



MONETARY INNOVATIONS BY CHINA TO ACTIVELY PROMOTE THE INTERNATIONALIZATION OF THE RENMINBI

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THE LITERATURE

Brandl, B., & **Dieterich**, L. (2022).

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Hess, P. (2014) & (2017).

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Nölke, A. (2022).

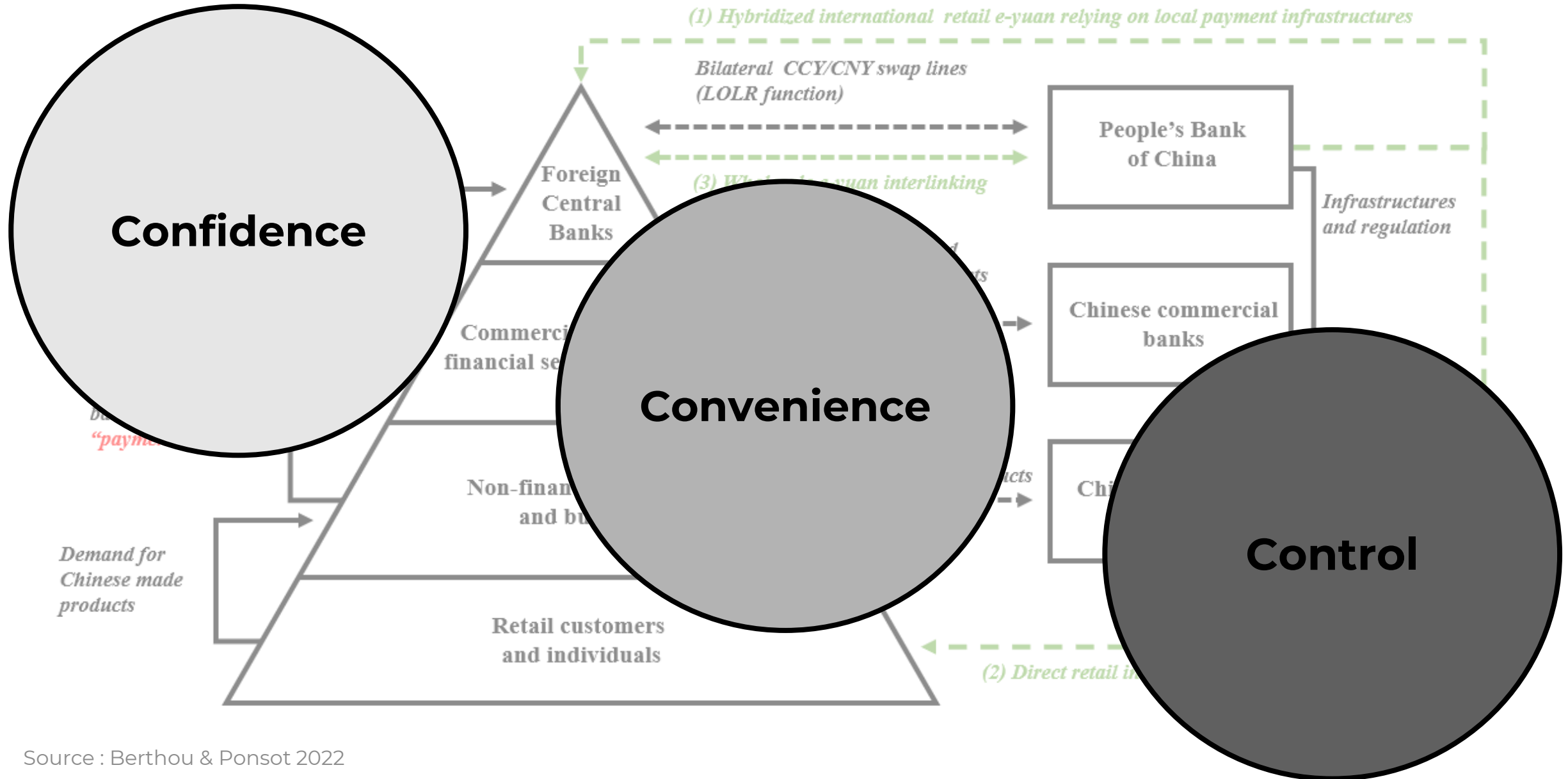
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Volz, U. (2014)., and **Tobin**, D. & **Volz**, U. (2018).

Westermeier, C. (2020).

THE CHINESE 3C STRATEGY – CONFIDENCE, CONVENIENCE & CONTROL



THE INTERNATIONALIZATION STRATEGY OF THE YUAN (1/4)

**Active international promotion of the solution
relying on public/private bilateral and
multilateral partnerships.**

**Domestic ramp-up. Active
promotion within mainland
China & tests in broader China**

**Gradualism and
pragmatism to test and
design a solution**

**Domestic
need**

THE INTERNATIONALIZATION STRATEGY OF THE YUAN (2/4)

***Capital
/financial
account***

- ✓ China Interbank Bond Market
- ✓ Stock connect
- ✓ Bond connect + swap connect
- ✓ Renminbi QFII
- ✓ CEINEX

