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Budapest Renminbi Initiative 2019
Conference

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BRIDGE BETWEEN EAST AND WEST





A NEW ERA OF GLOBALIZATION AND THE MULTIPOLAR WORLD HAS ARRIVED

THE GLOBAL ECONOMIC ORDER IS ABOUT TO CHANGE



TOP 3 COUNTRIES ACCORDING TO ECONOMIC DOMINANCE

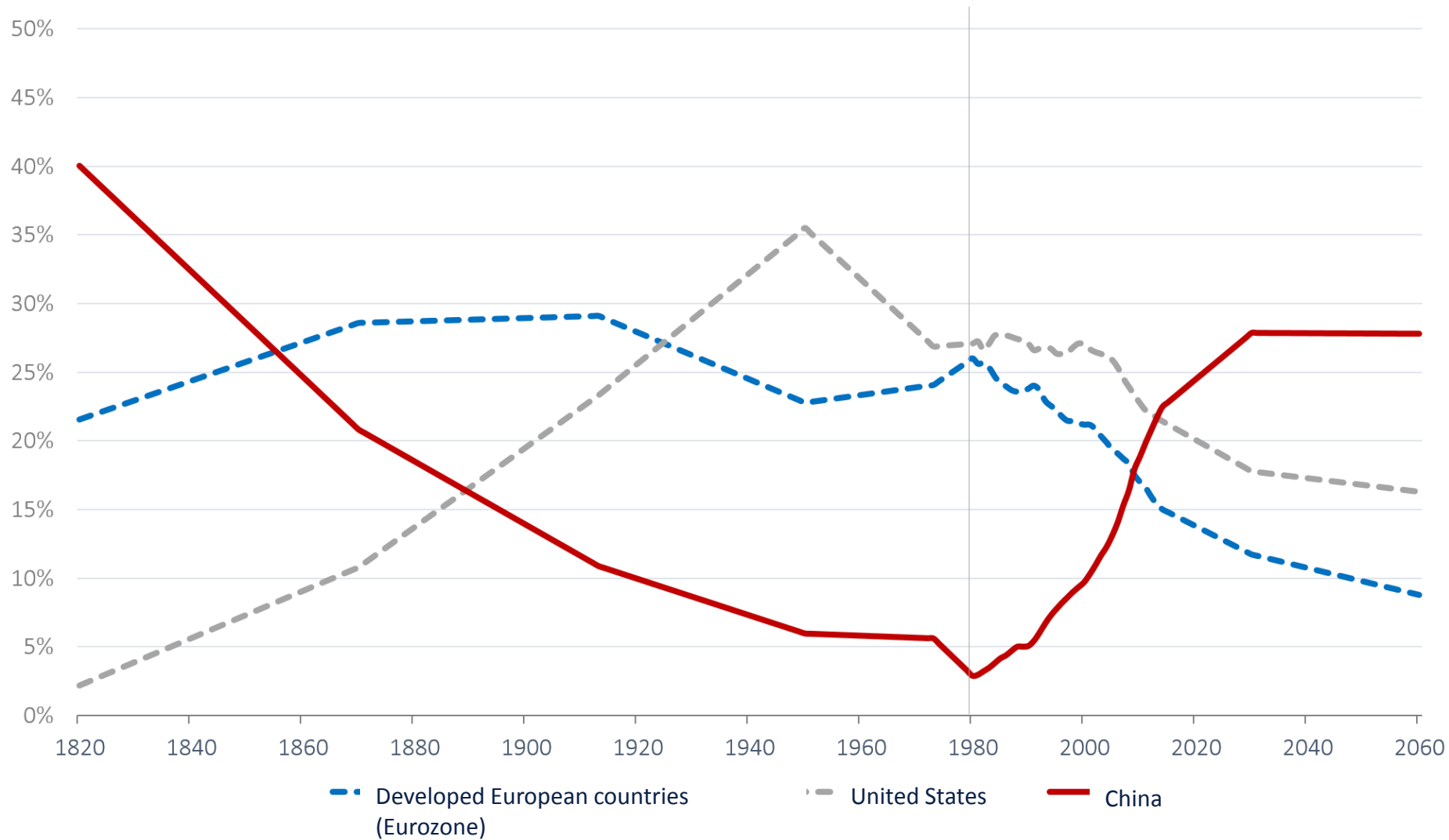
Share from the global economic power (weighted value, based on the share from the world GDP, the world trade volume and the world net capital export)

With the evolution of new economic centres and with the rebirth of old trading routes, a multipolar world order has arrived, in which the power of the Asian countries becomes more and more important

