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## South-South Integration and the SDGs: Enhancing Structural Transformation in Key Partner Countries of the Belt and Road Initiative

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# China's Financial Reform and Development in Four Decades: Process and Experience

### Abstract

**The financial sector is an integrated system composed of financial institutions, markets and regulation. It is an important sector in an economy. In addition, finance is of particular importance to the Chinese economy as it is associated with its reform, opening-up and economic “miracle”. Deng Xiaoping once said, “Finance is very important, because it is the core of the modern economy. Handling financial affairs well is the key to success in this sphere.” This paper takes stock of the process and experience of reform and development of China's financial sector in the past four decades and discusses new directions and priorities for the future, with a focus on the role of development banks, and green and inclusive finance.**

**Key words:** China's Financial Sector; Development Banks in China; China's Financial sector reforms



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## Introduction

The financial sector is an integrated system composed of financial institutions, markets and regulation. It is an important sector in an economy. In addition, finance is of particular importance to the Chinese economy as it is associated with its reform, opening-up and economic “miracle”. Deng Xiaoping once said, “Finance is very important, because it is the core of the modern economy. Handling financial affairs well is the key to success in this sphere.”<sup>1</sup> This paper takes stock of the process and experience of reform and development of China’s financial sector in the past four decades and discusses new directions and priorities for the future, with a focus on the role of development banks, and green and inclusive finance.

### 1. The long journey the financial sector has taken: Step by step in the past four decades of reform and opening-up in China

Financial reform in China went through four stages between 1978 and 2018—the start of building a modern financial system between 1978-1990, the establishment of a basic framework of the modern financial system between 1991-2008, the rapid marketization and expansion between 2009-2016, and the coordinated development of the modern financial system since 2017.

China started to reform and develop its financial sector under a highly centralized system of planned economy. The initial vision was “banks should perform all the functions of banks.”<sup>2</sup> Between 1978-1990, China took the following major steps in reforming its financial sector. First, the financial sector was separated from government finance and given to play its true role. Institutionally, the People’s Bank of China (PBOC) and China Construction Bank were separated from the Ministry of Finance in early 1978 and August 1979. Second, a two-tier banking system was put in place as the PBOC undertook the functions of the central bank and became the bank of the banks. Since then, it has focused on macroeconomic policy, credit administration and currency stability. Specialized banks were restored, separated from government or established. Third, a variety of financial institutions were created or permitted to operate in China, such as stock-holding banks, urban credit cooperatives, trust companies, finance companies, housing savings banks, financial leasing companies, insurance companies and foreign banks (their subsidiaries and branches). Fourth, capital markets began to emerge. The stock market burgeoned, following the stock-holding reform of state-owned enterprises. The bond market was launched in early 1980s. The Shanghai Stock Exchange and the Shenzhen Stock Exchange were founded in 1990.

Financial reform continued between 1991-2008, with the following measures. First, China built a modern macro-financial regulatory framework. It built a modern central bank system, strengthened financial legislation and reformed the financial regulatory system; undertook large-scale financial restructuring and shareholding reform; established three policy banks—the China Development Bank, the Export-Import Bank of China and the Agricultural Development Bank of China, and made state-owned specialized banks truly commercial ones by separating policy finance from commercial one; issued special treasury bonds to replenish the capital of the “big four” state-owned banks; and established four assets management companies (“bad banks”); Moreover,

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<sup>1</sup> Selected Works of Deng Xiaoping, Volume III, p353, Foreign Languages Press, 1994

<sup>2</sup> Selected Works of Deng Xiaoping, Volume III, p193, Foreign Languages Press, 1994

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it introduced foreign strategic investors, improved equity structure and corporate governance, enhanced management and got banks listed in stock exchanges in China and elsewhere.