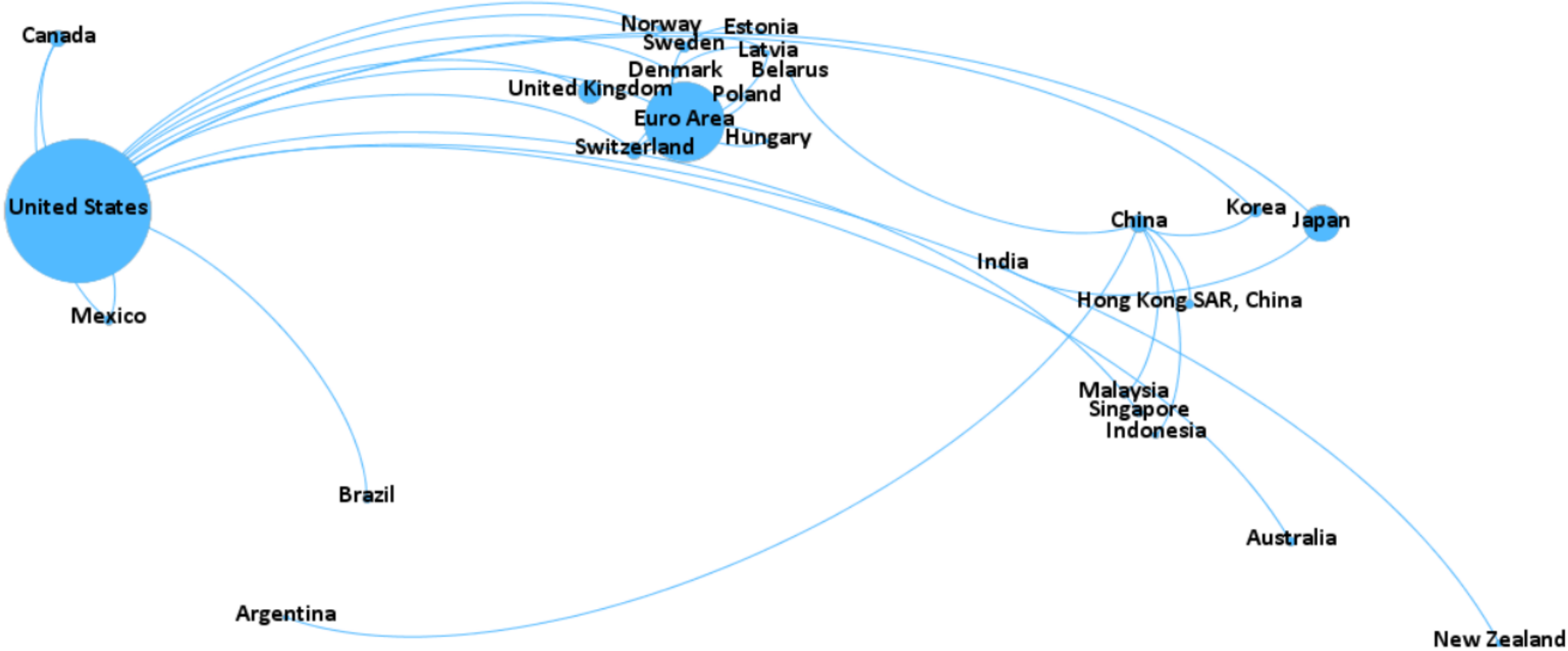
***Current
account***

- ✓ China Union Pay
- ✓ Trade Pilot Settlement
- ✓ Oil trade settlement
- ✓ RMB deposits



THE INTERNATIONALIZATION STRATEGY OF THE YUAN (3/4)