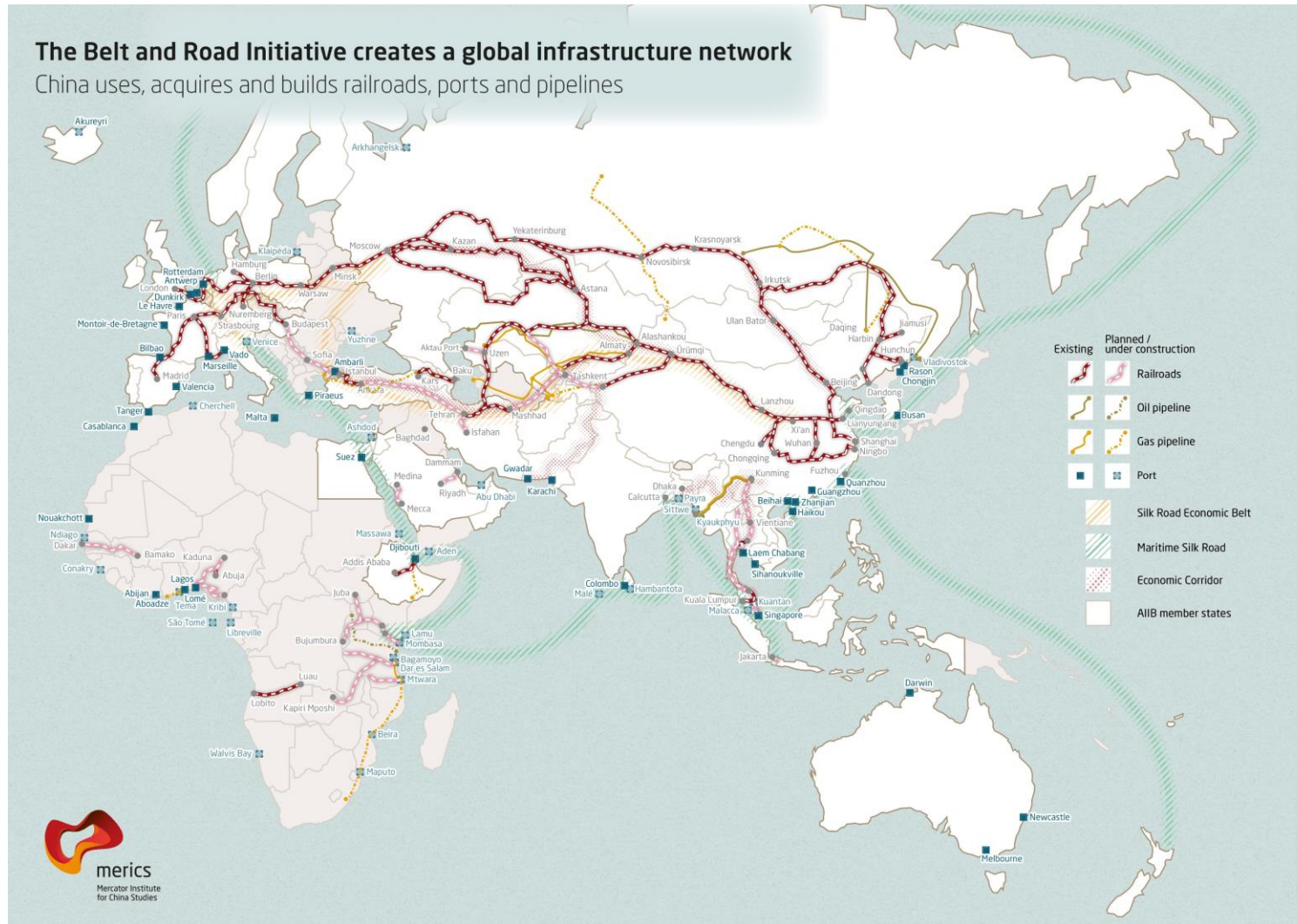
Within 15 years, 3 out of the 4 largest world economic powers could be located in Asia

Source | Hungarian Geopolitics (HUG), 2017 Issue 1.

CHINA IS EXPECTED TO REGAIN ITS HISTORICAL ROLE



THE GEOGRAPHICAL SCOPE OF THE NEW SILK ROAD IS EXPANDING



GEO-MOMENT FOR THE WORLD AND HUNGARY



CENTRAL AND EASTERN EUROPEAN COUNTRIES OF THE 16+1 INITIATIVE



Recognising the initiatives of the 21st century offers a path full of opportunities for Hungary

THE ROLE OF HUNGARY IS TO BECOME MORE IMPORTANT ON THE NEW SILK ROAD

CHINA'S BANKS LEAD RANKING OF VALUABLE BRANDS



RANK	BRAND	COUNTRY	VALUE
1	ICBC 		\$79.8B
2	 中国建设银行 China Construction Bank		\$69.7B
3	 中国农业银行 AGRICULTURAL BANK OF CHINA		\$55.0B
4	 中国银行 BANK OF CHINA		\$50.9B
5	WELLS FARGO 		\$39.9B
6	Bank of America 		\$36.6B
7	citi 		\$36.4B
8	CHASE 		\$36.3B
9	 招商银行 CHINA MERCHANTS BANK		\$22.4B
10	HSBC 		\$20.1B

TOP 10 MOST VALUABLE BRANDS

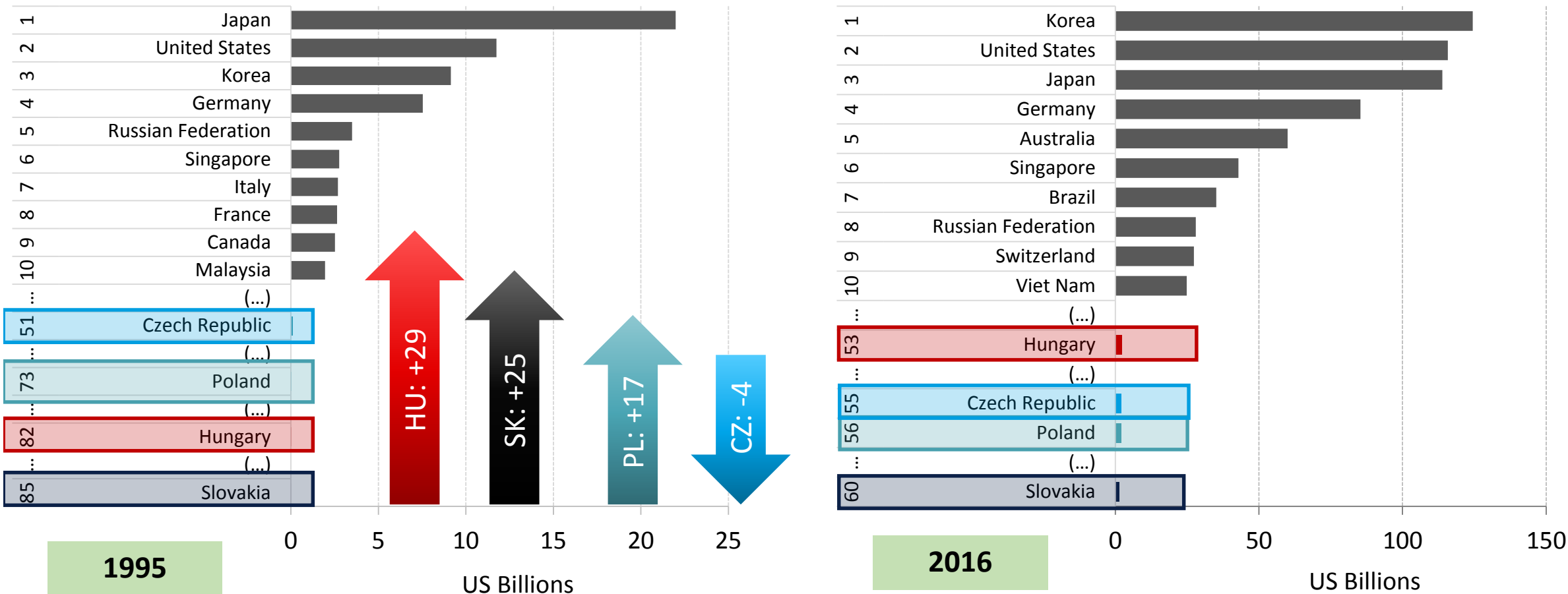
(IN BANKING SECTOR)

