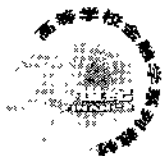


In Finance and Banking English

Topic One:

Banking Industry

银行业



The Banking Industry in China

中国的银行业

1948 年中国人民银行成立，标志着中国银行业开始了新的篇章。经过了半个多世纪的努力，现已形成以中国人民银行为中央银行，以国有商业银行为主体，政策性银行、股份制商业银行等银行机构并存并分工协作的银行体系。2003 年 4 月 28 日，中国银行业监督管理委员会行使原由中国人民银行行使的部分金融监督管理职责。

The establishment of the People's Bank of China (hereafter referred to as PBC) in 1948 marked the beginning of a new chapter in the Chinese banking history. Through five decades of evolution, particularly nearly two decades of reform and opening to the outside world, China's banking sector has entered a stage of vigorous development. With PBC as the central bank, the current banking system in China consists mainly of wholly state-owned commercial banks, which coexist and cooperate with policy banks and joint-equity commercial banks operating in their respective authorized business domains.

With its headquarters in Beijing, PBC maintained, as of end-1996, 2450 subordinate establishments. Under the all-in-one monopolistic banking system, which lasted until 1978, PBC engaged in both central banking and commercial banking operations. During the course of the reform and opening up, some specialized banks and financial institutions were established or restored and took over part of PBC's business activities. In order to strengthen the central bank's capacity for macroeconomic management, the State Council made a decision in 1984 for PBC to function as a central bank. Following this decision, a central banking system began to take shape. However, PBC's transition toward a full-



fledged central bank turned out to be a long process. The financial sector reform in China entered a new phase in the latter half of 1993 when The State Council Decision on Financial Reform defined the PBC's key functions as: to formulate and implement monetary policy so as to maintain the stability of the currency; and to exercise firm supervision over the financial institutions to ensure the safe and effective functioning of the financial system.

The central banking system was further strengthened when PBC's legal status as China's central bank was specified by the Law of the People's Republic of China on the People's Bank of China enacted by the Third Plenary Session of the Eighth National People's Congress in March, 1995. The central bank law provides that PBC's basic functions are to conduct monetary policy and supervise the financial system under the leadership of the State Council. Specifically, it shall formulate and implement monetary policy; issue Renminbi and regulate its circulation; manage the state foreign exchange reserves and gold reserves; supervise financial institutions and regulate financial markets; act as fiscal agent; provide payment and settlement services; and represent in international financial institutions as well as participate in international financial cooperation on behalf of the state. PBC is duly authorized to manage monetary base, control aggregate credit and adjust benchmark interest rates as well as issue currency. The State Administration of Foreign Exchange, an immediate subordinate body of the PBC, is entrusted with foreign exchange administration.

As provided by the Law, no government agencies at any level, non-government organizations, or individuals may interfere in PBC's performance of its functions. PBC is independent from the Ministry of Finance and other government agencies. It is prohibited from financing fiscal deficits. It maintains a centralized organizational network with branches and sub-branches throughout the country free from interference of local governments. The key responsibilities of the branches and sub-branches include financial supervision and regulation, research, banking and monetary statistics, assistance in balancing the positions of financial institutions, management of the state treasury, currency distribution, foreign exchange administration and provision of services for inter-bank payment and settlement.

In order to accelerate the transformation of state-owned specialized banks into full-fledged commercial banks and to increase the flexibility and capacity of the central bank for macro-economic management, China established three policy banks in 1994, namely, the State Development Bank, the Agricultural Development Bank of China, and the Export-Import Bank of China. Their establishment marked the initial separation of policy-related operations from commercial banking business. Placing priority on both economic efficiency and social benefits, they operate in their designated areas and are not expected to compete with commercial banks. Their basic operational financial goal is to break even and only to make small profits when conditions allow. Through three years of efforts, they have embarked on a steady track of development and are playing an important role in financing key state construction projects, facilitating agricultural development, and promoting foreign trade, particularly the export of electronics and machinery.