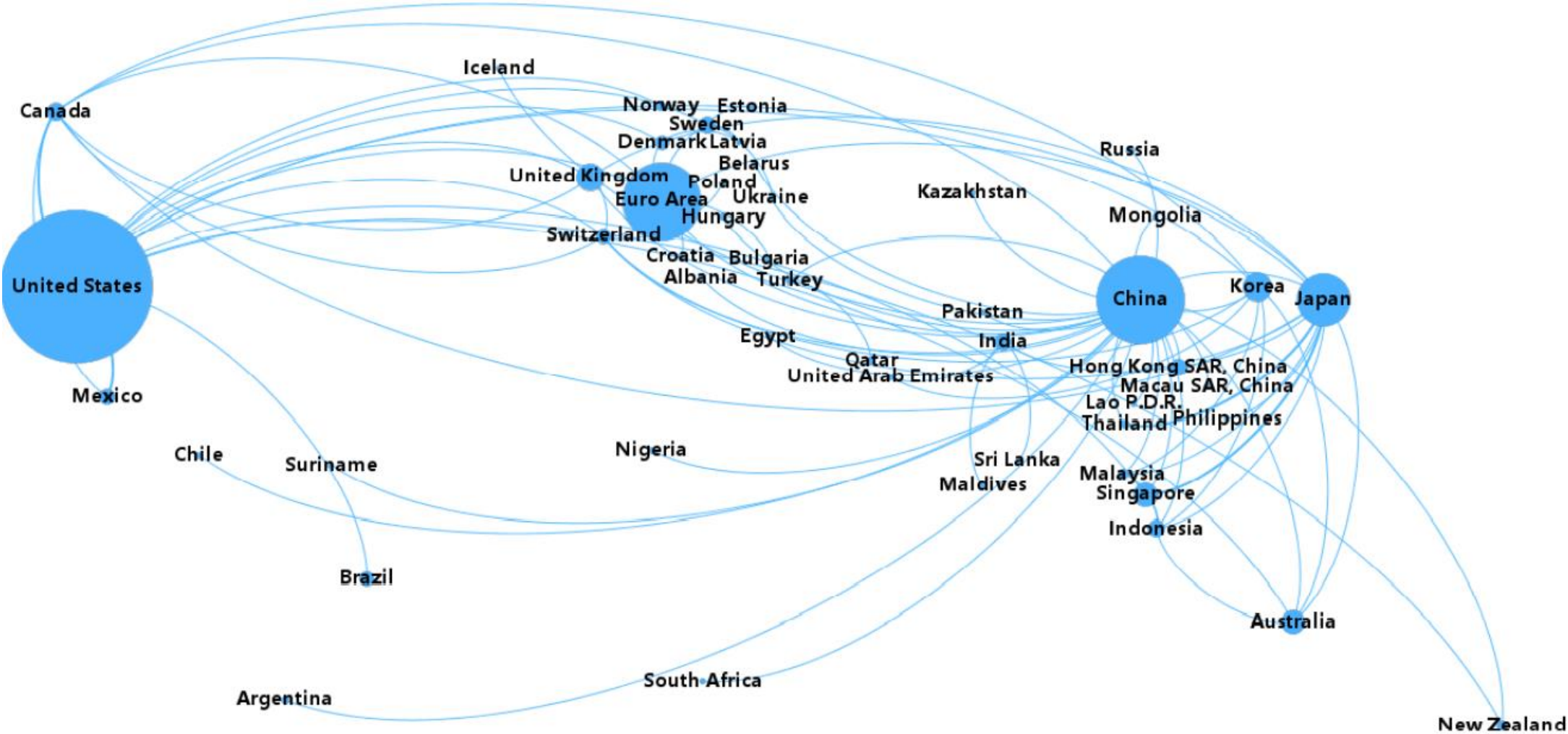
End of 2009



Source : Perks, Rao, Shin, and Tokuoka (IMF) 2021

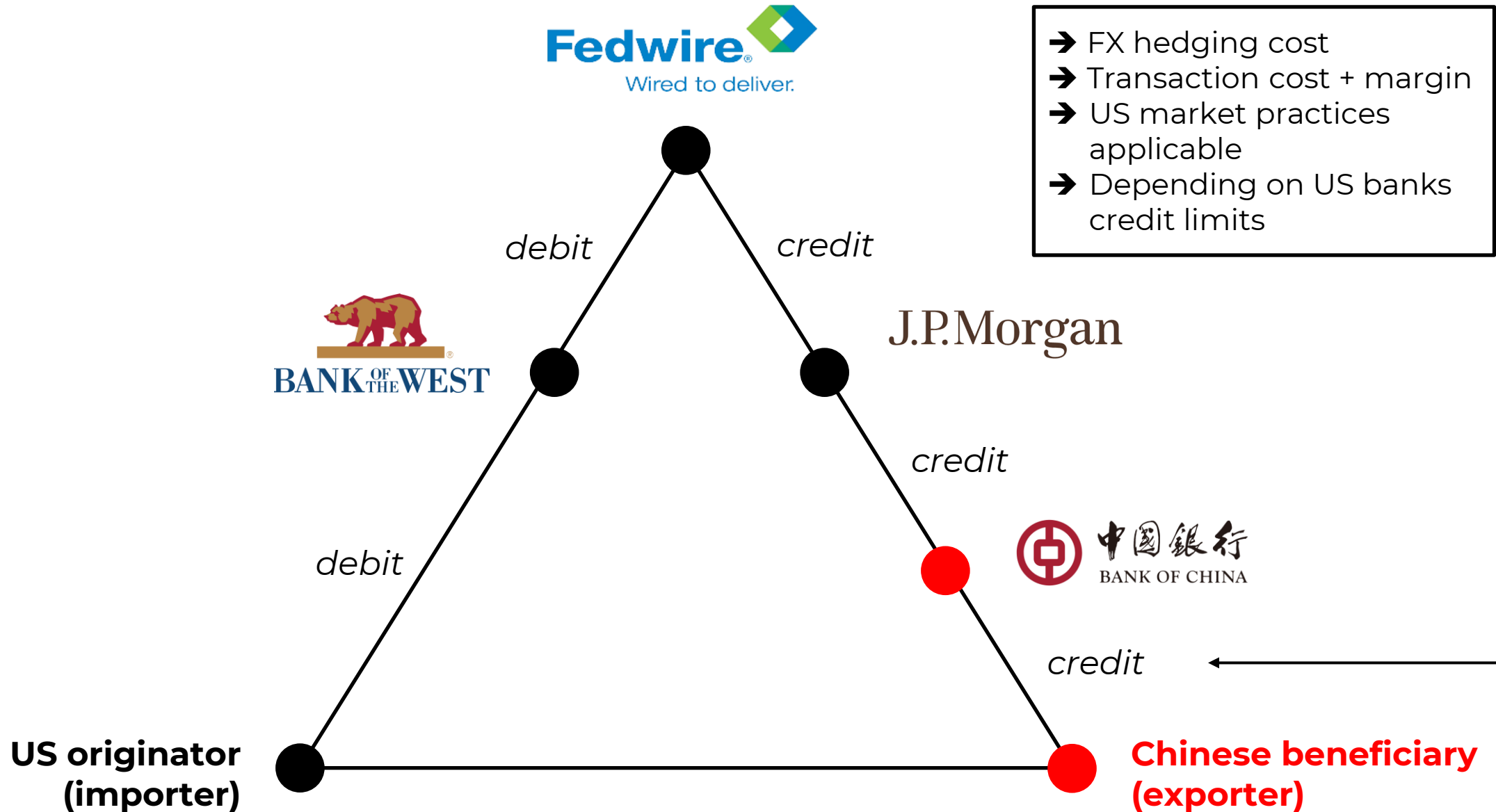
THE INTERNATIONALIZATION STRATEGY OF THE YUAN (4/4)

