

## 《央行：不会取缔余额宝》

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The People's Bank of China will regulate the fast-growing Internet finance sector more carefully, but it won't crack down on it, the head of the central bank said on Tuesday.

PBOC Governor Zhou Xiao-chuan made the comment on the sidelines of the annual session of the National Committee of the Chinese People's Political Consultative Conference. It was Zhou's first comment on Yu'ebao, a popular but controversial online fund offering, and its Internet competitors. He didn't give any indication of what steps the PBOC will take — or when. What, if any actions, the government might take to regulate Internet finance has been the subject of much speculation as China's lawmakers gather this week in Beijing to discuss social and economic policies.

The growth of online financial products, such as Yu'ebao, an investment service offered by Tian Hong Asset Management Co Ltd and Alipay (an e-payment division of Alibaba Group Holding Ltd), is being closely watched by the banking industry and the Internet sector. Some praise it as an innovation. Others condemn it as a threat to traditional banks.

Yu'ebao, which offers consumers a way to invest their idle cash in money market funds with higher returns than typical bank deposits, has become widely popular with the public, although some financial experts have warned of possible risks. Since it was launched in June 2013, Yu'ebao has attracted 81 million customers, with aggregate deposits estimated at 500 billion yuan (\$81 billion).

Although it said that online financial products are an innovation that promotes interest rate liberalization, the China Securities Regulatory Commission has also said it noticed illegal promotion and advertising activities by fund management companies. "Some of them don't fully disclose potential risks to investors, and some don't have quality risk management systems," Zhang Xiaojun, a spokesman for the CSRC, said on Friday. Zhang said at the time that the CSRC will draw up special regulations covering the online sale of financial instruments and mandating tighter risk controls for money market funds.