Second, China put in place a unified, open financial market system with orderly competition. In the foreign exchange market, reform in 1994 unified its dual exchange rates by aligning official and swap center rates, put an end to its dual-track exchange rate system and set up its first interbank currency market. In the stock market, China unified its regulatory regimes, shook up securities trading centers, built a capital market legislative system, pushed for the reform of the split-share-structure in China's stock markets (whereby both tradable and non-tradable shares co-existed) and fostered a national unified capital market. On currency markets, China built a nationally integrated interbank market. On bond markets, the interbank bond market flourished to rival the exchange-traded bond market.

Thanks to the above reforms, China's financial system became remarkably healthier and more resilient against risks. More importantly, these reforms pushed financial deepening forward, enriched financial supply, and made the financial system more market-oriented and financial resources allocation more efficient, providing sustained funding support to China's rapid industrialization and economic catch-up process. The growing capital market has also facilitated the reforms of SOEs and corporate governance, and supported a cohort of competitive listed companies in line with China's economic transition.

However, the global financial crisis put pressure on the real economy with the sharp slowdown in external demand, leading to further reforms in the financial sector between 2009-2016. First, China substantially eased market access. In 2014, the first group of five private banks were approved to be established. In 2015, rules for establishing private banks in China were further relaxed, with numerical restrictions removed. Whenever conditions were right, a private bank would be approved to be established. Second, China moved fast with market-oriented reforms on interest rate and exchange rate. The market-oriented reform was rolled out on two pathways—step-by-step relaxation on deposit and lending benchmark rates and expansion of asset management products. The lower limit of lending rates and the upper limit of deposit rates were fully liberalized in July 2013 and October 2015, respectively. Asset management products represented by bank financial products boomed, leading to a notable increase in the ratio of financial assets whose prices were determined by markets. In the market-oriented reform of exchange rate, China widened the floating range and reformed the formation of the RMB's central parity rate against the US dollar. Third, China fostered a multi-tiered capital market. It launched the growth enterprise market (GEM) and rolled out nationwide the National Equities Exchange and Quotations (NEEQ, nicknamed "New Third Board") to build more tiers in the capital market. Fourth, China sustained financial opening-up, particularly in the form of internationalization of the RMB and liberalization of the capital account. Since 2009, China piloted RMB settlement in cross-border trade, leading to the official inclusion of RMB in the SDR basket in 2016. On the liberalization of capital account, China initiated RMB Qualified Foreign Institutional Investor (RQFII) Scheme in 2011, kept expanding the Qualified Foreign Institutional Investor (QFII) and Qualified Domestic Institutional Investor (QDII) programs, launched Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, and continuously made the interbank bond market more open.

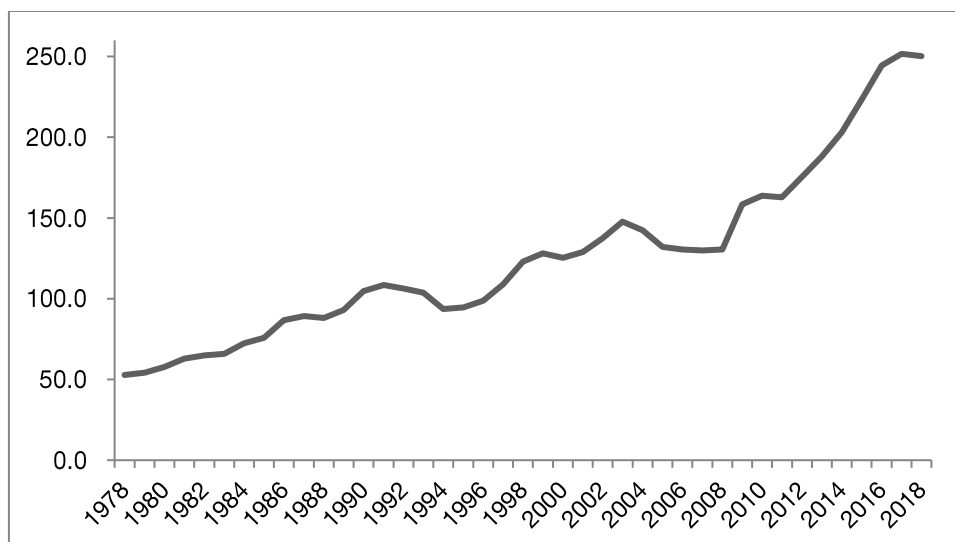
Following the rapid progress in the market-oriented reform between 2009-2016, explosive growth of financial assets caused serious imbalances between the financial sector and the real economy. Amid illegal practices and chaos in the financial sector, a large number of risks were built up. Since 2016, the need to address imbalances