End of 2020



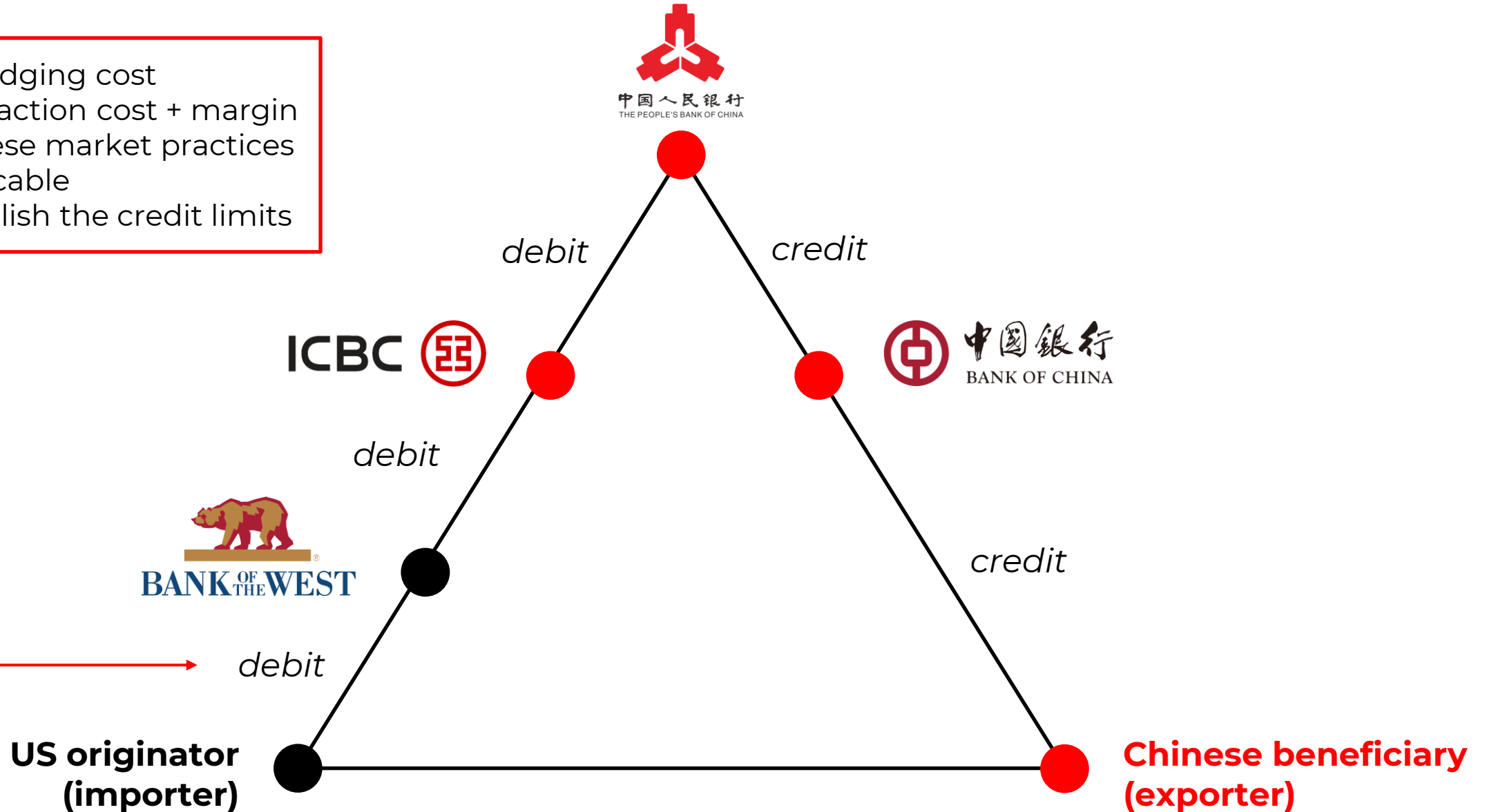
Source : Perks, Rao, Shin, and Tokuoka (IMF) 2021

USD vs. YUAN SETTLEMENT – HOW DIFFERENT ? (1/2)

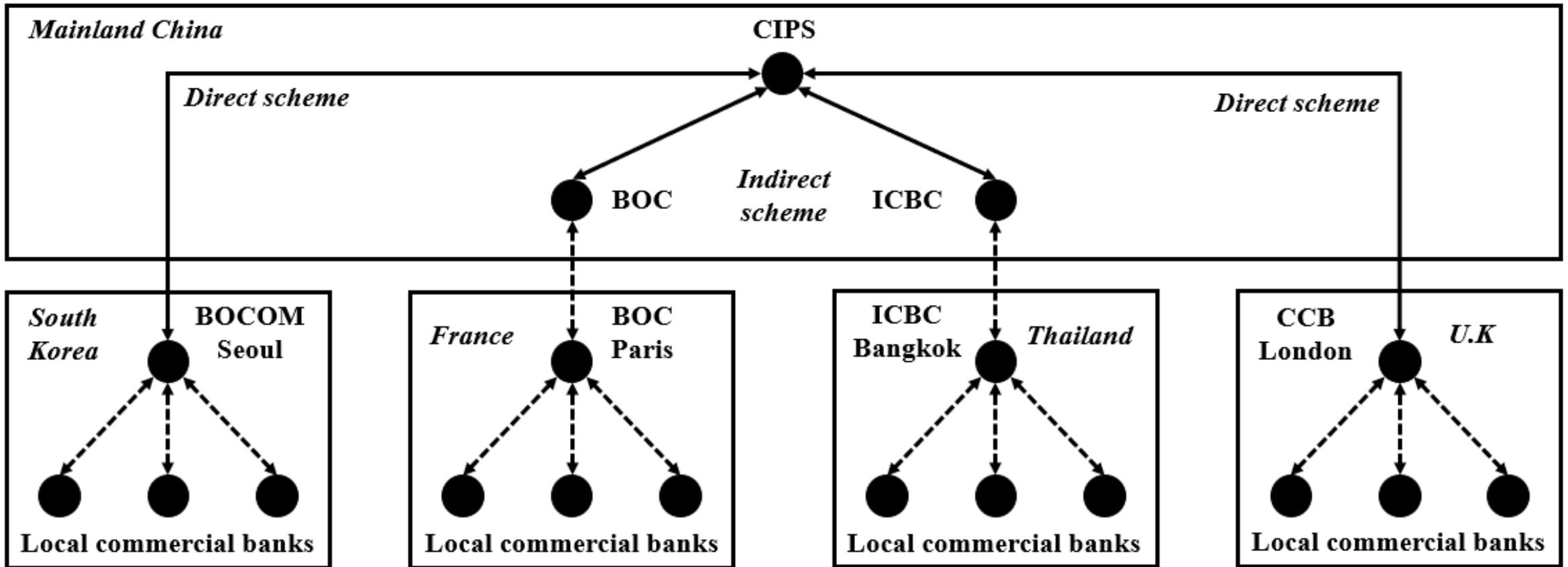


USD vs. YUAN SETTLEMENT – HOW DIFFERENT ? (2/2)