The State Development Bank was established on March 17, 1994, with its headquarters in Beijing. Its assets totaled RMB280 billion yuan at end-1996. This bank is responsible for financing key state construction projects and for macro-adjustment of the structure of the lending facilities. Its tasks include creating a stable and long-term source of financing through mobilizing financial resources in the economy so as to meet the needs of priority construction projects; providing policy-related credit and interest subsidies to priority projects; improving investment efficiency by adjusting the aggregate and the structure of fixed-asset investment. The potential recipients of its credit are mainly those large projects that are designed to alleviate the bottlenecks in the economy, operate in the leading industries or extend the application of advanced technology as well as those inter-regional policy-based projects.

The Agricultural Development Bank of China was founded on November 18, 1994. Located in Beijing, its headquarters maintains a branch and sub-branch network. Its assets totaled RMB706 billion yuan at end-1996. Its main responsibility is to program and provide funds for agricultural development, including for the procurement of agricultural products and for priority agricultural development projects in line with the state agricultural development policy and credit policy. The main lines of business include providing loans for

maintaining commodity reserves covering such products as grain and cotton; for procurement and distribution of major agricultural products including grain and oil; and for poverty alleviation and development projects designated by the State Council. ADBC maintains a centralized fund management system, which, through monitoring a set of indicators, ensures that loans are put to designated uses and are duly repaid.

The Export-Import Bank of China was established in Beijing on July 1, 1994, with no operational subsidiaries. Its assets amounted to RMB22 billion at end-1996. Its main line of business is policy-based export and import financing. The major task is to implement industrial and trade policies by providing policy-related financial support and services aimed at expanding exports. Specifically, it provides export credit and related loans to encourage export of such goods as machinery, electronic products, and equipment for complete plants. Its services include export credit insurance and guarantee as well as those aimed at facilitating economic and technical cooperation.

Reform of Financial Supervisory Regime

In accordance with the Decision on the Restructuring of Government Agencies at the First Session of the Tenth National People's Congress (NPC) on March 10, 2003, the China Banking Regulatory Commission (CBRC) was created. On April 26, 2003, a resolution of the NPC Standing Committee delegated the CBRC to temporarily supervise and regulate the banking sector, a function performed previously by the PBC. On April 28, 2003, the CBRC announced its establishment. And on December 27, 2003, the Six Session of the Tenth NPC Standing Committee voted to pass the Law of the People's Republic of China (PRC) on Supervision and Regulation of the Banking Industry the Amendments to the PRC on the People's Bank of China and the Amendments to the Law of the PRC on Commercial Banks.

Being an agency directly affiliated to the State Council, the newly established CBRC has the mandate to supervise and regulate banks, asset management companies, trust and investment companies and other non-bank depository financial institutions. The main responsibilities of the CBRC include: (1) formulating policies, procedures and measures for supervision and regulation of banking institutions; (2) proposing amendments to the

applicable laws and regulations; (3) approving the applications for establishment, changes, termination and business scope of banking institutions and of their branches and subsidiaries; (4) conducting on-site examination and off-site surveillance of banking institutions and imposing penalties on the illegal or rule-breaking activities; (5) reviewing the qualifications of the senior managerial personnel of banking institutions; (6) compiling the national banking statistics and statements, and disclosing the statistics and statements in accordance with applicable regulations; (7) working with other relevant agencies to develop mechanisms for handling the emergency situations that involve deposit-taking institutions; (8) overseeing the day-to-day activities of supervisory boards assigned to the major state-owned banking institutions; and (9) performing other duties assigned by the State Council. Accordingly, the CBRC has set up 15 functional departments in its headquarters as well as local offices to perform these supervisory and regulatory duties and responsibilities.

Following the establishment of the CBRC, the PBC is no longer responsible for banking supervision and regulation, but still performs the functions such as currency issuance, foreign exchange administration, treasury management, payment and settlement services, financial legislation and statistical services. The changes in the functions of the PBC can be described as "one reinforcement, one shift and two additions".

"One reinforcement" refers to the reinforcement of the functions in relation to monetary policy. It allows the PBC to improve the conduct of monetary policy; enhance its macro-control capacity by making a flexible use of interest rate, exchange rate and other monetary policy instruments; optimize the rules for money market based on in-depth research; strengthen the oversight of business activities in money market, foreign exchange market, gold market and other financial markets; improve the monetary policy transmission mechanisms by formulating monetary policies and financial risk control measures that highlight the correlation between money market and real estate, securities and insurance markets.