According to the Brand Finance Banking 500 (2019) ranking, **China's major banks are the most dominant.**

China's overall brand value growth was 28%, the double of the United States' total growth.

Source | Brand Finance – Banking 500
February 2019

HUNGARY MOVED UP IN THE RANKING OF TRADING PARTNERS OF CHINA

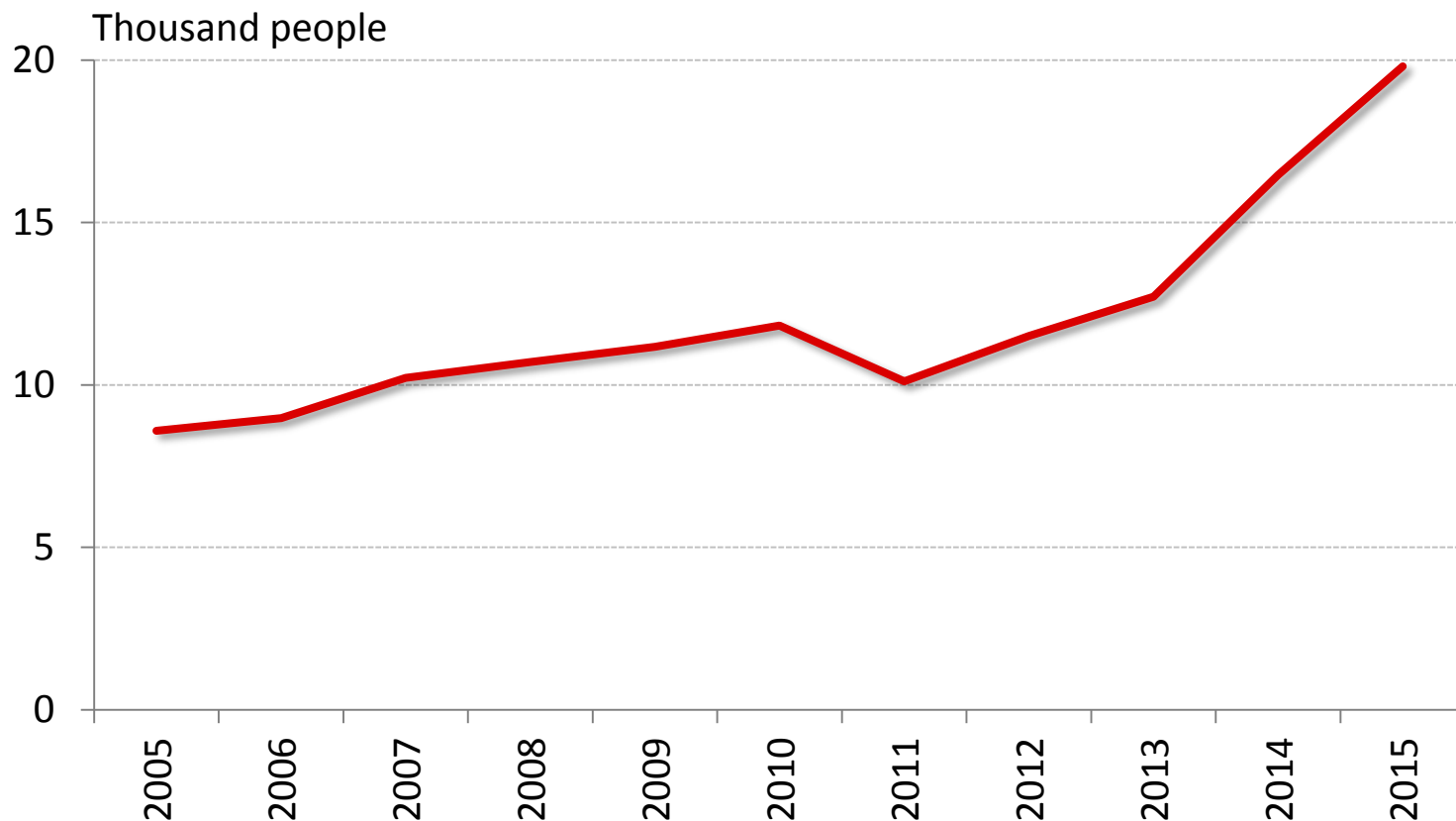


MAIN TRADE PARTNERS OF CHINA IN 1995 AND 2016

(The ranking is related to Chinese export)