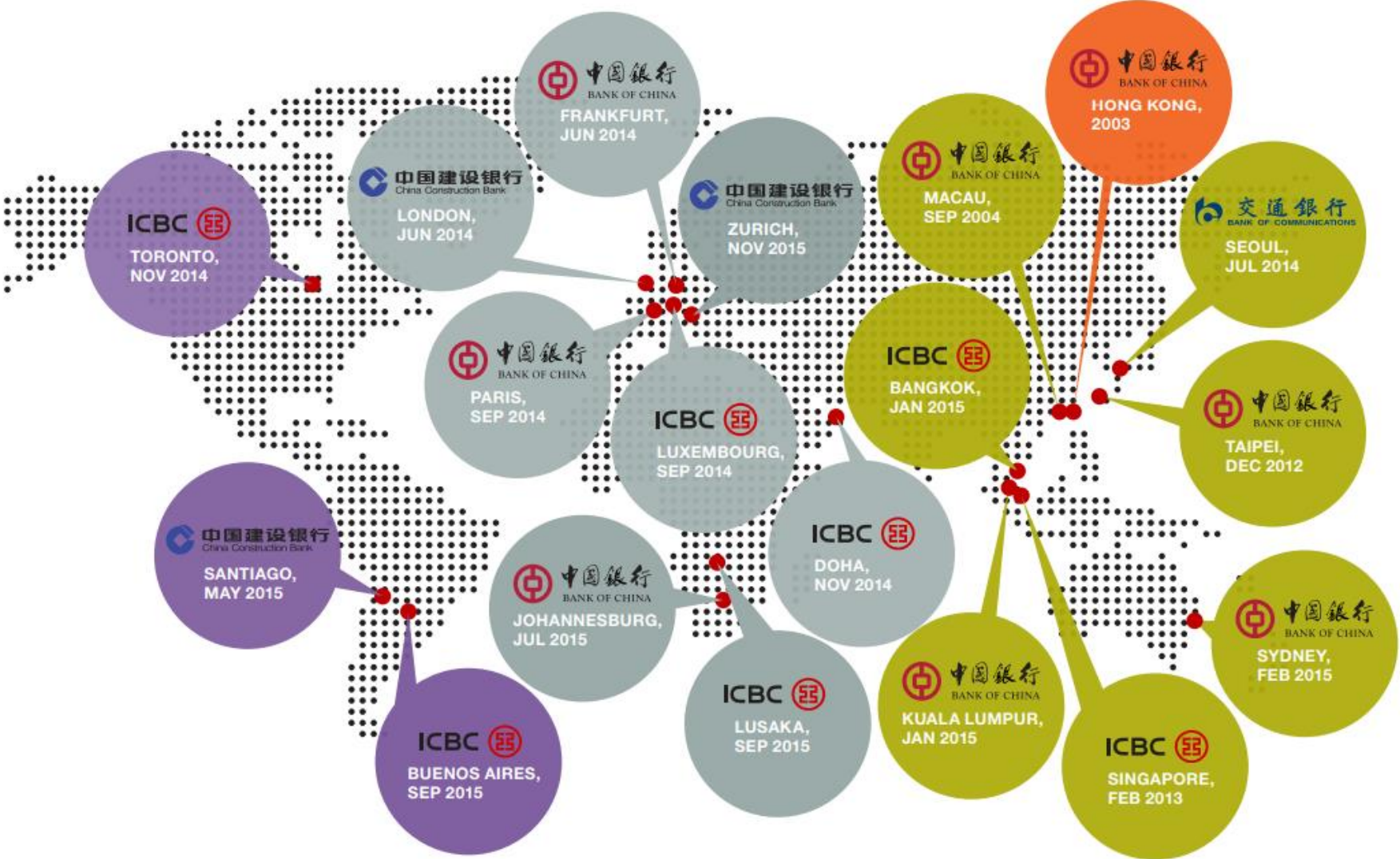
- FX hedging cost
- Transaction cost + margin
- Chinese market practices applicable
- Establish the credit limits



THE CHINESE PUBLIC/PRIVATE CLEARING NETWORK (1/4)

