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Budapest Renminbi Initiative 2018



MNB'S ROLE IN CHINESE-HUNGARIAN FINANCIAL MARKET DEVELOPMENT AND RMB INTERNATIONALIZATION



- Background – bilateral swap line and Renminbi Programme
- Pillars and achievements of the Budapest Renminbi Initiative (BRI)
- Lamfalussy-Award and Lamfalussy Lectures Conference 2018
- Conclusion



BACKGROUND – BILATERAL SWAP LINE AND RENMINBI PROGRAMME

Chinese initiatives

- Go Global
- RMB internationalization
- Belt and Road Initiative

Hungarian initiatives

- Opening to the East
- Renminbi Programme
- Budapest Renminbi Initiative

2013, Basel: PBOC-MNB bilateral swap line

BACKGROUND



Context of the Chinese-Hungarian win-win cooperation



PILLARS AND ACHIEVEMENTS OF THE BUDAPEST RENMINBI INITIATIVE (BRI)

Renminbi Programme

FX reserve portfolio in CNY

Potential central bank RMB liquidity instrument

Clearing

Financial stability and regulatory issues

Research and academic cooperation

Budapest Renminbi Initiative

Markets
(FX market, money market, capital markets)

Clearing and settlement infrastructure

Banking and trade finance

Publications, conferences

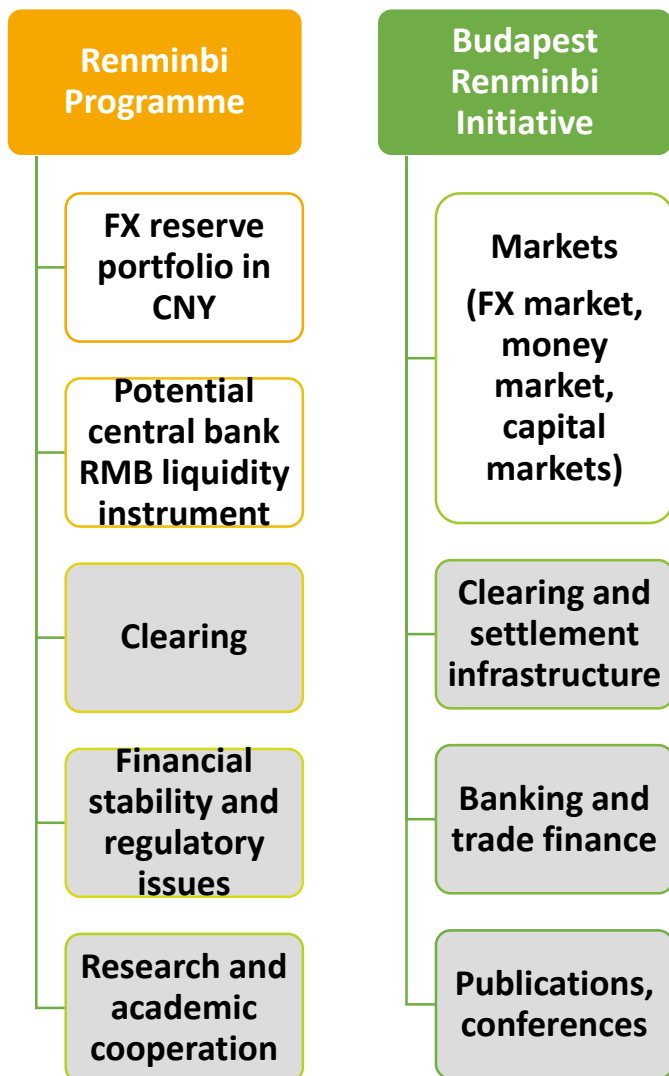
MNB PROMOTES RMB INTERNATIONALIZATION



The Renminbi Programme has four pillars.

MNB launched the **Budapest Renminbi Initiative (BRI)** in March, 2015.

The pillars of the Renminbi Programme and the Budapest Renminbi Initiative are strongly correlated.



