables them to be carried by those more willing to bear them.

Through nearly six decades of evolution, particularly more than two decades of reform and opening up to the outside world, China's banking sector has entered a stage of vigorous development. The past few years have been a marked acceleration of China's banking reform, particularly significant strengthening of the central bank's capacity for maintaining financial stability and macroeconomic management, substantial improvement in the management of the commercial banks, and greater openness of the banking industry.

The evolution of the Chinese banking system can be broadly divided into four phases. The establishment of the People's Bank of China (PBC) in December 1948 marked the beginning of the first phase, which was characterized by a mono-bank engaged in both policy and commercial banking operations. It was dictated by a high centralized planned economic system.

The second phase began in 1984 when the State Council decided to make the PBC as a cen-

tral bank. The decision, which was made in response to the increased role of market forces in the economy, promoted diversification of financial institutions with the establishment of four specialized banks, later known as “big four” wholly state-owned commercial banks when distinction in their line of business became vague and joint-equity commercial banks emerged.

The third phase began in 1993 when the State Council issued the decision on financial reform, recognizing the urgent need for developing new financial markets, institution and instruments. The government introduced a comprehensive package of measures aimed at restoring financial orders as well as addressing the inflationary pressure and signs of overheating, particularly in the real estate sector and the stock market.

During this period, a number of important structural measures were taken with particular significance for banking sector. The first was the unification of the Renminbi (RMB) exchange rate and foreign exchange market in January 1994. Second, the passage of central bank and commercial bank laws in 1995 provided a legal basis for the banking system in China. Third, the acceptance of the obligation of Article VIII of *The Article of Agreement of the International Monetary Fund* in December 1996, namely, commitment to RMB current account convertibility, officially moved the remaining restrictions on international payment for trade and service transaction. Fourth, the establishment of a unified inter-bank money market in 1996 facilitated better liquidity adjustment for financial institutions. Fifth, the gradual shift from direct to indirect monetary policy instrument greatly improved transmission of monetary policy and effectiveness of macroeconomic management. Sixth, the segregation of banking business from securities and insurance business contributes to the stability of the financial system in a transition period characterized by massive institutional changes, inadequate regulatory resources and insufficient self-discipline.

In addition, three policy banks were established in 1994 to facilitate the separation of policy banking from commercial banking operations. These policy banking institutions are playing a special role in financing major infrastructural projects and promoting agricultural development and international trade and investment.

China's accession to the World Trade Organization (WTO) ushered in a new era of the evolution of the banking system. With the Chinese economy integrating into the world economy further, China's banking sector is fronted with many unprecedented challenges and opportunities and required to adopt a number of effective measures to promote the steady development of banking. The reform since then has been focusing on developing a sound and robust financial system to guard against and dissolve financial risks, cleaning up the balance-sheet of the banks improving their ownership structure, strengthening their corporate governance, development market infrastructure, enhancing supervisory capacity, and further opening the banking sector to foreign

participation.

Through more than two decades of reform efforts, China has developed a diversified and competitive banking system, which includes policy banks, wholly state-owned commercial banks, joint-equity commercial banks, city commercial banks and urban / rural cooperative banks. Moreover, the non-banking financial institutions mainly consist of trust and investment companies, finance companies, leasing companies, asset management companies, as well as securities firms and insurance firms.

The banking sector has been playing an important role in facilitating the implementation of the stabilization and structural measures as well as sustaining strong economic growth. The macroeconomic stability and structural improvement in turn have enabled the banking sector to develop vigorously. Although capital market development is expected to speed up, banks are likely to continue playing a leading role in financing economic and technological development as well as the economic reform in the foreseeable future.

## 1.2 Institutional Overview of China's Banking System

There are five types of banks in China: wholly state-owned banks, commercial banks, postal savings banks, credit cooperatives, and foreign banks.

● *Wholly State-owned Banks*: They in turn comprise state-owned commercial banks and policy banks.