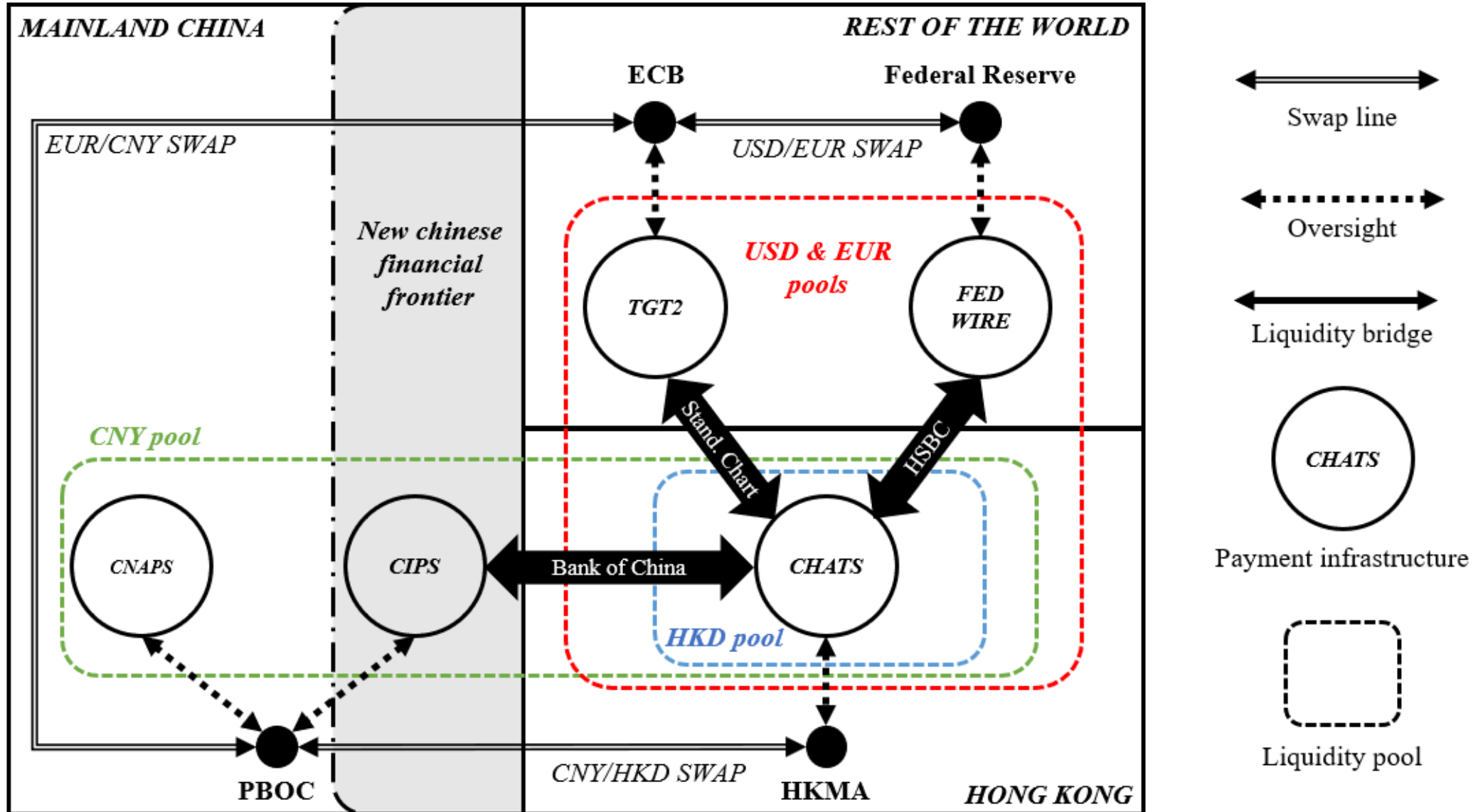


THE CHINESE PUBLIC/PRIVATE CLEARING NETWORK (2/4)



Source : SWIFT 2016

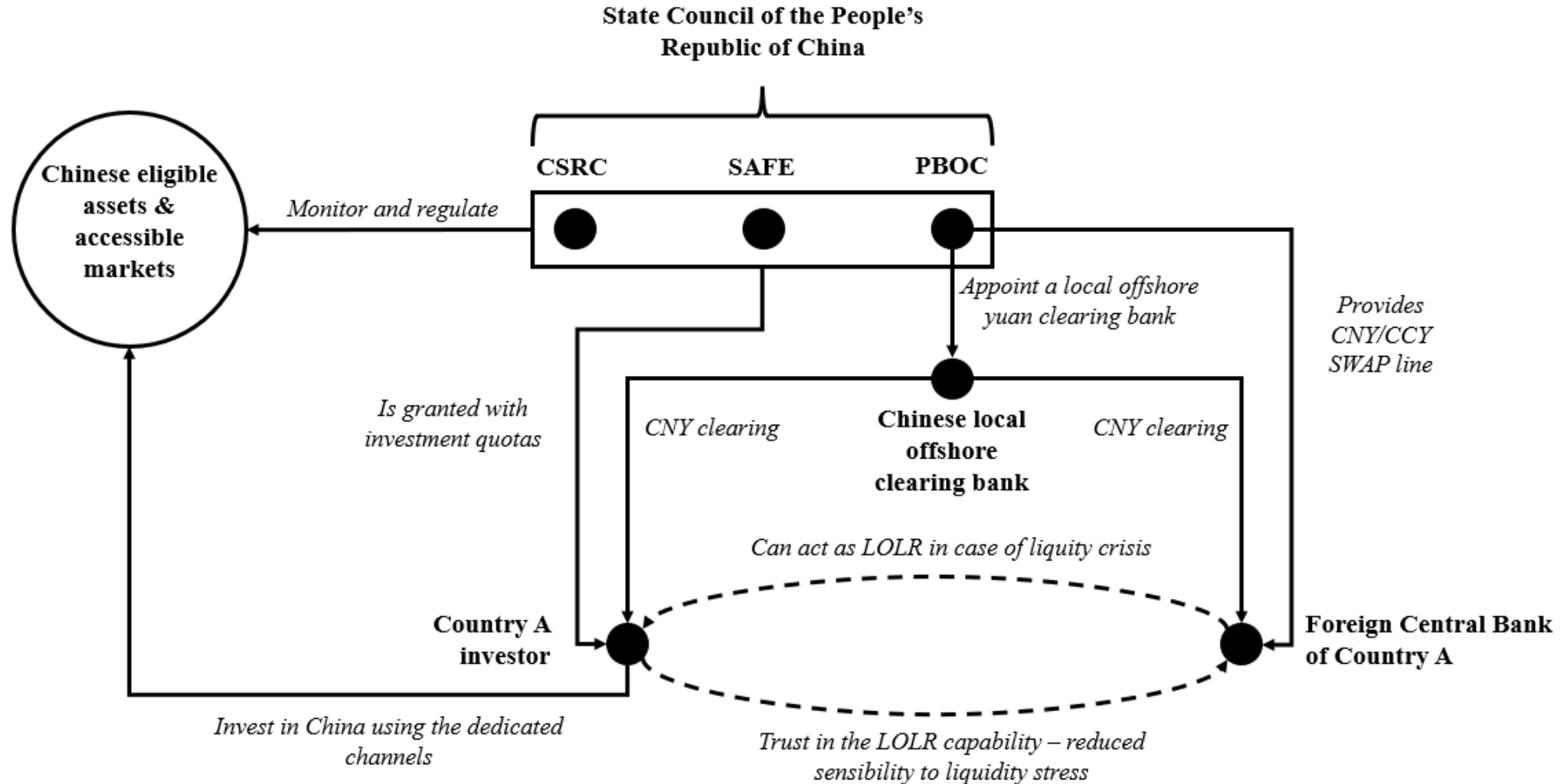
THE CHINESE PUBLIC/PRIVATE CLEARING NETWORK (3/4)