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between the financial sector and the real economy as well as prevent and control financial risks received greater attention in the government agenda. The focus on financial reform shifted towards serving the manufacturing sector, the real economy, the private sector and SMEs. Moreover, to strengthen the stability of the financial system, the following steps were undertaken from 2017 onwards. First, reform of the financial regulatory regime. The Financial Stability and Development Committee under the auspices of the State Council was established in 2017 to coordinate different financial regulators, financial, fiscal and industrial policies, and regulation at the central and local levels. China Banking and Insurance Regulatory Commission was established on the basis of the former China Banking Regulatory Commission and China Insurance Regulatory Commission. At the same time, the role of PBOC was beefed up in the area of macro-prudential management and prevention of systemic risks. Second, China intensified efforts to address illegal practices and shadow banking. And, third, it worked hard to remove soft budget restraint on the credit market,<sup>3</sup> by particularly addressing debts of local governments and reining in debts of SOEs.

In general, China has come a long way in its financial reform in the past four decades. First, finance has substantially deepened. The once underdeveloped financial sector kept growing by expansion at scale and a small player rose to become a financial powerhouse. The result is that China has at present one of the largest financial sectors in the world. Its banking sector was on a par with the US banking sector in 2012, overtook the US and was ranked the largest one since then. China has the second largest stock market and insurance market, and the third largest credit debt market in the world. The financial sector thus became remarkably deeper and the economy more monetized, as evidenced by the notable rise in such indicators as the ratio of credit balance to GDP (See Figure 1), considerably higher than economies at the same stage of development.

Figure 1. Ratio of Domestic Credit Balance to GDP in China's Non-Financial Sectors, 1978-2018 (percentage)



Source: the authors

<sup>3</sup> In the first two stages of financial reform, soft budget restraint on the credit market was notably improved thanks to the separation of government finance from the financial sector, reform of SOEs and strategic restructuring in the layout of SOEs. However, soft budget restraint became serious once again in the third stage of financial reform given the rapid expansion of financing platforms owned by local governments.



Second, China has maintained long-term financial stability. Many developing economies are characterized by a fragile financial system and frequent financial crises, which are major reasons for their economic fluctuation. In the past four decades, China's financial system has successfully forestalled the Asian financial crisis in 1997, the international financial crisis in 2008, the deep plunge in its stock market in 2015 and the shocks in the currency market in 2016. The financial system has basically performed its functions (particularly in credit expansion), providing a stable financial environment for economic and social development.

Third, China has fundamentally improved its mechanism to allocate financial resources. Before Reform and Opening-up was launched in 1978, financial resources were allocated according to the plan and the bank played the role of cashier and accountant. After 1978, with a comparatively comprehensive macro-prudential financial regulatory framework, a system of diverse financial institutions with commercial banks as main players emerged. By the end of 2018, total deposits by urban and rural residents approached 70 trillion yuan, indicating the financial system functioned well in attracting deposits and providing funds.

## 2. Basic experience in China's financial development and reform

As an emerging and transitional economy, China has been expanding its financial system and kept it stable, which can be considered a very rare phenomenon in the global history of finance. What are the fundamental reasons behind it? Essentially, China has pursued development amid reform, conducted reform in development and achieved a virtuous cycle between financial reform and development and economic growth.

### 2.1 China has always followed a correct direction in its market-oriented reform and properly managed the pace and intensity of reform.

