

SHADOW BANKS IN CHINA: RISK MITIGATION AND REGULATORY RESPONSE

Chinese shadow banks have not undergone the process of disintermediation, unlike their counterparts in the United States. Rather, they have merely replaced traditional banks as the primary credit intermediary. As a result, the risk facing shadow banks in China is identical to traditional banks: maturity mismatch at the institutional level. To mitigate this risk of Chinese shadow banks, a key solution would be to reinforce the regulatory framework of traditional banking and apply these principles to shadow banks carrying out credit intermediation. This would both level the playing field and deter regulation arbitrage. More importantly, to address such risk on a systemic level, the whole financial system would need to upgrade in two key ways: first, by synergizing the institutional level with the market level, and second, by eliminating the adverse effects of financial repression. The new rules adopted since 2018 appear conducive to ensuring that Chinese shadow banking activities will align with global practices and supplement traditional financial business in a healthier and more compatible manner.

Li Guo

Peking University, China



Professor Guo (郭勇) is the Vice Dean of Peking University Law School, the Chief Editor of Peking University Law Journal (Routledge), and Editor of Asian Journal of Comparative Law (Cambridge). A graduate from PKU, Southern Methodist University and Harvard Law School, he has also taught as a visiting professor at Cornell, Duke, University of Sydney, and Vanderbilt, and is the recipient of the Humboldt Foundation Fellowship (Germany).

Professor Guo is the Vice Chairman of China Banking Law Society, and was named as one of the Outstanding Teachers by the Beijing Municipal Government. He currently serves as the chair of the Listing Committee for the STAR Market at the Shanghai Stock Exchange, and as an expert member for specialized committees of such organizations as the State Supervisory Committee, National Internet Finance Association of China, etc.



**CENTRE FOR
ASIAN LEGAL
STUDIES**

January

13

MONDAY

**12:30 –
2:00PM**

**Farris Hall, ROOM
106**

Please RSVP to
cals@allard.ubc.ca



**ALLARD
SCHOOL OF LAW**