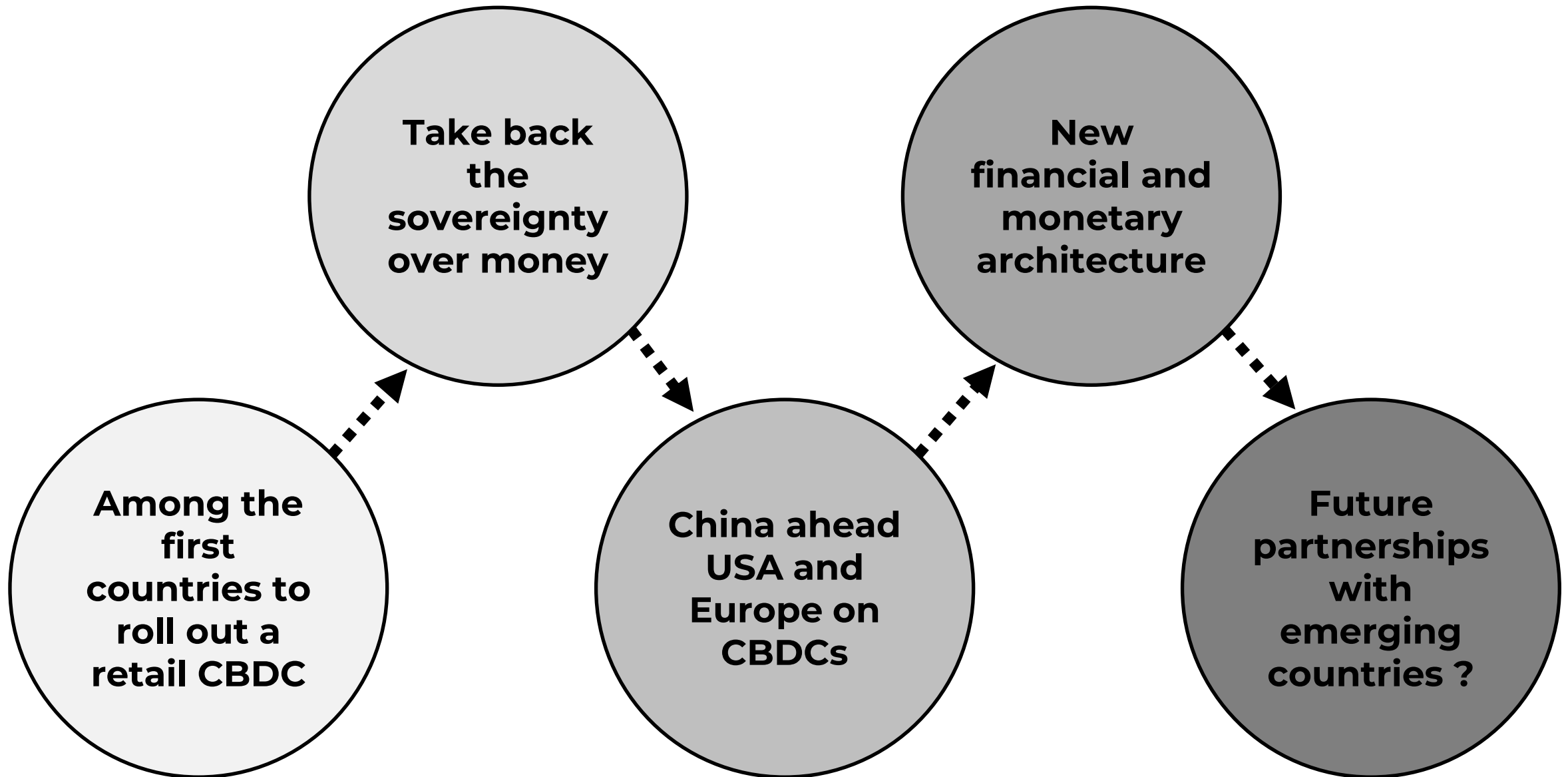
THE CHINESE PUBLIC/PRIVATE CLEARING NETWORK (4/4)



A BROADER SYSTEM AT PLAY – THE STRUCTURING ROLE OF TRUST



THE E-YUAN WITHIN THE INTERNATIONALIZATION STRATEGY (1/3)



THE E-YUAN WITHIN THE INTERNATIONALIZATION STRATEGY (2/3)

Homepage
of Digital
Yuan app

Swipe left and
right to access
digital yuan
wallets from
different issue
bank



Scroll down to
receive payment

16:39



设置



党费交纳



子钱包

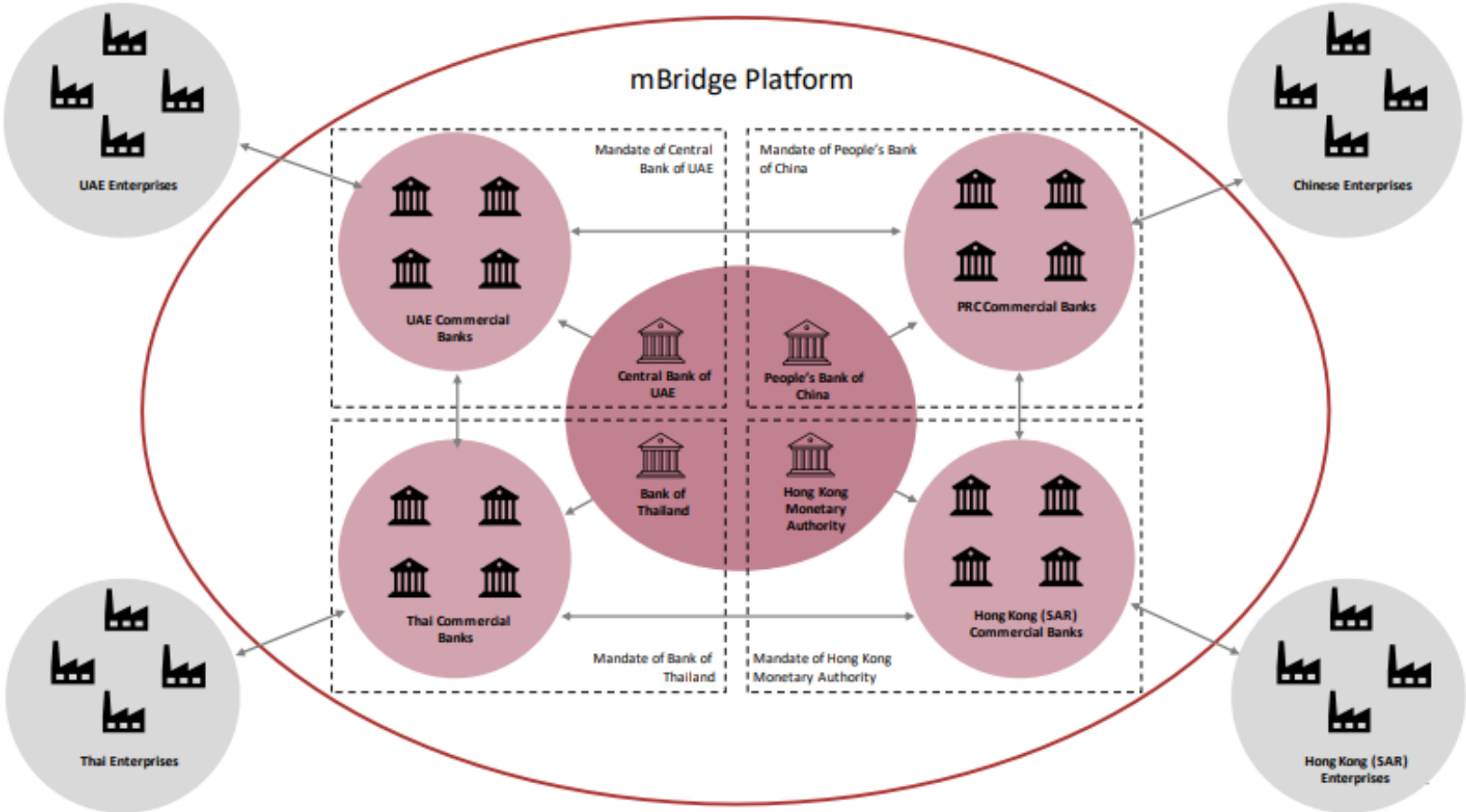
Sub-wallets that
let you connect
digital yuan to
third-party online
businesses