China addressed the relationship between government and commercial banks in line with the principle of "separating government functions from enterprise management". The Chinese government pushed commercial banks to establish an independent and self-disciplined operating system in which the banks were responsible for their own profitability and took risks on their own. China took monetary policy away from financial regulation, separated commercial finance and policy finance, and introduced strategic foreign investors for its commercial banks.

In addition to establishing a clear direction for the development of its financial system, China managed the pace and intensity of reforms. In the 1990s, China made rapid progress in reforming its financial sector, including the banking sector. However, speed did not trump other concerns. For example, China had planned to adopt RMB convertibility on capital account in five to ten years after

RMB convertibility was adopted for the current account. However, this liberalization schedule was delayed due to the outbreak of the Asian Financial Crisis. It was thanks to restrictions on the capital account that China did not suffer more serious consequences from the crisis.

As part of a gradual approach towards deepening and financial development, China did not take a “Big Bang” approach. Instead, it has followed a gradual one with an inherent incentive mechanism to deepen financial development—the financial restraint model (Zhao and Zhu, 2015). The financial restraint model (Hellman, Murdock & Stiglitz, 1997) has three pillars—interest rate control, restricted entry and asset substitution restrictions. Financial restraint, which is fundamentally different from financial liberalization or financial Big Bang, has its basic logic in creating and keeping rent opportunities and providing incentives for financial institutions in deposit mobilization and credit creation (issuing loans), thus generating inherent push in the financial system for financial deepening and stability.

**Table 2: Financial Restraint vs Financial Repression**

	Financial restraint policy	Financial repression policy
<b>Target</b>	By creating “rent opportunities” for the financial and production sectors, especially financial intermediaries (banks), the policy targets at reducing the banks’ moral hazard, encouraging financial intermediaries to provide more goods and services that might be undersupplied in purely competitive markets, such as regulating loans and absorbing more deposits.	Extract rent from the private sector
<b>Tool</b>	Keeping the deposit interest rate below the competitive equilibrium level and creating “rent opportunities” by producing interest margin: imposing control over access and even directly restricting competition to maintain the availability of “rent”; restricting assets substitution to maintain “rent”.	Controlling the interest rate to keep the nominal interest rate far below the inflation rate; suppressing the exchange rate, or overvaluing the domestic currency.
<b>Government intervention</b>	Selective intervention	All-around intervention
<b>Implementation conditions</b>	Stable macroeconomic environment, low and predictable inflation rate, no high tax levied from the financial sector (direct or indirect tax), and more importantly, positive real interest rate (to curb the loss of deposits)	Low financial development level, weak institutional organization, poor capability of encouraging saving, and negative return on financial assets.
<b>Effect</b>	Promoting financial deepening and enhancing credit allocation efficiency	

Source: Zhao and Zhu, 2017

Among the three pillars, interest rate control was to keep real deposit rate positive, but lower than competitive equilibrium in order to create interest spreads of deposit and loan and thus rent opportunities as well as incentives for the banking system to take deposits and lend loans. It was not until 2012 that China began to ease the upper limit of deposit rates. There were virtually always interest spreads between deposit and loan before 1978. At the same time, China's real deposit rate was positive most of the time, giving incentives to financial deepening.

Restricted entry was to restrict market access of financial institutions and asset substitution restrictions were to rein in non-deposit financial products, both of which were essential to maintain interest spreads and rent opportunities. After the first stage when a large number of financial institutions were established, China imposed serious restrictions on market access to the banking sector for many years. No bank was incorporated between 1996 and 2013.

## **2.2 China had effective mechanisms to share costs and correct mistakes in reform**

Progress in financial reform is often deterred by lack of fiscal funds. Facing such a limitation, China made creative use of its foreign exchange reserves and the PBOC balance sheet of assets and liabilities to take on the costs of the financial reform. This enabled China not to miss the opportunity of pushing major financial reforms forward and resolving issues in the process of development.