"One shift" refers to the shift in the manner in which the PBC exercises the financial macro-control and maintaining financial stability functions. The PBC no longer exercises direct control over banking institutions by way of

licensing and supervising their establishments as well as approving their business lines and qualifications of their senior managerial personnel. Instead, the PBC now focuses on financial macro-control, whereby its main tasks are to prevent and mitigate systemic financial risks so as to protect the overall economic and financial safety; set out policy guidelines for financial sector reforms, development and opening-up as well as for balanced development and opening-up of banking, securities and insurance sectors so as to enhance the competitiveness of China's financial institutions in international market; and finally protect the Chinese market from the shocks of international capital flows by formulating appropriate foreign exchange administration policies.

"Two additions" refers to two additional functions assigned to the PBC, namely, anti-money laundering and development and regulation of credit information market. Apart from its other functions, the PBC is also responsible for organizing and coordinating the nation-wide campaign against money laundering activities and monitoring the movement of suspicious funds. At the same time, the PBC has the responsibility to administer the activities in the area of credit information collection and disclosure, and foster sound credit culture.

The PBC also works closely with the State Development and Reform Commission and the Ministry of Finance and other financial regulators to establish mechanisms for information sharing in a real-time manner.

New words

1. establishment [is'tæblɪʃmənt] *n.* 建立; 创办
2. hereafter [ˌhiə'ɑːftə] *adv.* 从此以后; 今后; 以下; 下文
3. mark [mɑːk] *vt.* 表明; 标志着
4. chapter ['tʃæptə] *n.* (书的) 章; 回; 章节; 篇章
5. industry [ˈɪndəstri] *n.* 工业; 行业
6. decade [ˈdekeɪd] *n.* 十年
7. evolution [iːvəˈluːʃən] *n.* 进展; 发展; 演变
8. reform [riˈfɔːm] *vt.* 改革
9. sector [ˈsektə] *n.* 部分; 成分; 部门
10. enter [ˈentə] *vt.* 进入

11. vigorous ['vɪɡərəs] *adj.* 朝气蓬勃的
12. wholly ['houli] *adv.* 完全; 全部
13. coexist ['kəʊɪɡ'zɪst] *vi.* 同时 (或同地) 存在; 共存
14. cooperate [kəʊ'ɒpəreɪt] *vi.* 合作; 配合
15. joint-equity [dʒɔɪnt'ekwɪti] *n.* 共同财产价值
16. commercial [kə'mə:ʃəl] *adj.* 商业的
17. domain [də'mein, dou'mein] *n.* 领域; 范畴
18. subordinate [sə'bɔ:dɪnɪt] *adj.* 下级的; 从属的
19. monopolistic [mə'nɒpə'lɪstɪk] *adj.* 垄断的
20. strengthen ['streŋθən] *vt.* 加强; 巩固
21. macroeconomic ['mækrou,ɪ:kə'nɒmɪk] *adj.* 宏观经济的
22. council ['kaʊnsɪl] *n.* 议事 (行政, 参议, 立法) 机构; 委员会; 理事会

State Council (中国) 国务院

23. transition [træn'sɪʃən] *n.* 过渡; 过渡时期
24. full-fledged [ful'fledʒd] *adj.* 羽毛丰满的; 成熟的; 巩固的
25. phase [feɪz] *n.* 阶段; 状态
26. formulate ['fɔ:mjuleɪt] *vt.* 制定; (系统地) 阐述
27. implement ['ɪmplɪment] *vt.* 贯彻; 执行
28. stability [stə'bɪləti] *n.* 稳定; 稳定性
29. supervision ['sju:pə'vɪʒən] *n.* 监管; 管理
30. specify ['spesɪfaɪ] *vt.* 指定; 详细说明
31. enact ['ɪnækt] *vt.* 制定或通过法令, 颁布
32. plenary ['pli:nəri] *adj.* (指权力) 无限的、绝对的; (指会议) 全体出席的, 充分的

Plenary Session 全会

33. session ['seʃən] *n.* 会议; 一届会议
34. conduct ['kɒndʌkt] *vt.* 引导
35. regulate ['regjuleɪt] *vt.* 管理; 控制; 调整
36. fiscal ['fɪskəl] *adj.* 财政的
37. agent ['eɪdʒənt] *n.* 代理人
fiscal agent 财务代理
38. aggregate ['ægrɪgeɪt] *adj.* 聚集的; 合计的

