CHINA’S NEW TEAM OF TOP FINANCIAL REGULATORS

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Executive Summary

1. China reshuffled its top financial regulators on 29 October 2011. Shang Fulin (尚福林) now heads the China Banking Regulatory Commission (CBRC), while Guo Shuqing (郭树清) is the new chairman of China Securities Regulatory Commission (CSRC). The new head of the China Insurance Regulatory Commission is Xiang Junbo (项俊波).

2. Shang is known as a low profile but decisive leader. During his nine-year tenure as head of CSRC between 2003 and 2011, he oversaw a series of reform. At the 2012 National Financial Work Conference, Shang highlighted promoting banking reform and curbing systematic risks as the focus of the government in 2012.

3. Given his prudent governing style, however, it is expected that Shang will not initiate quick or wide measures to deal with immediate problems faced by the banking sector. With his domestic experience and knowledge, Shang is likely to emphasize on the domestic financial market.

4. Guo is a scholarly technocrat, with rich domestic and international experience, and a persistent advocate of market reforms. Under his leadership, the Construction Bank of China (CBC) successfully launched IPOs and in 2010, CBC ranked first in the world in terms of market capitalization.

5. Nonetheless, Guo faces a series of challenges in his new position, including developing the Growth Enterprise Market board, the New Over-the-Counter Bulletin Board, the International Board, and dealing with issues of market frauds.

6. Xiang has rich experience in auditing and risk management. His working experience as a state auditor is useful in addressing some long-standing issues in China's insurance market, such as false data and the lack of regulatory

integrity. Besides, his experience in the banking sector may help facilitate cooperation between the banking industry and the insurance industry.

7. China's incumbent central banker, Zhou Xiaochuan (周小川), is expected to step down in 2012. Potential successors include Jiang Jianqing, Chairman of Industry and Commercial Bank of China, and Xiao Gang, Chairman of the Bank of China. Zhou is highly speculated to be the successor of Wang Qishan, the incumbent Deputy Prime Minister of the State Council.

8. Traditionally, top positions of the financial administration are usually assigned to experienced candidates who serve as executives of major state-owned banks. Technocrats with professional knowledge and notable experience are highly sought after to head China's financial sector.

9. With China's economy facing complex domestic and external environment, its new generation of financial leaders will need to have, in addition to professional knowledge in finance and economics, international experience and a good understanding of China's complicated financial system.