

# CHINA'S DIGITAL RENMINBI



Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners



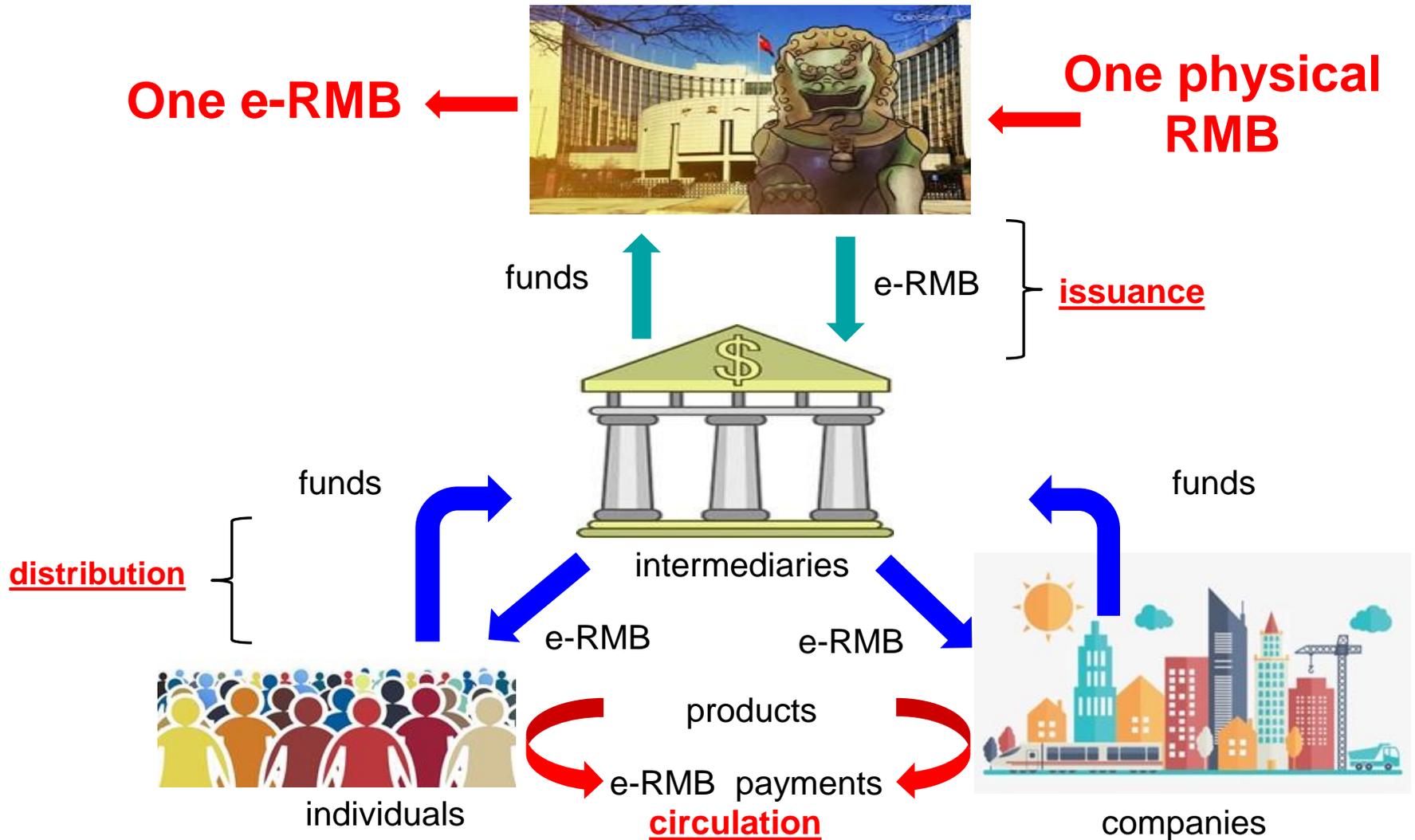
CHI LO 29 APRIL 2021  
FLAR CONFERENCE ON CBDC - CARTAGENA



**BNP PARIBAS**  
**ASSET MANAGEMENT**

The asset manager for a changing world

# e-RMB: A two-tier system

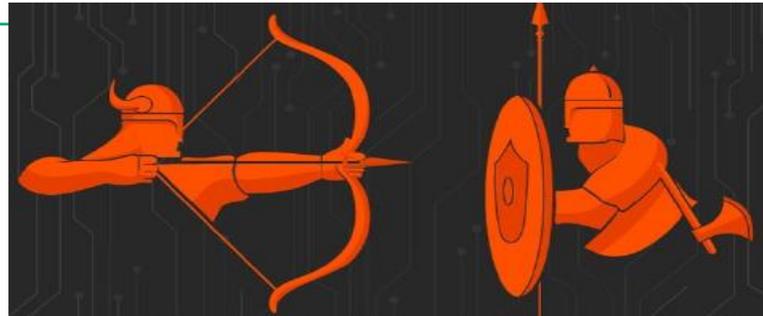


# Digital renminbi expansion ground work

---

- Two key tools:
  - The Digital Silk Road (DSR - 2015): to improve the recipient countries' telecoms networks and digital technologies, including A.I. capabilities, cloud-computing, e-commerce, surveillance technology, mobile systems, smart cities and other digital economic areas
  - The Health Silk Road (HSR - 2016): to cooperate with Asia on the digital economic and medical aspects to combat infectious disease by information sharing, medical assistance and traditional medicine development
- Since the late 1990s, China has been paving the way for the developing countries to use Chinese technology through digital investment, financing and cooperation. Covid-19 has sped up their development by increasing the developing world's acceptance of and demand for Chinese technologies and surveillance tools
- ➔ Increase China's international influence (and geopolitical tensions) and disrupt the future landscape of the global tech industry & its supply chains
  - China could become a leader in the production & export of medical supplies & digital surveillance technologies and health governance

# From a defensive strategy to offensive



- Arguably, China's digitalisation of the BRI and the RMB is a defensive strategy to reduce USD risk; its challenge to the USD is a by-product
  - A digital currency is not a silver bullet to China's structural problems – China needs to establish global credibility for the RMB – in whatever form – before it can gain global acceptance
- Beijing's biggest worry: the possibility of the US cutting off Chinese banks' access to USD clearing – the “nuclear option” for the US to contain China's advance; China is unwilling to take that chance
- The offensive side of digitalisation: China initiating international cooperation on setting up central bank digital currency project for cross-border payments + DSR/HSR + global reach of Chinese tourists => Chinese technology supporting digital payment means have been made prevalent globally = the groundwork for digitising commercial, tourist and trade activities in RMB after Covid-19