For example, state-owned commercial banks badly needed capital in early 2000s. A few hundred billions yuan of funds were required to conduct financial restructuring and increase their capital adequacy ratio to 8 per cent before overseas strategic investors could be introduced and the shareholding reform be conducted. However, government fiscal funds could not bear such costs in reform. Under these circumstances, China made creative use of its foreign exchange reserves to take on the cost in the financial reform. In 2003-2005, China injected 60 billion dollars from its foreign exchange reserves into the Industrial and Commercial Bank of China, China Construction Bank and Bank of China. These funds helped these state-owned commercial banks to make financial overhaul and create conditions for the introduction of overseas strategic investors and listing in the capital market. The timely shareholding reform of state-owned banks made it possible for them to enjoy dividends from fast economic growth between 2003 and 2007, remarkably improve their performance in operation, and successfully forestall shocks from the global financial crisis in 2008. Thanks to such substantial improvement in operational performance, benefits from the shareholding reform exceeded the costs incurred for the reform.

## **2.3 China has always stepped up financial regulation and market discipline targeted at specific questions**

Effective financial regulation and tough market discipline are essential to financial stability. Reform of China's financial regulatory system, which has

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always been question-oriented, has mitigated financial risks accumulated over the years and upheld long-term financial stability.

Moreover, rapid market-oriented reforms and explosive growth of financial assets were accompanied by financial regulation, though the latter to some extent lagged behind financial development, contributing to the accumulation of financial risks. Facing such challenges, China established the conception that regulators must focus on regulation itself; moreover, it set up the Financial Stability and Development Committee under the auspices of the State Council to coordinate different financial regulators; and unveiled the new China Banking and Insurance Regulatory Commission. Thanks to the above steps, China's campaign to prevent, control and mitigate major risks moved forward in an orderly and effective manner.

## **2.4 Financial reform and development in China has always served its process of industrialization, urbanization and economic and social development**

China has always stressed that financial reform and development should serve economic and social development goals. It did not want to see a premature financial system to emerge. By adapting the financial system to the specific stage of economic development, the financial sector successfully provided the required amounts of funds for the development of manufacturing, infrastructure and real estate property sectors.

For example, the pace of financial reform was adapted to the process of industrialization. In the first two stages of financial reform and opening-up (1978-2008), the primary task of the financial system was to raise funds for industrialization. Under such circumstances, the financial restraint system discussed earlier provided adequate and low-cost funds to large-scale industrialization and infrastructure construction which in turn underpinned China's economic growth. The reform of SOEs is another example. In the early 1990s, a large number of struggling SOEs would not survive, had specialized banks operated independently and made independent decisions on lending loans as commercial banks do.

A further example has been the reform of rural credit cooperatives, in which provincial unions of rural credit cooperatives were set up. This has not only prevented intervention on county-level rural credit cooperatives from municipal and county governments, but also played an important role in helping recover debts, improve banking governance, ensure benefits of pro-rural policies for farmers, and increase resilience against risks.

All that means that financial reform should come hand-in-hand with the reform of the whole economic system. Timing and outcome of financial reform as part of the broader economic reform is determined by progress in reforms on investment administration, government finance, foreign trade and SOEs.

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### 3. Final considerations of China's financial development: Development banks and green finance

#### 3.1 The role of development banks

The China Development Bank (CDB), the Agricultural Development Bank of China and the Export-Import Bank of China are the three policy financial institutions established in 1994. The CDB, in particular, serves China's major economic strategies, through its provision of mid-to-long-term credit and investment. By the end of 2017, its total assets reached 15.96 trillion yuan, its balance of loans 11.04 trillion yuan and its capital adequacy ratio 11.57 per cent. Over the years, major international credit rating agencies have given the same rating to the CDB as the sovereign rating of the Chinese government. The CDB, based on state credit, raises funds in the domestic capital market. Although they do not enjoy favorable income tax rate, CDB bonds are popular among banks and other institutional investors for their high credit rating, liquidity, higher yields than treasury bills and the status as good collateral accepted by the People's Bank of China (the central bank).