*a. State-owned Commercial Banks*: There are four state-owned commercial banks, commonly referred to as the “big four”. They are the most dominant, influential and formidable players in China's banking sector. Together they account for around 60% of the banking sector's total assets. How they evolve will determine the direction of the sector and the pace of the economic reform. The “big four” are:

**Industrial and Commercial Bank of China (ICBC)**: ICBC is originally mandated to provide working-capital loans to the industrial and commercial sectors in the urban areas. With the development of the banking sector, ICBC gradually became a full service commercial bank. On April 21, 2005, the Chinese government formally approved ICBC's plan of shareholding structural reform. On October 28, 2005, ICBC was officially transformed from a state-owned commercial bank into a shareholding company and renamed as ICBC Limited, which indicates a beginning of another important new stage of the development of ICBC.

**Agricultural Bank of China (ABC)**: ABC is originally set up to provide loans to the agricultural and rural sector. At present, the branches and banking offices of ABC have covered ur-

ban and rural areas of China, which enables ABC to become a large state-owned commercial bank with the largest number of the branches and banking offices and widest range of business. The scope of business has developed from the original rural credit and settlement to a wide range of financial businesses with RMB or foreign currency.

**Bank of China (BOC):** In 1949, BOC became the state-designated specialized foreign exchange bank. In 1994, BOC was converted into a wholly state-owned commercial bank with the deepening of the reform of the financial sector. Together with the other three wholly state-owned commercial banks, it constituted pillars of the country's financial industry. BOC London Branch, the first overseas branch of the Chinese banks, was established in 1929. From then on, BOC successively opened branches in global financial centers, and has built up its network in 27 countries and regions. BOC is initially mandated to specialize in international transaction, e. g. foreign exchange service and trade credits. At present, its businesses cover commercial banking, investment banking and insurance. Members of the group include BOC Hong Kong, BOC International, BOC Insurance and other financial institutions. The bank provides a comprehensive range of financial services to individual and corporate customers as well as financial institutions worldwide. In 2003, BOC was named by the State Council as one of the pilot banks for joint-stock reform of wholly state-owned commercial banks, and on August 26, 2004, BOC Limited was formally incorporated in Beijing as a state-controlled joint stock commercial bank.

**China Construction Bank (CCB):** The history dates back to 1954, when the People's Construction Bank of China was founded as a wholly state-owned bank under the direction of the Ministry of Finance of the PRC to administer and disburse government funds for construction and infrastructure related projects under the state economic plan. In 1979, the People's Construction Bank of China became a financial institution under the direction of the State Council and gradually assumed more commercial banking functions. The People's Construction Bank of China gradually became a full service commercial bank following the establishment of China Development Bank in 1994 to assume its policy lending functions. In 1996, the People's Construction Bank of China changed its name to CCB. In 2003, CCB was named by the State Council as one of the pilot banks for joint-stock reform of wholly state-owned commercial banks, the same as the BOC. On September 17, 2004, CCB Limited was formally incorporated in Beijing as a state-controlled joint stock commercial bank.

*b. Policy Banks:* The government established three policy banks in 1994 to relieve the "big four" of their state-directed lending role.

They are:

**Agricultural Development Bank of China (ADBC),** which primarily took over the policy lending role of the ABC. As a policy financial institution under the direct leadership of the State

Council, ADBC has seriously implemented the policies of the government on grain and cotton procurement and other relevant economic and financial policies to play an important role in safeguarding the national food security, protecting the interests of the farmers and promoting development of agriculture and rural economy. Since the 16<sup>th</sup> National Congress of the Communist Party of China, agriculture, rural areas and farmers have become the top priority of the new leading group of the CPC Central Committee. According to the scientific theory on development and a new thought about combining rural and urban economic development, the guidelines of “more support, less tax burden and more liberal attitude” in rural areas have been put forward and the strategic readjustment of agriculture and rural economy has been advanced. Facing a speed-up of reforming marketing system of grain and cotton and rural financial system, ADBC is confronted with both opportunities and challenges.

