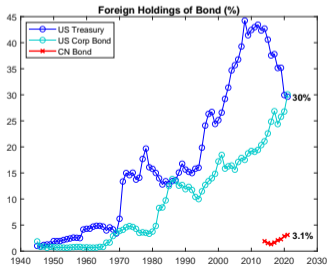
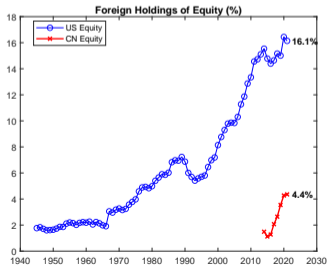
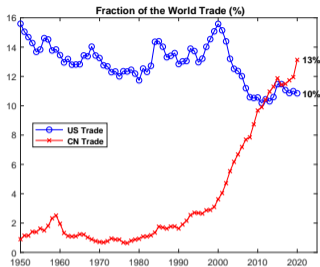
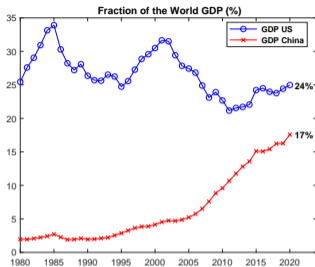


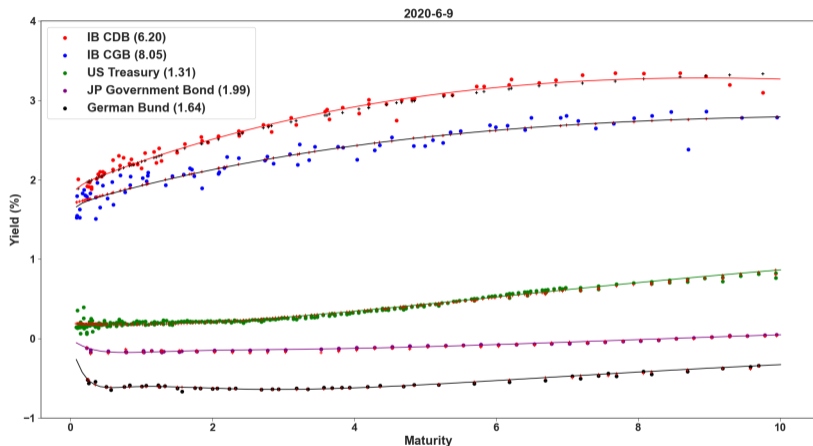
Financing China's Economic Future: Challenge and Opportunity

- China in the World:
 - ▶ China's Economy: Hugely important for the world economy.
 - ▶ China's Markets: Limited presence in the global financial markets.
- China's rate market (CGB and CDB):
 - ▶ Poor liquidity, severe segmentation, small amount outstanding, and limited hedging tools.
- China's credit market:
 - ▶ Since the first default in 2014Q1, improved price discovery.
 - ▶ Since 2018Q2, increased importance of government support in credit pricing.
 - ▶ The real impact of credit mis-allocation: efficiency loss for non state-owned enterprises.
- China's FinTech in asset management:
 - ▶ FinTech platforms have become an important distribution channel for mutual funds.
 - ▶ Super Apps improve financial inclusion, especially for under-banked individuals.

China and US in the World



Liquidity of China's CGB and CDB



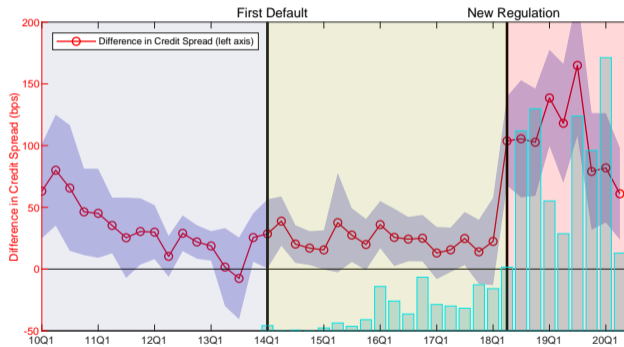
	Noise (bps)		
	since	mean	med
CGB	2004	9.96	8.25
CDB	2004	10.24	9.86
CGB	2019*	6.90	6.05
CDB	2019*	6.06	5.84
UST	1987	3.08	2.57
JGB	2002	1.08	0.97
GB	2011	2.09	1.87

*Bloomberg inclusion 2019/04

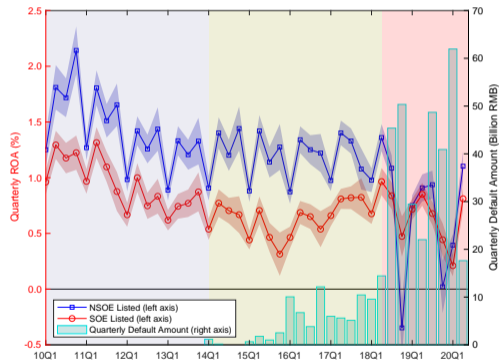
"Noise as Information for Illiquidity" by Hu, Pan, and Wang (2013).

The Time-Varying SOE Premium and Its Real Impact

$$\text{CreditSpread}_{i,t} = a + b \text{NSOE}_{i,t} + c \text{Rating}_{i,t} + \sum_k \text{Controls}_{i,t}^k + \epsilon_{i,t}$$



Quarterly Return on Assets

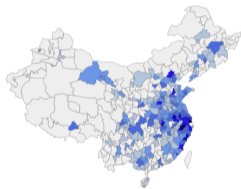
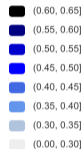


"The SOE Premium and Government Support in China's Credit Market" by Geng and Pan (2021).

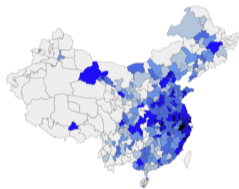
FinTech Adoption in China

- Individual i 's consumption on Alipay and Taobao during month t :

$$\text{AliFrac}_t^i = \frac{\text{Alipay}_t^i}{\text{Alipay}_t^i + \text{Taobao}_t^i}$$



2017Q2



2017Q4



2018Q2



2018Q4

"FinTech Adoption and Household Risk-Taking" by Hong, Lu, and Pan (2021).