39. credit [ˈkredit] *n.* 信贷; 信用
40. prohibit [prəˈhibit] *v.* 禁止; 阻止
41. deficit [ˈdefɪsɪt] *n.* 赤字, 不足额
42. treasury [ˈtreʒəri] *n.* 金库; 国库; 债券
43. provision [prəˈvɪʒən] *n.* 规定; 条款
44. accelerate [ækˈseləreɪt] *v.* 加速; 促进
45. flexibility [ˌfleksəˈbɪləti] *n.* 机动性; 灵活性
46. initial [ɪˈnɪʃəl] *adj.* 最初的
47. priority [praɪˈɔːrɪti] *n.* 先; 前; 优先权
48. designate [ˈdeɪzɪɡneɪt] *vt.* 指明; 指定
49. embark [ɪmˈbɑːk] *vt.* (投资) 使从事
50. asset [ˈæset] *n.* 财产; [复] 资产
51. mobilize [ˈməʊbalaɪz] *vt.* 使流通
52. subsidy [ˈsʌbsɪdi] *n.* 补助金; 津贴
53. recipient [rɪˈsɪpiənt] *adj.* 接受的; 容纳的; *n.* 接受者
54. alleviate [əˈliːvieɪt] *vt.* 缓和
55. procurement [prəˈkjuːmənt] *n.* 获得
56. operational [ɒpəˈreɪʃənəl] *adj.* 业务的; 可使用的
57. regime [reɪˈʒɪm] *n.* 体制; 政体; 政权
58. commission [kəˈmɪʃən] *n.* 委任; 委托
59. delegate [ˈdelɪɡeɪt] *vt.* 委派……为代表
60. standing [ˈstændɪŋ] *adj.* 常备的; 标准的; 常设的
61. amendment [əˈmendmənt] *n.* 改善; 改正
62. affiliated [əˈfɪliəteɪd] *adj.* 附属的; 有关联的
63. subsidiary [səbˈsɪdjəri] *n.* 子公司; *adj.* 辅助的, 补充的
64. surveillance [səˈveɪləns] *n.* 监视; 监督
65. penalty [ˈpenəlti] *n.* 处罚; 罚款
66. optimize [ˌɒptɪmaɪz] *vt.* 使最优化
67. correlation [ˌkɔːrɪleɪʃən] *n.* 相互关系; 相关(性)
68. oversight [ˈəʊvəsəɪt] *n.* 勘漏; 失察; 疏忽; 失败; 小心照顾
69. highlight [ˈhaɪlaɪt] *vt.* 使显著; 以强光照射; 突出
70. mitigate [ˈmɪtɪgeɪt] *v.* 减轻
71. launder [ˈləʊndə] *v.* 洗涤; 清洗

72. oversee ['əʊvə:si:] *v.* 监视; 检查; 视察; 俯瞰
73. foster ['fɒstə] *v.* 培养; 鼓励; 抱(希望)
74. compile [kəm'pail] *v.* 编译; 编辑; 汇编
75. mandate ['mændeɪt] *n.* (书面) 命令; 训令; 要求

Phrases

1. refer to sb. (sth.) as 称某人(某事)为
2. consist of 由……组成
3. as of 从……起
4. be engaged in 从事于
5. take shape 成形; 变得有条理
6. take over 接收; 接管
7. so as to 为了
8. embark on 开始或从事
9. compete with 与……竞争
10. be responsible for 对……负责
11. aim at 意在; 旨在
12. amount to 总计; 达到
13. line of business 业务范围
14. be in line with 与……一致
15. business scope 营业范围
16. transmission mechanisms 传动机关[机构]
17. in accordance with 与……一致; 依照
18. make use of 使用; 利用
19. focus on 集中
20. on site 现场
21. off site surveillance 非现场检查
22. set out 制定; 陈述
23. money laundering 洗钱

Special terms

1. central bank 中央银行
2. joint-equity commercial bank 股份制商业银行

3. policy bank 政策性银行
4. reform and opening up 改革开放
5. macro-adjustment 宏观调控
6. interest subsidies 贴息
7. fixed asset 固定资产
8. foreign exchange reserve 外汇储备
9. currency distribution 现金调拨
10. policy-related credit 政策性贷款
11. benchmark interest rate 基准利率
12. credit insurance 信用保险
13. State Administration of Foreign Exchange 国家外汇管理局