Source | UNCTAD

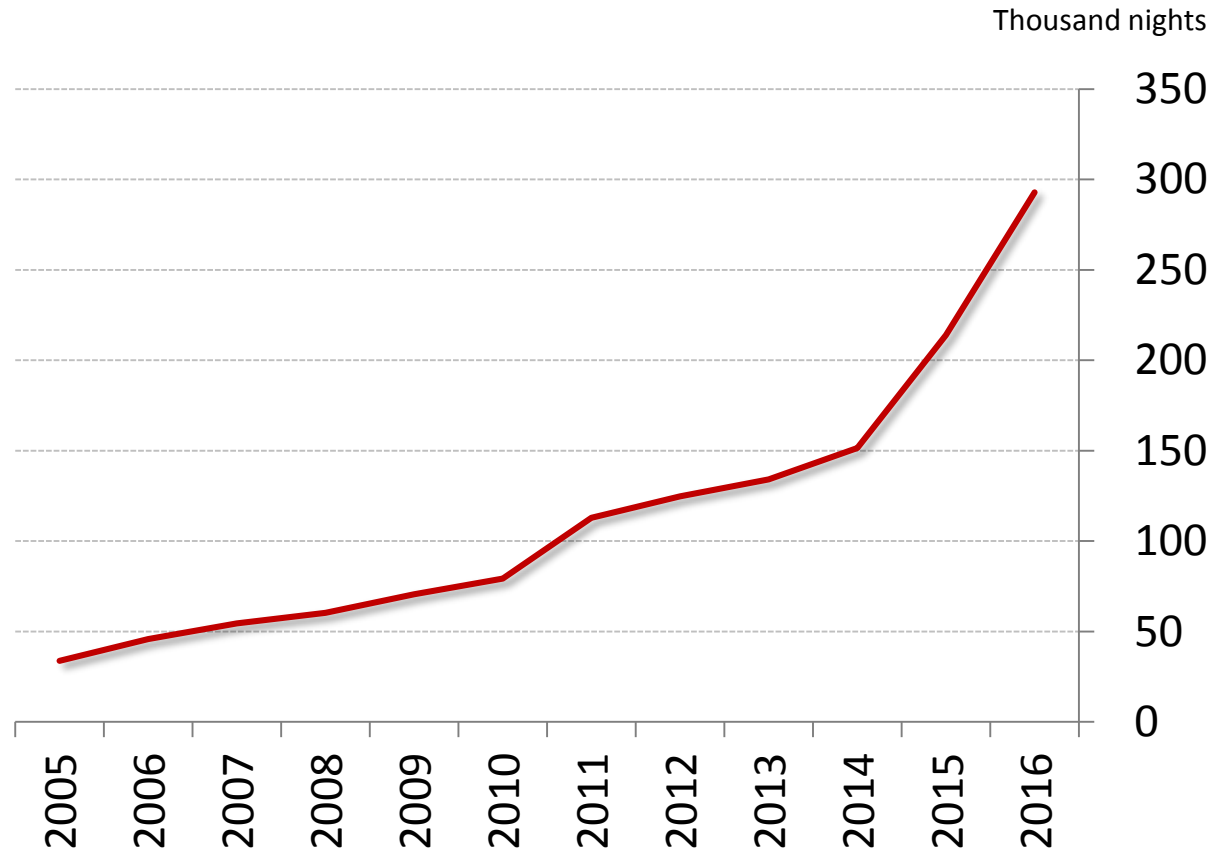
CHINESE POPULATION DOUBLED IN HUNGARY



STOCK OF FOREIGN POPULATION WITH CHINESE NATIONALITY

- **Chinese population increased significantly in Hungary** parallel to the strengthening of economic relations
- Looking ahead, an increasing trend is expected

