

China now global leader in green credit: China's banking regulator

By Xue Liang, He Xia from the People's Daily

China now ranks as the global leader in green credit, Ye Yanfei, an official with the China Banking Regulatory Commission (CBRC) announced at a press conference on Friday.

His remarks came as this year's G20 Summit has placed green finance onto the agenda and established a specialized research group dedicated to the topic for the first time. Such a move has been regarded as a demonstration of China making use of the G20 rotating presidency to lead the way in the green sector.

China's banks provided a total of 7.26 trillion yuan (\$1.09 trillion) in green credit by the end of June this year, accounting for 9 percent of total loans from 21 major banks and financial institutions, according to data released by CBRC.

Outstanding "green credit" loans for strategic emerging industries such as new energy and new energy vehicles reached 1.69 trillion yuan, while energy conservation projects and services totaled 5.57 trillion yuan.

Loans for environmental projects have proven effective. According to Ye, thanks to these loans an estimated 187 million tons of coals may be saved annually while carbon dioxide emissions may be reduced by 435 million tons of, equivalent to the output of 70,000 taxis running 298 years in Beijing.

The non-performing loan rate for environmental projects and service stood at 0.41 percent by the end of June, 1.35 percentage points lower than the overall rate for all loans.

China has also established a framework for a green credit system. To ensure the flow of capital into low-carbon, recycling and environmental protection fields, this framework clarifies quotas, management regulations and performance evaluation standards as well as other policies on green credit loans lent by banks and financial institutions.

In addition, China has taken the lead in setting up an international exchange and cooperation mechanism for green credit - the Sustainable Banking Network, or SBN. The CBRC is the permanent chair of the SBN, which was established by the central banks of 10 countries.

According to the People's Bank of China, China is one of three countries in the world that have established green credit index systems. With its rapid development this year, China has grown into

the largest market for green bonds. It will also be the first economy to establish a relatively complete policy system for green finance.