# Divided we may stand?

- Developing world (led by China) more willing to accept and use the renminbi than the developed world (led by the US) => a tri-polar world may emerge with a US dollar zone, a euro zone and a digitalised renminbi zone



- Such a new world might also lead to an internet bifurcation into a Chinese-led system and a non-Chinese internet led by the US

# Disclaimer

---

This material is issued and has been prepared by BNP PARIBAS ASSET MANAGEMENT Asia Limited (the “Company”), with its registered office at 17/F, Lincoln House, Taikoo Place, Quarry Bay, Hong Kong. BNP PARIBAS ASSET MANAGEMENT Asia Limited in Australia is an authorised representative of BNP PARIBAS ASSET MANAGEMENT Australia Limited ABN 78 008 576 449, AFSL 223418 (“BNPP AMAU”). This material is distributed in Australia by BNPP AMAU.

This material has not been reviewed by the Hong Kong Securities and Futures Commission. This material is produced for information purposes only for wholesale investors and does not constitute:

1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. investment advice.

This material makes reference to certain financial instruments authorised and regulated in their jurisdiction(s) of incorporation.

Opinions included in this material constitute the judgement of the Company at the time specified and may be subject to change without notice. The Company is not obliged to update or alter the information or opinions contained within this material. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor’s investment portfolio.

Investments involve risks. Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to financial instruments may have a significant effect on the results presented in this material. Past performance is not a guide to future performance and the value of the investments in financial instrument(s) may go down as well as up. Investors may not get back the amount they originally invested.

The performance data, as applicable, reflected in this material, do not take into account the commissions, costs incurred on the issue and redemption and taxes.