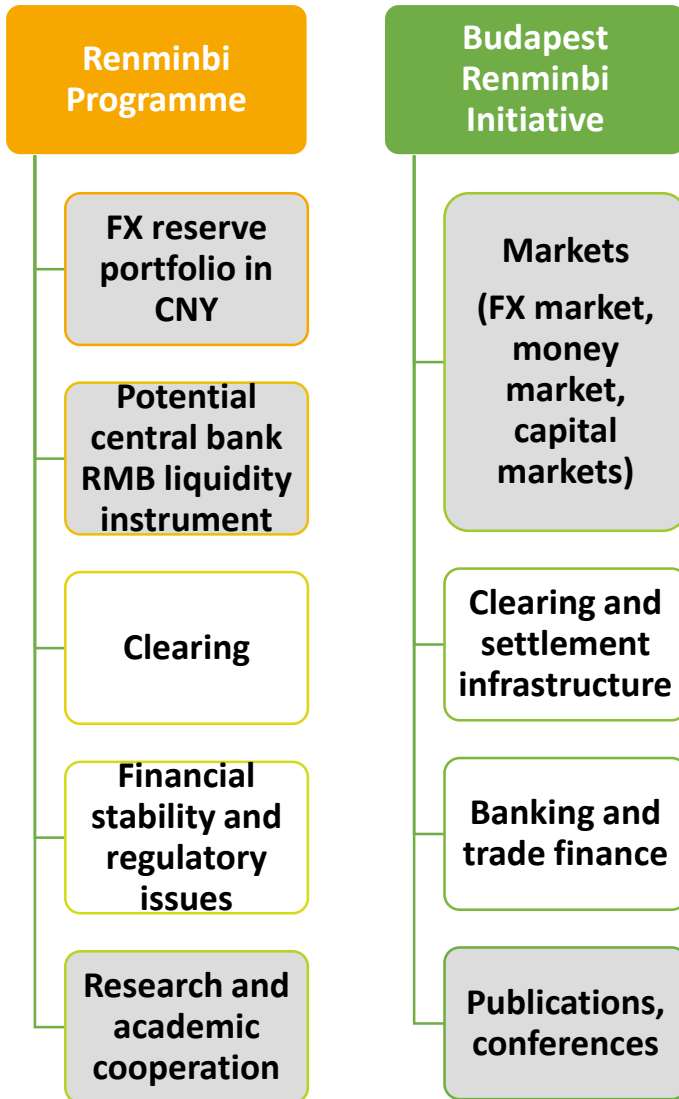
RMB investment of MNB

- 2015 (May): build up of CNY portfolio started
- Assets: government bonds
- Step-by-step approach
 - BISIP CNY
 - in-house managed CIBM portfolio, agent: PBOC
 - since 2017 new agent: BOC

RMB investment opportunities for institutional investors

- since 2015 (June): RQFII quota of RMB 50bn
- 2016 (Oct): BSE-BOC-MNB joint conference on RQFII

COOPERATION IN CLEARING AND FINANCIAL REGULATION



Clearing

- 2015 (June): Memorandum of Understanding

Clearing and settlement infrastructure

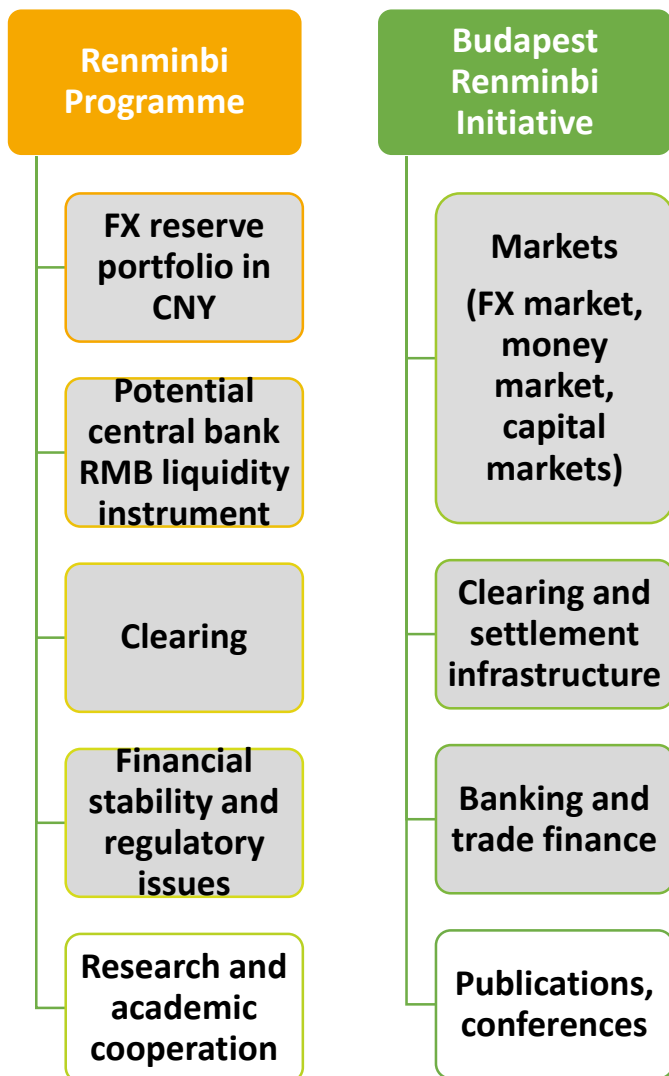
- 2015 (July): Bank of China -> RMB clearing bank
- 2017 BOC-MNB MoU on RMB Clearing Account Services