China Development Bank (CDB), which primarily took over the policy lending role from the CCB and to a certain extent from the ICBC. CDB is under the direct jurisdiction of the State Council. At present, it has 32 branches and 4 representative offices across the country. Over the past decades, CDB has conscientiously followed China’s macroeconomic policies and carried out its macro-control functions in support of national economic development and strategic structural readjustment. CDB has been a major player in long-term financing for key projects and supportive construction in infrastructure, and basic and pillar industries, which are vital to the development of the national economy (CDB was changed into commercial bank in 2009).

Export-Import Bank of China, which primarily took over the policy lending role from the BOC, particularly the trade financing function, is solely owned by the central government. It is a state policy bank under the direct leadership of the State Council. Its international credit ratings are compatible to the national sovereign ratings. At present, the bank has 7 business branches, 6 domestic representative offices and 2 overseas representative offices – one for Southern & Eastern Africa and the other is Paris Representative Office. It has established and maintained correspondent relationship with 140 foreign banks worldwide. As an important force in the back-up system of foreign trade and economy and a significant component of the financial system, the Export-Import Bank of China has developed into a key channel of policy financing for both Chinese export of mechanic and electronic products, complete set of equipment, and high-tech products and undertaking of offshore construction contracts and overseas investment projects. Meanwhile, the bank is also the major onlending bank of foreign government loans and the sole lending bank for Chinese government concessional loan entrusted by the Chinese government. The bank is playing a more and more important role in promoting the development of the open and export-oriented economy of the country.

Policy banks fund themselves primarily through the issuance of bonds, and they accept few

deposits. The combined assets of the three policy banks have grown rapidly and now make up around 10% of the total banking sector, which bears evidence of the continued presence of state-directed lending in the banking sector.

● **Commercial Banks**: Equity ownership of these banks is distributed among the state and private investors. There are currently 120 commercial banks, together accounting for 18% of the banking sector's assets. While not as prominent as the "big four", they are nevertheless an important group within the banking sector, and their market share is growing. Commercial banks are divided into 2 sub-groups.

a. *The Shareholding or Joint-stock Commercial Banks*: These banks incorporated as joint-stock limited companies under *The People's Republic of China's Company Law*. Most, however, still have fairly concentrated and predominantly state-dominated share-holding structures. There are currently 11 shareholding banks, including well-known names such as Bank of Communications, China Minsheng Bank, China Everbright Bank, China Merchants Bank, Shanghai Pudong Development Bank and Shenzhen Development Bank. They are allowed to engage in a wide variety of banking service including accepting deposits, extending loans as well as providing foreign exchange and international transaction service. Given their smaller size and a corporate culture oriented more to the private sector, they are more nimble than the state-owned counterparts and have been successful gaining at market share at the expense of the "big four". They have made inroads particularly into the small and medium enterprise (SME) loan market, the area in which the state-owned banks are traditionally weak. They also tend to be more profitable, recording higher ROA (Return on Assets). Joint-stock banks have recently been the preferred joint-venture partner of international banks trying to gain access to China's budding private sector, particularly the SME segment, which is essential for laying a firm foundation for the market economy in China.

b. *City Commercial Banks*: City commercial banks have evolved from urban credit cooperatives. Due to their history, mandate and capital strength, the scope of city commercial banks' businesses tend to be concentrated in the city where they are located. They are thus unable to operate on their own on a national or regional scale, unlike the joint-stock commercial banks, which is a major comparative disadvantage for their future expansion.

● **Postal Savings Banks**: As the fifth largest commercial bank of China, the establishment of the PSB on March 20<sup>th</sup>, 2007 indicates another essential step of the reform of the postal savings system of China, after the setting up of China Post Group. Besides traditional banking business, PSB engages in intermediaries and focuses on developing various financial products.