CHINESE INCOMING TOURISM IS DINAMICALLY INCREASING

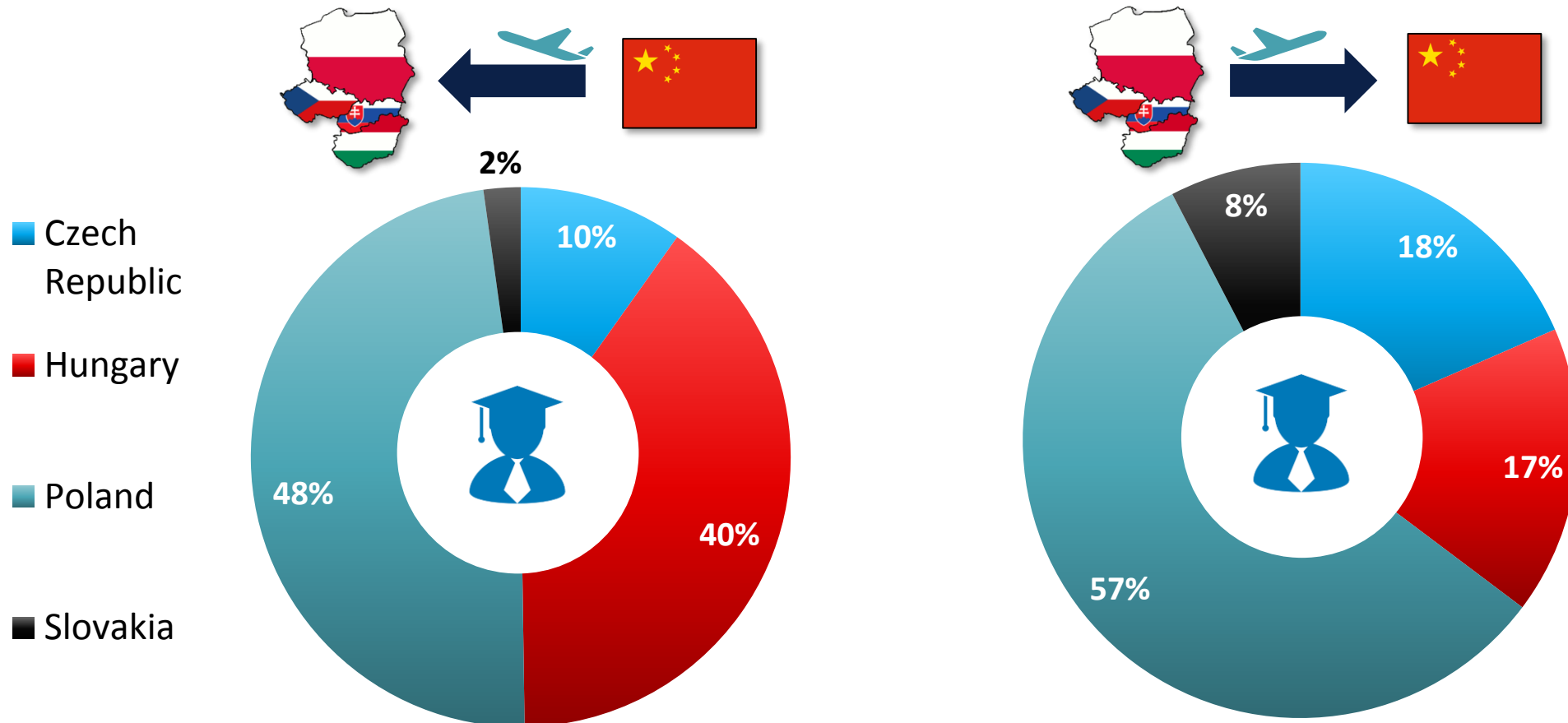


NUMBER OF NIGHTS SPENT BY CHINESE RESIDENTS
IN HUNGARY

Note: China including Hong Kong

- The number of nights spent in Hungary by Chinese residents **increased six fold in 10 years**
- The trend is expected to remain strong

THE CONNECTEDNESS OF TERTIARY EDUCATION DEEPENED SIGNIFICANTLY



DISTRIBUTION OF V4 STUDENTS LEARNING IN CHINA AND CHINESE STUDENTS LEARNING IN V4 COUNTRIES



PERFORMANCE

Science

Mathematics

Reading

MIN ——— | ——— MAX

MIN ——— | ——— MAX

MIN ——— | ——— MAX

PISA 2015 KEY FINDINGS FOR CHINA

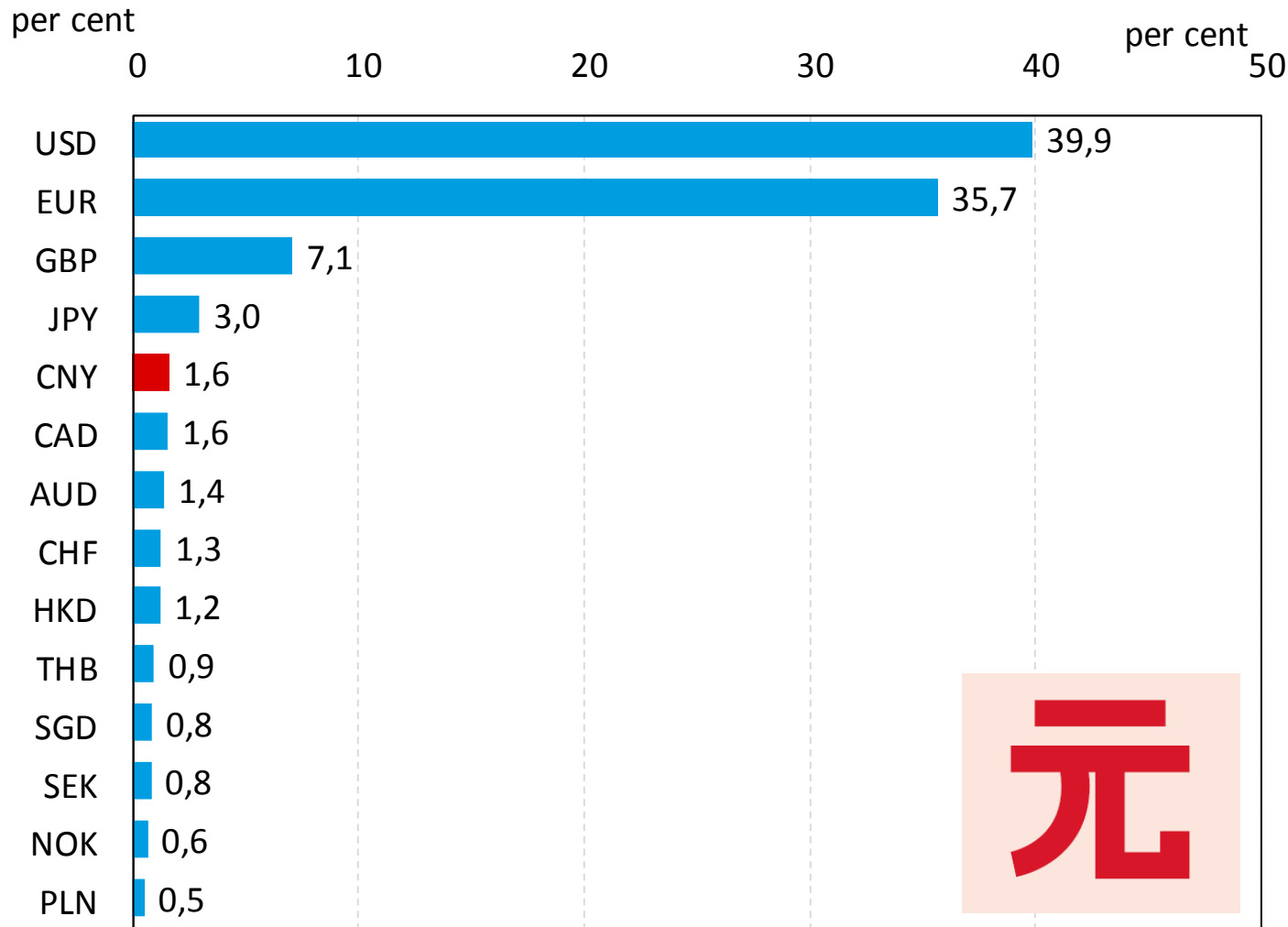
The figure presents country performance compared to the OECD average and medium term trends, and covers all the main PISA subject areas.

