



# **Boao Forum for Asia Pairs Conference Session Summary (No. 3)**

Boao Forum for Asia Institute

September 15, 2017

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## **Session 3**

### **Inclusive and Innovative Ways of Funding**

**Time:** 3:45-5:15 p.m., September 15<sup>th</sup>, 2017

**Venue:** Scene BC, Level 0, Conference Center, Paris Marriott Rive Gauche Hotel

Walter PFEIFFER

**Moderator:** Ahmed BALADI, Partner, Gibson, Dunn & Crutcher

#### **Panelists:**

- Shaukat AZIZ, Former Prime Minister of Pakistan; Board Member, Boao Forum for Asia
- Benoist GROSSMANN, Managing Partner, IDINVEST Partners
- Enzo QUATTROCIOCCHIE, Secretary General, European Bank for Reconstruction and Development
- SHI Wenchao, President of the China UnionPay Co. Ltd.



- David WRIGHT, Senior Advisor Barclays; Former Vice Chairman, Barclays

**Key points:**

- We should establish regional financial centers for the “Belt and Road” Initiative.
- The internationalization of the RMB is a natural process.
- Markets using euros should seize the important opportunities brought by “Belt and Road” Initiative.
- The digital bank means a real revolution in finance.
- We should exploit the potentialities of private sectors in “Belt and Road” Initiative.

**Synopsis:**

Panelists believed that there is huge capital shortage in infrastructure construction in countries along the Belt and Road and even in the whole globe, which cannot be satisfied simply by government financing and calls for the potentialities of private sectors. Markets using euros should seize the important opportunities brought by the “Belt and Road” Initiative. The internationalization of the RMB is crucial to the success of the “Belt and Road” Initiative. We should give full play to local currencies and establish



regional financial centers. Finance is the core of Fintech, which cannot change the nature of finance that it contains financial risks, and therefore risk management should be paid attention to.

### **Seizing the Opportunities Brought by the Belt and Road Initiative and bringing into play the Initiative of Various Countries**

Shaukat AZIZ pointed out that without any concealed intention hidden in the “Belt and Road” Initiative, the only goal of it is to promote the infrastructure construction, the economic development of developing countries and even the economic development of the world. Infrastructure is of great importance for any country. As far as Pakistan is concerned, this significant initiative means a change of game rules. Pakistan should grasp the opportunities with an open mind, instead of speculating on hidden intentions. The Silk Road once ended in Italy, and the “Belt and Road” Initiative is also applicable for Europe. Now we should continue to build on our predecessors’ achievements.

Benoist GROSSMANN pointed out that in order to achieve success in the “Belt and Road” Initiative, the first thing to do is to encourage various countries to give full play to their initiatives. As Europe and China both enjoy their human resources, it is very important to facilitate talents exchange between the both sides to promote the smooth development of the “Belt and Road” construction.



## **Concurrent Risks and Innovation with finance at the Core of Fintech**

Shaukat AZIZ said that there is no “revolution” in the financial world because changes always take place step by step. Nowadays , traditional banks are being replaced by digital banks , a new type of bank. Bank outlets are becoming less and less , and innovative means of payment more and more. This means a real revolution in the finance. However , new technology will bring new risks , and we should have the desire for innovation.

SHI Wenchao pointed out that as an instrument innovation , Fintech helps us improve the efficiency in finance. Whatever the Fintech is , however , it can only help us identify and respond to risks quickly , rather than change the nature of finance that it contains risks.

SHI Wenchao said that the “Belt and Road” Initiative aims to promote the connectivity among different people , regions , and countries along the routes. Responsible for the connectivity work , China UnionPay provides inclusive financial services in most regions and countries along the routes , by establishing businesses in most regions and countries along the routes and issuing unionpay cards in more than 50 countries. In terms of the work of China UnionPay , the most vital thing is to keep the network along the routes unblocked.



## **Promoting the Internationalization of the RMB, and Establishing Regional Financial Centers**

The Belt and Road Initiative is the most noble and ambitious plan in history.. However , it has many barriers to overcome in order to achieve success. Enzo QUATTROCIOCCHÉ pointed out that at present the greatest challenge we face is to exploit the potentialities of private sectors. Considering the huge demand for capital, most of the infrastructure projects will encounter financing problems, which could not be solved simply by government investment , but calls for the participation of private sectors.

Enzo QUATTROCIOCCHÉ said that in terms of financing in the “Belt and Road” Initiative, the European Bank for Reconstruction and Development(EBRD) has an idea -- to establish a regional financial center by trading and settling in local currencies to meet local financing needs. For example, Astana, Kazakhstan, can be used as a regional financial hub to issue local currency bonds.

SHI Wenchao pointed out that the internationalization of the RMB is a natural process. With the continuous growth of China’s economy, the increasingly close economic exchanges along the routes, and the constant increase both in type and scale of trading assets denominated in RMB, new achievements will be made in the internationalization of RMB.

David WRIGHT said that the internationalization of the RMB is crucial to the success of the “Belt and Road” Initiative. It would be a big mistake if we did not see the necessity for the internationalization of the RMB. The RMB



should play a pivotal role in international finance as a main currency. The success of the “Belt and Road” Initiative depends partly on the internationalization of the RMB. As far as London’s banking industry is concerned, the initiative is a great opportunity to strengthen the position of London as world’s financial center. The market using euros should also seize the important opportunities brought by the “Belt and Road” Initiative, which is also where the strength of Europe in financing lies.