Notes

1. People's Bank of China (中国人民银行, PBC): The central bank of China, and is independent of Ministry of Finance and other government agencies. It maintains a centralized organizational network with branches and sub-branches throughout the country free from interference of local governments.
2. All-in-one monopolistic banking system (大一统的银行体系): Performing as central bank and being engaged in commercial bank business.
3. The Third Plenary Session of the Eighth National People's Congress: Held in March, 1995, on which the central banking system was further strengthened when PBC's legal status as China's central bank was specified by the Law of the People's Bank of China.
4. China Banking Regulatory Commission (中国银行业监督管理委员会, CBRC):

The main functions of CBRC:

- Formulate supervisory rules and regulations governing the banking institutions;
- Authorize the establishment, changes, termination and business scope of the banking institutions;
- Conduct on-site examination and off-site surveillance of the banking institutions, and take enforcement actions against rule-breaking

behaviors;

- Conduct fit-and-proper tests on the senior managerial personnel of the banking institutions;
- 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;
- Responsible for the administration of the supervisory boards of the major State-owned banking institutions; and other functions delegated by the State Council.

The regulatory objectives of CBRC:

- 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;
- Combat financial crimes.

Exercises

I. Match the terms in column A with the explanations in column B

A	B
1. take shape	A. acquire or gain control of
2. take over	B. take on a definite form
3. as of	C. carry out
4. make even	D. as from; indicating the time or date from which sth. starts
5. consist of	E. create in a precise form
6. formulate	F. make neither a loss or a profit
7. implement	G. be composed of

II. Check your comprehension

1. The text is mainly about _____

- A. the development of the banking industry in China.
 - B. the process of the banking industry in China.
 - C. the cause of the banking industry in China.
 - D. the course of the banking industry in China.
2. However, PBC's transition toward a full-fledged central bank _____
- A. proved to be a long process.
 - B. turned out to be a long process.
 - C. turned to be a long process.
 - D. Both A and B.
3. The State Administration of Foreign Exchange, an immediate subordinate body of the PBC, _____ foreign exchange administration.
- A. is trusted with
 - B. is ensured with
 - C. is entrusted with
 - D. is being entrusted with
4. The State Development Bank's tasks include creating a stable and long term source of financing through mobilizing financial resources in the economy _____
- A. so as to meet the needs of priority construction projects.
 - B. so that to meet the needs of priority construction projects.
 - C. so to meet the needs of priority construction projects.
 - D. as meet the needs of priority construction projects.
5. The major task of the Export-Import Bank of China is _____ industrial and trade policies by providing policy related financial support and services aimed at expanding exports.
- A. to carry out
 - B. to implement
 - C. to carry on
 - D. Both A and B.

III. Cloze

China's banks have been scrubbing hard, hoping to make themselves clean enough to attract foreign capital. If you believe official figures, their non-

performing loan (NPL) ratio fell to 13.2% at the end of last year, from nearly 18% in 2003. (1) Independent data are also looking less gloomy. Standard & Poor's, a credit-rating agency, reckons 35% of loans will go sour, down from its previous estimate of 50%. This may help win round foreign banks, which have so far resisted taking stakes. Royal Bank of Scotland is said to be ready to pay up to \$4 billion for up to a fifth of BoC, although the Edinburgh bank would not be drawn at its annual meeting on April 20th. There are also rumors that foreigners are preparing to buy a stake in CCB.

The banks' old bad debts are worrying enough. (2) Between the start of 2001 and early 2004, China went on an almighty credit binge. Bank lending jumped by 56% in 2003 alone, as the government first tried to shore up growth and then lost control of a racing economy before trying to rein it in last spring. At the state's behest, banks lent enormous sums for new factories, roads and airports, many of which will never make money.

(3) A tenth of all outstanding bank loans, or around 2 trillion yuan (\$242 billion), is now owed by consumers. Mortgages, which account for 90% of this, grew at an annual compound rate of 115% between 1998 and 2004, according to KGI, a securities firm. Last year, they rose by 38%, against just 6% for corporate loans (see chart). Banks have been delighted to grant home loans because they carry only a 50% weighting in the calculation of risk-weighted assets – a tribute to the perceived safety of mortgages.