THE E-YUAN WITHIN THE INTERNATIONALIZATION STRATEGY (3/3)

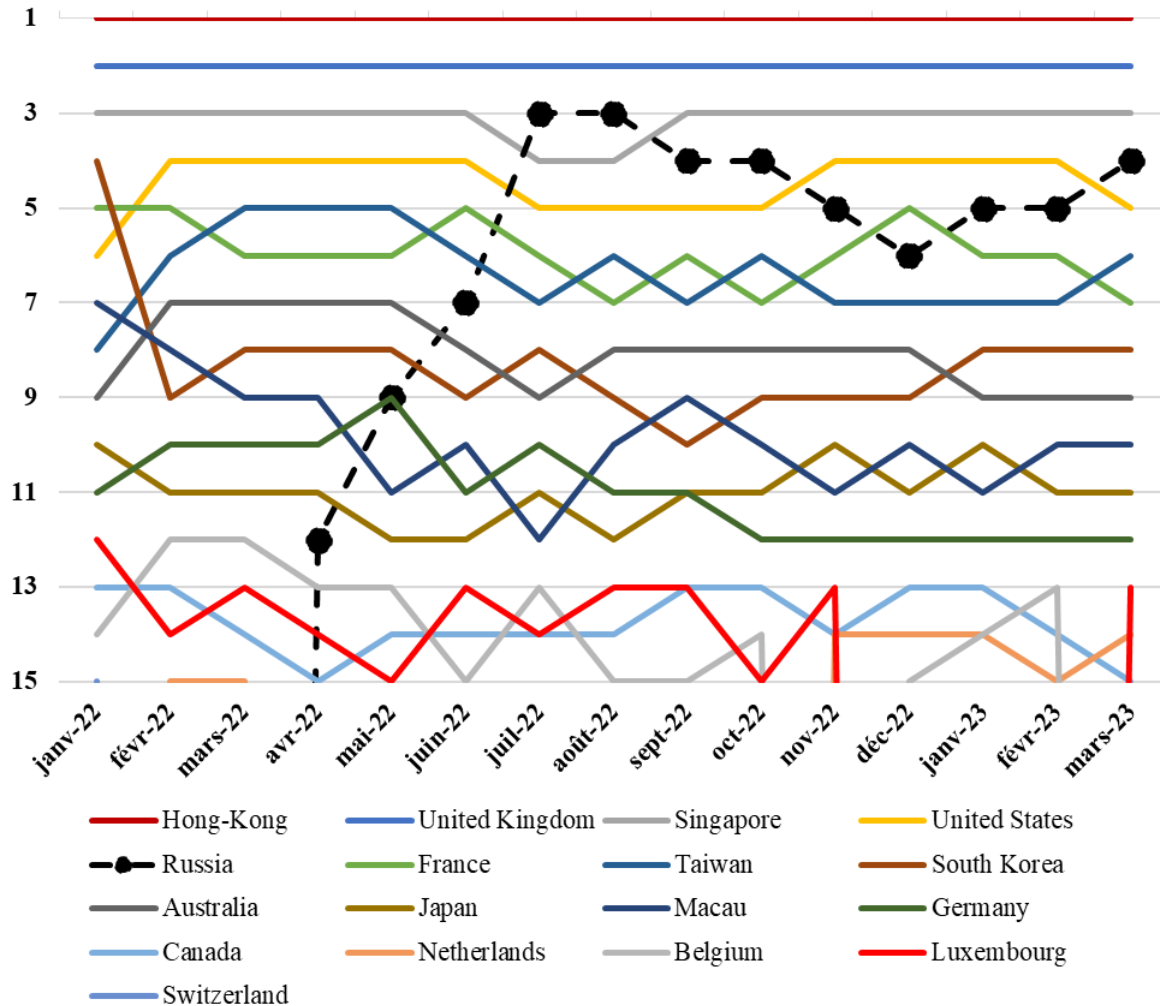
Experimental architecture: mBridge

Graph 4



Source : BIS 2022

THE YUAN – A SANCTION FREE FORM OF A LIQUIDITY ? (1/2)



Source : Swift RMB tracker

Reuters 
@Reuters

WATCH: President Xi Jinping told Gulf Arab leaders that China would work to buy oil and gas in yuan, a move that would support Beijing's goal to establish its currency internationally and weaken the U.S. dollar's grip on world trade



0:34 364.7K views

Xi Jinping calls for oil trade in yuan at Gulf summit - Business

11:35 PM · Dec 17, 2022 · 232.7K Views

INTERNATIONAL YUAN – LIMITS ? (2/2)

The Geopolitical limit



Exclusive: India to discourage foreign trade settlement in Chinese yuan - sources reut.rs/3YZ5k8x



8:05 PM · Mar 13, 2023 · 79.3K Views

Is China willing to provide a global currency ?