Financial stability and regulatory issues

- 2016 (March): MoU on MNB-CBRC cooperation

Banking and trade finance (related to Markets)

- RMB bank accounts available
- developing RMBHUF market



Research and academic cooperation

- MNB articles and publications
- Scientific and educational cooperation
 - Since 2016: Shanghai Forum
 - 2017 (Jan) Tsinghua-MNB MoU
 - 2017 (May) Fudan-MNB MoU
- Website
 - www.rmbbudapest.hu



Budapest RMB Initiative



HIGH-LEVEL MEETINGS



- High-level meetings
Beijing, Shanghai, Budapest



**MAY, 2017 MEETING GOVERNOR MATOLCSY AND
GOVERNOR ZHOU**

*Picture taken in Beijing in 2017 signing of the
renewal of the agency agreement between MNB
and PBOC*

WHERE DO WE STAND NOW?



Foreign exchange reserve
portfolio denominated in
CNY



RMB liquidity
instrument



Clearing



Financial stability and
regulatory issues



Research and academic
cooperation





LAMFALUSSY-AWARD AND LAMFALUSSY LECTURES CONFERENCE 2018

LAMFALUSSY-AWARD 2018



In 2018 the Lamfalussy Award was presented to

Zhou Xiaochuan,

Governor of the People' Bank of China.

Exceptionally the ceremony was held at the end of 2017 on the occasion of the recent visit of the Prime Minister of China and its high-ranking delegation to Hungary.

NOVEMBER, 2017
AWARD CEREMONY

LAMFALUSSY LECTURES CONFERENCE 2018



PROGRAMME

Morning panel:

„Great Transformation: East”

BUDAPEST, FEBRUARY 12, 2018

LAMFALUSSY LECTURES CONFERENCE 2018





- In 2018 MNB attempted to provide an overview of the main developments related to the **ongoing global economic transformation**.
- Global trends - the increasing prominence of Eastern economies, the emergence of a multipolar global economy - merit special attention.
- Around half of the total USD 6.5 trillion global output growth projected for 2017–2019 is expected to be recorded in Asia (mainly driven by China's economic performance, which is expected to account for more than one-third of global output growth).
- While the share of the United States in output growth will be around 18 % and the euro area's contribution will be only 8 %.

(Source: World Bank's GDP growth forecasts)



INVESTMENT

- Global realignment: China is a key element, and the increasing share of the Asian region in **foreign direct investment**.
- China (only preceded by the US) is now considered to be the **largest investor** worldwide.
- *“One Belt, One Road”* initiative continues to be a decisive factor.



TECHNOLOGY

- Ongoing global realignment - changes in **technology hubs**.
- Technological development: China is assuming a **leading role** - together with the US.
- Dedicate the **greatest amount of resources to basic research** - reap most of the benefits yielded by this activity.
- Economic and social cooperation platform are mostly linked to China and USA:
- **Direct and indirect value creation.**
- Mobile payment systems: cash usage in China was directly followed by the proliferation of online mobile payments.



CONCLUSION

PRESENT AND FUTURE: MNB IS ON THE NEW SILK ROAD



- MNB is on the New Silk Road
- MNB's initiatives are in line with the Belt and Road Initiative financial integration pillar

Belt and Road Initiative	MNB
Deepen financial cooperation	Promote RMB internationalization → RMB reserves
Open and develop bond market	Renminbi Program of MNB
Bilateral swap line	Budapest Renminbi Initiative
AIIB	PBOC-MNB bilateral swap line
Silk Road Fund	CBRC-MNB cooperation
Government along the Belt and Road to issue RMB bonds in China	Bank of China-MNB cooperation
Strengthen financial regulation cooperation	Tsinghua-MNB cooperation
Companies to issue bonds outside China	Fudan-MNB cooperation



THANK YOU
FOR YOUR KIND ATTENTION!