● **Credit Cooperatives**: The cooperatives typically provide credit and service to SMEs and individuals. The cooperative sector is divided into urban credit cooperatives and rural credit co-

operatives. Together there are close to 50 000 of them, accounting for around 11% of total banking sector assets. The rural credit cooperatives were formerly supervised by the Agricultural Bank of China (ABC) and then by China's central bank, the People's Bank of China (PBC). A new regulatory agency, the China Banking Regulatory Commission (CBRC), has taken the supervisory function in 2003 and also supervises the urban credit cooperatives. Due to their collective-ownership status, both types of credit cooperatives are subject to state control, thus their loan extension is still influenced by local policy considerations. Some private analysts estimate that the non-performing loan (NPL) level at rural credit cooperatives will face heavy losses when China's agricultural sector opens up under WTO requirements. Given the significance of the rural sector in China, with around 800 million people (almost two-thirds of the total population) living in rural areas, the government has been explicit about its intention to provide financial support for the rural cooperatives in need.

● **Foreign Banks:** There are close to 200 foreign banks operating in China, most of which are branches of foreign banks, and the rest is a handful of locally incorporated banks (either joint ventures or wholly foreign-owned banks). Foreign banks currently account for only around 2% of total banking-sector assets as their role is still constrained by China's domestic law. However, WTO requirements will gradually allow foreign banks greater access to China's domestic banking business.

The local currency business (based in Chinese yuan – CNY) was until some years ago closed to foreign banks. The original role of foreign banks was to provide foreign currency intermediation in order to facilitate the operation of foreign investors and manufacturers in China. The CNY business has been opened only gradually since 1996 when foreign banks were first allowed to provide CNY services, but only to foreign companies and individuals in Shanghai and Shenzhen. Since China gained WTO entry in December 2001, the geographical restriction has started to be phased out, while rules on the types of customers to whom foreign banks can provide CNY services will start to be relaxed soon. By December 2006, all geographical and customer-related restrictions had been lifted.

## 1.3 Regulatory Agencies

### 1. China Banking Regulatory Commission (CBRC)

The CBRC is a new institution established in April 2003 to take over the regulatory function of the banking sector from the PBC in order to leave the PBC free to concentrate on moneta-

ry policy matters. It must be noted, however, that the exact division between the CBRC and the PBC was formalized when the proposed revisions to *The Law of the People's Republic of China on the People's Bank of China* and *The Law of the People's Republic of China on Banking Regulation and Supervision* were passed by the National People's Congress in December 2003.

The CBRC reports to the State Council and it is entrusted with the regulation and supervision of financial institutions. The key objective of the CBRC is to protect the interests of depositors and consumers through prudential and effective supervision, maintain market confidence through prudential and effective supervision, enhance public knowledge of modern finance through customer education and information disclosure and combat financial crimes.

The main functions of the CBRC are as follows: formulate supervisory rules and regulations governing the banking institutions and their businesses; authorize the establishment, changes, termination and business scope of the banking institutions according to the laws, rules and regulations; conduct fit-and-proper tests on the senior managerial personnel of the banking institutions; conduct on-site examination and off-site surveillance of the banking institutions; take enforcement actions against rule-breaking behaviors; compile and publish statistics and reports of the overall banking industry in accordance with relevant regulations; provide proposals on the resolution of problem deposit-taking institutions in consultation with relevant regulatory authorities; take responsibility for the administration of the supervisory boards of the major state-owned banking institutions and other function delegated by the State Council.

The CBRC has set as priorities the reduction of banks' non-performing loans (NPLs) and the alignment of financial institutions' indicators to international standards. Chinese banks have been required to implement the existing *Basel Capital Adequacy Rules*. The CBRC also announced that new regulations would be issued on the appropriate capital levels for Chinese banks along the lines of *Basel II*, in order to help reduce the gap between Chinese and international banks. Other priority tasks awaiting the CBRC include a wider reform of state-owned banks, rural credit co-operatives and the financial sector at large. In addition, the CBRC is in the process of modernizing and streamlining rules and regulations that govern various types of financial institutions.

## 2. People's Bank of China (PBC)

Although a central banking system began taking shape in 1984, the transformation of the PBC into a full-fledged central bank has turned out to be a lengthy process. The PBC did not have a clear legal status until the enactment of *The Law of the People's Republic of China on the People's Bank of China* in March 1995. This law, as amended in December 2003, provides that the PBC's key functions are to conduct monetary policy, prevent and dissolve financial risks,