

Su Ning: Spreading financial knowledge to the Chinese people

Speech by Mr Su Ning, Deputy Governor of the People's Bank of China, at the Financial Knowledge Booklet Release and Donation Ceremony, Beijing, 18 January 2007.

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Deputy Administrator Wu Shulin, Deputy Secretary General Yang Xinli,
Ladies and Gentlemen,

Good morning. On behalf of the People's Bank of China, I warmly welcome all of you to Financial Knowledge Booklet Release and Donation Ceremony. We would like to congratulate everyone who has been directly or indirectly involved in the writing and publishing of the book, and appreciate those who have contributed to the book's writing.

Leaders of the State Council have always attached importance to education of the general public. Premier Wen Jiabao has on many occasions expressed the hope that financial education should be enhanced and popularized, especially through publication of financial knowledge books for the general readership. The Financial Knowledge Booklet, written by the central bank, is dedicated to spreading financial knowledge to the average people, to promoting their ability in managing financial affairs, and to contributing to a harmonious socialist society.

Finance is at the core of any modern economy. With the improvement of a socialist market economic system and deepening of open-up in China, financial activities have permeated social and economic activities. Finance has become increasingly important in adjusting economic activities and in promoting social and economic development, and more closely connected with people's daily life. The public has gradually become consumers of financial products and services and thus become an extensive base for financial security and development. Sound performance and healthy growth of the financial sector has a bearing on a country's economic security and social stability, and on the interests of average people. The public's financial knowledge and confidence in financial system is a decisive factor in sound performance and healthy growth of the sector. Therefore, financial education to the public, spreading financial knowledge to them, and increasing people's ability in managing their own financials, is of great importance to promoting sound performance and development of financial sector, to safeguarding people's interests, and to building a harmonious socialist society.

Since reform and open-up, China's financial sector has made substantial progress, and subsequently the Chinese people have come to know more about financial products and services. However, as financial education for the average people is still underdeveloped, their financial knowledge and ability to use financial services has lagged behind compared with the sector's development. For example, in general the population does not have much financial knowledge, especially the nature, position, role and principles of financial sector in the socialist market economy; they do not easily accept financial innovation, which hinders the popularization of some advanced financial products and services; their credit awareness is rather weak, resulting in low risk awareness and poor ability to identify risks; default and irrational investment have frequently occurred in some regions and in some sectors; financial fraud often get their way, causing incidents to break out on many occasions, and posing a threat to financial security and social stability.

Against the background of economic and financial globalization, and in particular the full open-up of China's financial sector, the financial industry faces both rare opportunities and challenges. Whether opportunities can be seized and challenges addressed depend a lot on the building of financial environment in the country, including public's financial knowledge and their ability to use financial services.

As the central bank of China, the PBC assumes the responsibilities of maintaining renminbi stability, safeguarding financial system security and providing the society with financial services, all of which, directly or indirectly, relate to the interests of general public. For many years, in carrying out the central bank's functions, the PBC has been devoted to facilitating the general public to get information on financial knowledge through various channels, such as news media, Internet, and publications, with a view to strengthening public capability in managing financial affairs. Since 2005, the PBC has held a series of large-scale financial knowledge exhibitions in major cities, all warmly welcomed by the general public. Their strong interests in financial information and knowledge have urged us to improve this work. As a try, we have compiled this book.

This booklet, dedicated to popularizing financial knowledge, comprises three parts. The first part is about basic financial theories and concepts. Beginning with origins of currency and bank, it introduces concepts, functions, rationale, products and service of currency, bank, securities, insurance and wealth management. The second part talks about operations and risks of various financial services and products. It gives an introduction on what operational knowledge the general public should know when they use financial products, accept financial services and deal with financial institutions, such as rules and regulations, operational procedures and know-how, and how to identify, prevent and control risks. The third part is about the central bank. It covers central bank's function, responsibility and role, and other business knowledge closely related to average people's daily life as well as social and economic activities. In terms of style, this booklet uses concise and simple language and illustrations, as well as household stories and cases, to explain financial terminologies and concepts, complex economic and financial phenomena, and issues of everyone's interest.

We have noticed that in recent years relevant agencies and peoples have made much contribution to popularizing financial knowledge, and achieved significant results. Yet, so far, there is no publication in our country dedicated to spreading financial knowledge to the average people.

By compiling this booklet, we hope to help the readers gain finance knowledge, understand how the finance industry works, and how to use financial knowledge in their daily life, study and work.

To make this booklet available to more people, the PBC decides to donate free copies to the National Project of 10,000 Libraries in 10,000 Counties, colleges and universities, and public libraries for the convenience of farmers, students and general public.

It is a systematic social project to popularize financial knowledge and enhance people's capability in managing financial affairs. The PBC will spare no effort to work this front. Also, we hope other parties in the society will pay greater attention to and participate actively in this cause. Let's join hands to contribute to the enhancement of people's capability in financial knowledge utilization and a bright future of the financial industry.

Thank you.