The education background may ensure taking advantages of the digitalization.

Chinese students reached outstanding results.

Looking ahead, education is one of the most important pillar.

INTERNATIONAL USE OF THE RENMINBI IS INCREASING CONTINUOUSLY



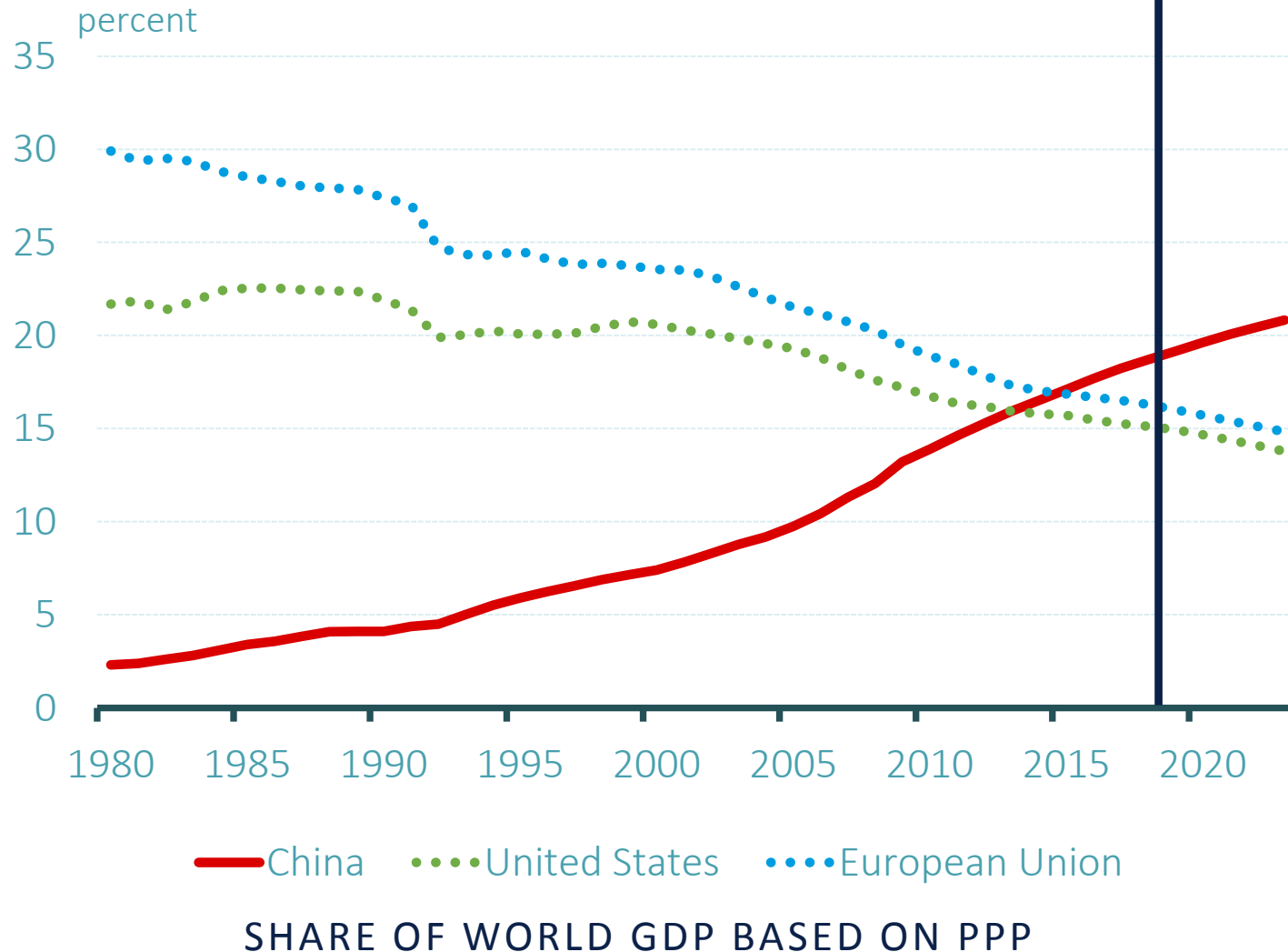
THE SHARE OF RENMINBI WITHIN THE INTERNATIONAL PAYMENTS CURRENCIES (DECEMBER 2017)

- Can the Renminbi be expected to gain a similar role in international payments like China in the global economy?
- The share of Renminbi is still low, but increasing continuously

Particular focus on the following drivers:

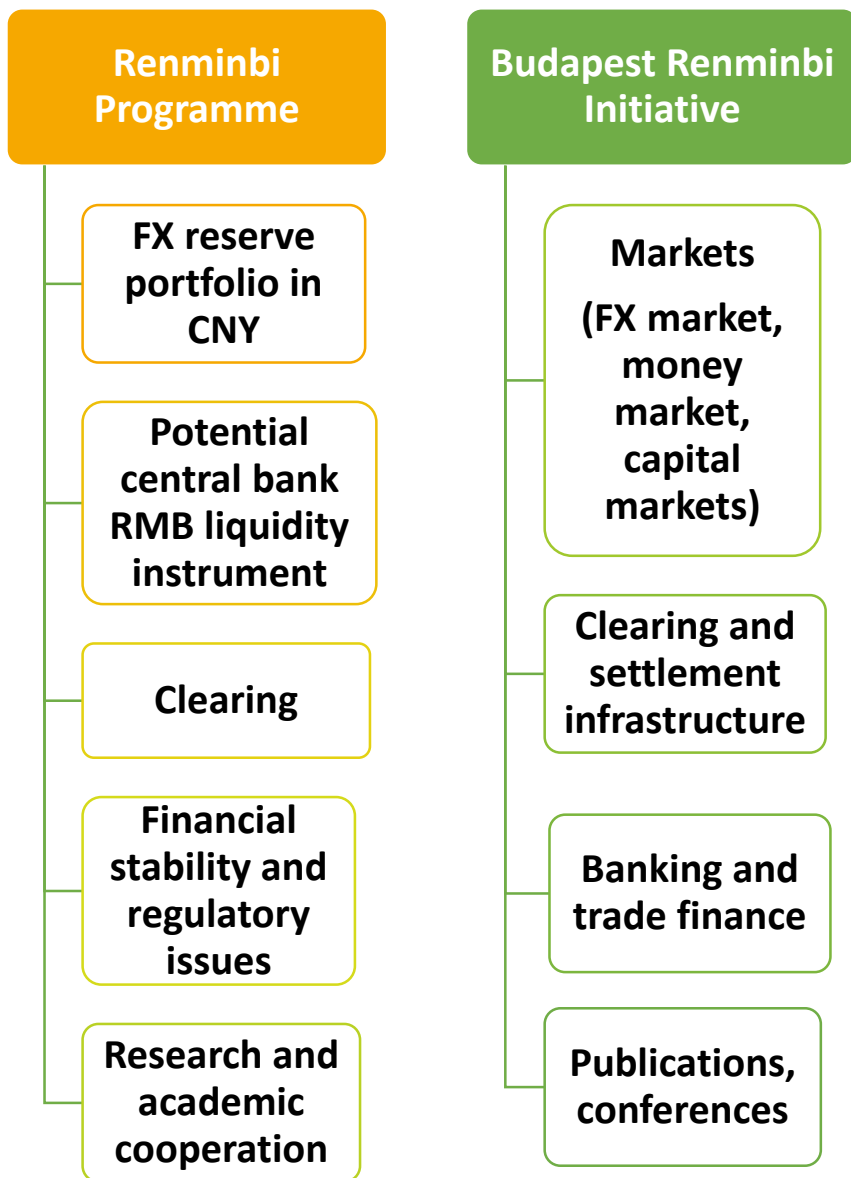
- One Belt, One Road Initiative
- Market liberalization, easing of capital market controls
- Innovation, FinTech

THE INTERNATIONALIZATION OF RENMINBI IS IN PROGRESS AND THE MNB ALSO PROMOTES IT



- The economic weight of China is growing dynamically, which strengthens the usage of Renminbi
- The importance of currencies is evolving:
 - British pound: 1717-1914
 - USD: 1914-
 - EUR: 1999-
 - CNY: 2016- (SDR basket)

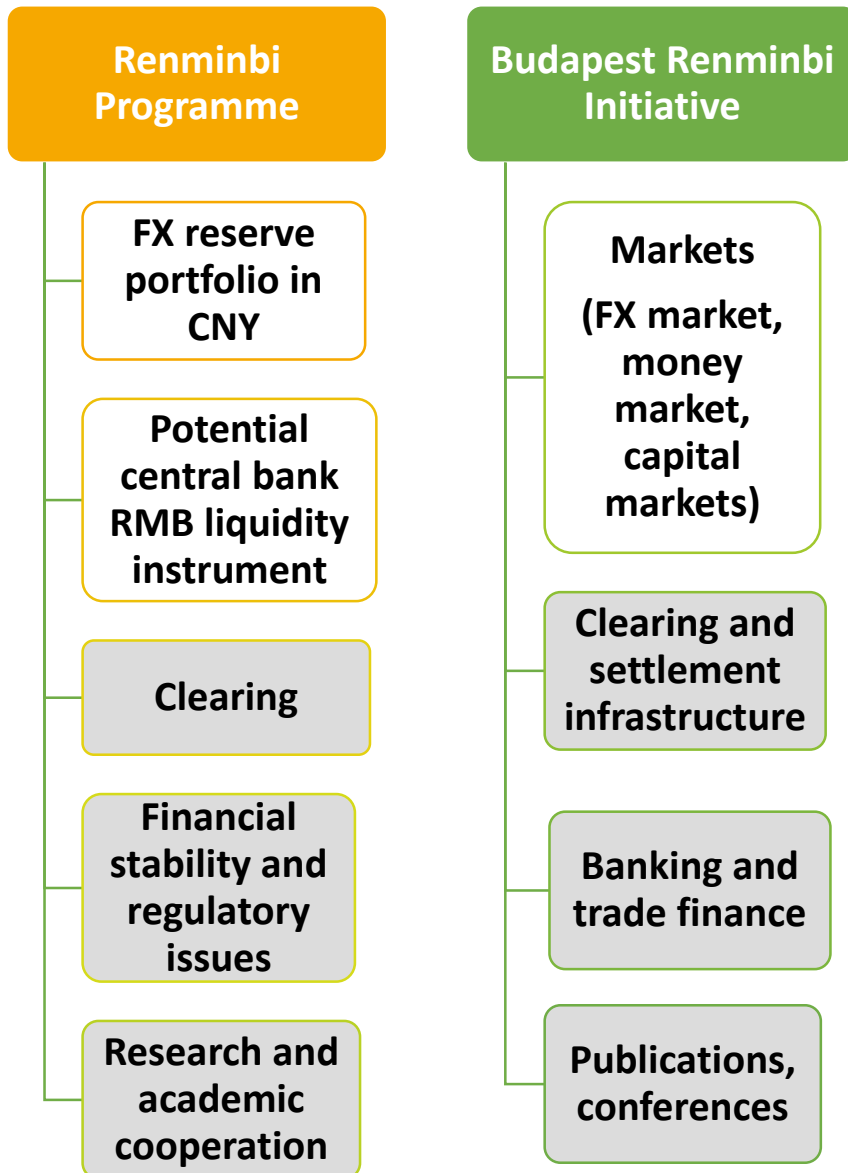
THE CENTRAL BANK OF HUNGARY PROMOTES RMB INTERNATIONALIZATION



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

Renminbi Programme: MNB's program, defining what the MNB is about to achieve regarding its own operations and bilateral connections.