From its inception, the CDB's business has been aligned with China's major national strategies. In the past 20-plus years, it has covered the following areas: 1. Energy and transport infrastructure, such as the hydro power projects represented by the Three Gorges Dam, the railway projects such as the Beijing-Kowloon Railway, and the labyrinth network of national high-speed railway; 2. New-type of urbanization, through financial support for building local utilities infrastructure, renovating run-down urban areas and constructing apartment houses for middle- and low-income families; 3. Coordinated regional development – for example, by supporting western China in translating its resource endowments into competitive industries as well as providing eco-protection and environmental treatment under the framework of the western development strategy; 4. Upgrading and transformation of traditional industries, including through promoting technological upgrading in the steel industry by supporting cross-regional and cross-sector mergers and reorganizations; and 5. Strategic emerging industries, such as solar panel and other new energy projects, and modern logistics bases.

The history of the CDB thus suggests that development finance can and should play a major role in a wide range of sectors. But two things stand out in the success of development finance. First, the latter should involve a good combination of policy advantage and market mechanism. Guided by a national strategy and based on sovereign credit, development finance does not take short-term profits as its primary goal, as is the case of commercial banks. At the same time, a market mechanism should also be included to promote sound interaction between government and markets so that asset quality is not eroded. Second, there should be a fair balance between grand planning and individual projects. Starting with planning, the CDB strives to get a full picture of overall economic and social development in a country or region and take into account

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local changes in the next five to ten years; then determine the boundary of credit for each specific project according to the standards and control loan size, which, coupled with risk management such as credit review and amount due review, will achieve a genuine balance between grand planning and individual projects.

In short, the model of development finance in China provides important references for many Belt and Road countries that want finance to play a better role to speed up the industrialization and urbanization process.

### 3.2 How to promote green finance?

In China, green development has become a growing consensus. Green finance is an integral part of it and a solid basis for inclusive and sustainable development. Green finance has boomed in China in recent years, which has helped the economy to go green and emerged as one of the few areas in which China leads in the international financial markets.

First, a policy system for green finance has come to take shape. Since *the Green Credit Guidelines* were issued in 2012, central and local governments in China have issued a host of policy measures on green finance. In particular, *Guidelines for Establishing the Green Financial System* issued in 2016 represents further improvement in the policy system for green finance in China. Second, the green financial market has enjoyed rapid growth. By the end of 2018, the balance of green loans of the 21 major Chinese banks exceeded 8 trillion yuan, reflecting a year-on-year increase of 16 per cent since 2013. Also, according to *China Green Bond Market 2018 Report* jointly released by China Central Depository & Clearing Co., Ltd. and the Climate Bonds Initiative,<sup>4</sup> internationally-aligned green bond issuance from China reached 210.3 billion yuan (31.2 billion dollars) in 2018, accounting for about 18 per cent of the global total and second largest issuer in the global green bond market after the United States.

Financial institutions play a major role in supplying green financial products, services and risk management as well as pushing green finance forward. Green finance is driven by actual needs of market players and particularly of financial supply and demand, and yet macro, strategic, policy, institutional and top-bottom support from central and local governments are indispensable.

To further develop green finance, it is urgent to improve the environment information disclosure system of companies, particularly of listed ones. However, as green finance moves forward with a top-bottom approach in China, regulations on corporate environment information disclosure remain weak, and therefore should be beefed up. In addition, more innovations are required to translate the national strategy of green development into initiatives by companies and other market players.

Looking ahead, first, China should keep stepping up top-level design. After taking stock of existing practices and experiences, China needs to formulate mid- and long-term plans for green finance in the next five to ten years and make

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<sup>4</sup> Climate Bonds Initiative is an international, investor-focused and not-for-profit organization. It is the only organization working solely on mobilizing the 100 trillion dollars bond market for climate change solutions.

green finance a priority in deepening financial reform and innovative development. *Law of Commercial Banks, Securities Law and Insurance Law* should be amended to include articles on green development. Synergy should be fostered among government departments to ensure stability, effectiveness and consistency of green finance policies.