(4) Last June, the National Audit Office warned of widespread consumer-credit problems, citing one borrower who was lent enough in multiple mortgages to buy 128 apartments. China lacks a national consumer-credit database to spot overstretched debtors, although a pilot system linking seven cities was set up late last year. Never having seen a complete mortgage-credit cycle, Chinese banks appear not to understand the downside risks. (5)

A. None has scrubbed harder than the two big state banks being groomed for strategic investment and flotation: Bank of China (BoC) said last month that its NPL ratio was just 4.7%, and China Construction Bank (CCB) claims 3.7%.

B. However, for the first time they also lent hand-over-fist to individuals, deluging them with credit cards, mortgages and car loans in an attempt to make growth more balanced by encouraging consumer spending.

C. But potential investors should probably be more concerned about what has yet to appear in the books.

D. That may be a dangerous misperception.

E. For now, the economy is accelerating: it grew by an unexpectedly fast 9.5% in the first quarter, according to figures published this week.

F. Without proper records, it has been impossible to trace defaulters, even if they gave correct information in the first place.

G. And they have few channels to lay off risk: the central government has repeatedly stalled moves to secure consumer loans.

IV. Translation

1. Translate the English into Chinese

The reform and opening up of China's banking sector have been carried out in pace with the overall economic reform and opening up, starting in special economic zones and then rolling out to coastal areas, inland provincial capitals and finally the whole country, as well as extending from foreign currency businesses to local currency businesses. Having built their presence in China over two decades before, foreign financial institutions have now become an integral part of China's financial sector. They have made tremendous contribution to the Chinese banking industry by introducing into China advanced operating mechanisms and management expertise, promoted service level of China's banking industry and deepened the financial reforms. Since its entry into WTO, China has accelerated its pace in opening up the banking sector and has opened more areas to foreign banks. There are no more geographic and customer restrictions on foreign exchange businesses of foreign banks, while the geographic restrictions on RMB businesses of foreign banks are also being phased out.

2. Translate the Chinese into English

随着社会经济的发展,中国的信用文化受到了前所未有的挑战,主要表现在两个方面。一是中国传统信用文化的基础是人与人之间通过接触而

产生的信任、相互了解以及道德规范。然而,这种信用文化只适用于小范围的社会经济活动,当范围扩大到了整个国家,甚至是整个世界,传统的信用文化就不能满足需要。二是改革开放以前,我国实行传统的计划经济体制、企业的生产、交易及银行的信贷通通按国家计划进行,这不仅弱化了中国传统的信用文化,更影响了中国传统信用文化向现代信用文化的发展。随着改革开放的逐步推进,中国迫切需要建立符合社会主义市场经济发展需要的现代信用文化。

Supplementary Reading

Banks Open to Increased Foreign Investment

China has taken an important step towards receiving more foreign investment in its banking sector, giving big-name overseas lenders such as Citigroup a shot in the arm. Liu Mingkang, chairman of the China Banking Regulatory Commission, the country's banking watchdog, announced recently that the investment cap for a single overseas investor in a domestic lender had been raised to 20 percent. Local banks are also now allowed to sell up to 25 percent of their shares to overseas investors. "Foreign banks can expand rapidly in the market through equity investment," said him. "Chinese banks will benefit as they will learn more advanced technology and management expertise." The chief banking regulator called the policy changes "historic steps" in the opening-up of the country's finance industry.

These changes will enable overseas banks to become single largest shareowners in local lenders. Furthermore, the policy changes would allow foreign investors easier access to Chinese currency business. "The move will fuel the expansion of foreign banks in the domestic market," says analyst Wu Qi of Hemoo Investment and Business Consulting. It will also help reinvigorate domestic banks. According to China's commitment to the World Trade Organization, foreign banks will not be able to offer RMB business to Chinese citizens until 2006. China currently allows overseas lender to offer RMB services only to corporate clients. A flood of foreign banks has already shown keen interest in domestic lenders. Analysts say the waiving of rules would add spice to the race for buying shares of domestic counterparts.

However, industry officials predict that it will take some time before any