Budapest Renminbi Initiative: launched by the MNB in March 2015, but it is a **multilateral platform**, where stakeholders of the Chinese-Hungarian financial, trade and economic connections can participate.



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

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



Clearing

- 2015 (June): Memorandum of Understanding

Clearing and settlement infrastructure

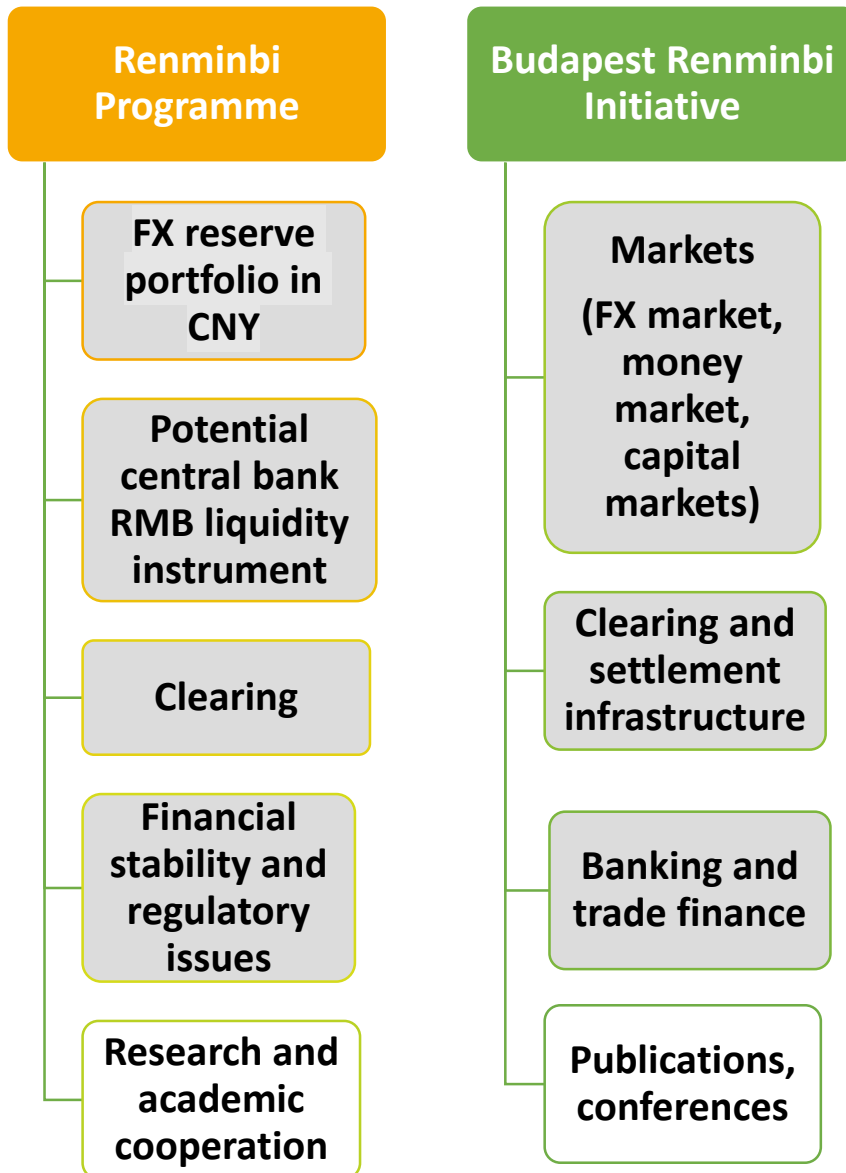
- 2015 (July): Bank of China -> RMB clearing bank
- 2017 BOC-MNB MoU on RMB Clearing Account Services

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
 - 2018 (Oct) MNB-BCE-Fudan MoU
- **Financial and Economic Review**
Chinese language special edition (2018, 2019)
- www.rmbbudapest.hu website



Budapest RMB Initiative

FUDAN-MNB COOPERATION

2016

**Shanghai
Forum**

2017

**FUDAN-
MNB MoU**

2018 October

**MNB - CORVINUS
UNIVERSITY OF BUDAPEST
- FUDAN UNIVERSITY
MoU**

2019 February

**Launch of the
double degree
MBA programme**

THE FIRST CHINESE-CEE DOUBLE DEGREE MBA PROGRAMME HAS BEEN LAUNCHED IN 2019



**BRIDGE BETWEEN
WEST AND EAST**

HIGH-LEVEL MEETINGS BETWEEN THE CENTRAL BANKS



Governor Zhou Xiaochuan and Governor György Matolcsy

The picture was taken in Beijing in 2017 signing of the renewal of the agency agreement between MNB and PBOC



Governor Yi Gang, Prime Minister Viktor Orbán and Governor György Matolcsy

The photos were taken in November, 2018 on the 16+1 summit of Central Bank Governors from China and the Central and Eastern European countries



LAMFALUSSY AWARD 2018 AND LAMFALUSSY LECTURES CONFERENCES



Lamfalussy Lectures Conference 2017

"Can the Silk Road Tune up Growth? Opportunities in the European-Asian Economic Cooperation" panel



Lamfalussy Lectures Conference 2018

"Great Transformation: East" panel



The Lamfalussy Award 2018 was presented to Zhou Xiaochuan, Governor of the People' Bank of China.

November, 2017 - Award ceremony



Lamfalussy Lectures Conference 2019

"The Decade of Catching Up: In Asia" panel



**THANK YOU FOR YOUR
ATTENTION!**