Second, a proper balance should be struck between government and market players. Elements of green finance should be incorporated into banking, securities and insurance regulation which, along with policy guidance, will encourage financial institutions to conduct green finance business and align their green finance operations with standards. Environment information disclosure systems should be strengthened for listed companies. Tax reduction, exemption and benefits should be provided to financial institutions that conduct green business. Infrastructure construction should be sped up for green finance.

Third, we need to explore new market-oriented models for green finance. Financial institutions need to build two-way information and data platforms to disclose in a timely manner progress on green finance business. Financial institutions should work more closely with third-party/ intermediary agencies to make the best use of the latter in project needs, credit rating and risk assessment. We should build a green rating system, work out relatively unified credit rating standards and approaches, and gradually put in place a green finance credit system.

### 3.3 How to build a modern system of inclusive finance?

China is in the transition from high speed growth to high quality growth and in the run-up to build a moderately prosperous society. Inclusive finance, naturally, has become an unavoidable question. Inclusive finance, a concept first adopted by the United Nations in its year of microcredit in 2005, is defined as a financial system which can provide services in an effective and all-round way to all social strata and groups and, this paper wishes to stress, to small and micro businesses, low-income groups and rural areas.

As availability and affordability in finance is a severe challenge to small and micro businesses, low-income groups and rural areas, governments at different levels in China have introduced a host of incentives to reduce costs of inclusive finance and mitigate its risks. The third plenum of the 18<sup>th</sup> CPC Central Committee in late 2013 proposed to develop inclusive finance, “encourage financial innovation, and add more layers and products to the financial market”. In 2015, the Chinese government made public the *Plan for Advancing Inclusive Finance Development (2016-2020)*; also, in 2017, it proposed to build a system of inclusive finance with more financial resources allocated to small and micro businesses, rural areas and poverty reduction in a national conference on financial work; and issued a program for large and medium-sized commercial banks to set up departments of inclusive finance, all of which have provided infrastructure for inclusive finance and improve the financial regulatory framework.

As a result, a diverse and multi-tiered system of institutions and products have emerged. In 2018, loans for small and micro businesses reached 31 trillion yuan, accounting for 25% of total bank loans; loans related to rural areas also hit 31

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trillion yuan and 25% farmers borrowed from banks; and 16.2 million small and micro businesses had access to loans. In the area of poverty reduction, as much as 250 billion yuan of microcredit was issued for that purpose, covering about 26% poor households in rural areas.

Nevertheless, inclusive finance service in China has much to improve in terms of coverage and availability. As small and micro businesses are confronted with enduring risks in recent years, availability and affordability has become more serious, rather than mitigated. In addition, given low level of service for low-income groups and rural areas, the following steps can be taken in the future:

First, China needs to further improve the incentive policy and coordination mechanisms to support inclusive finance. With commercial sustainability as precondition, there is a need to effectively control risks and increase cost efficiency in promoting inclusive finance. In terms of internal costs and benefits, financial institutions do not have strong desire to develop inclusive finance in accordance with market rules. Therefore, there is a need to further motivate commercial financial institutions by ensuring reasonable profits and commercial sustainability.

Second, there is a need to reduce the costs and risks of inclusive finance through innovation in organizational model. For example, it is possible to explore the alliance of small and micro businesses and individuals to promote convergence of financial institutions and clients, for example through bundled debts and personal credit rating upgrade. We should also improve the financial service model of industrial chains by integrating credit, lease guarantee, factoring, financial leasing, insurance, future, logistics and warehousing agencies to provide complementary inclusive finance services.

Finally, there is a need to further improve the basic conditions for inclusive finance. This includes further improvement in credit collection system and credit information sharing system; promotion of rating agencies based on digital technology; encouragement of cross-sector integration among digital technology, financial and professional consulting institutions; wider and faster use of information technology in inclusive finance; and technological innovation.

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