BOX 3

Construction of Olympics-friendly Payment Environment

The construction of an Olympics-friendly payment environment was an important part of the preparations for and actually hosting the Olympic Games. In order to carry out the central government's assignment and requirement for the 2008 Beijing Olympic Games and to create a safe, convenient and efficient Olympics-friendly payment environment, the PBC, jointly with eight relevant ministries and commissions, including the Ministry of Finance, the Ministry of Construction, the Ministry of Industry and Information Technology, as well as the BOCOG, set up a leading group with Su Ning, deputy governor of the PBC, as the group leader and printed and distributed the Guidelines for Construction of Payment Environment for the Beijing Olympic Games to make clear and definite the overall objectives and key points of the construction of an Olympics-friendly payment environment. In addition, the PBC organized and encouraged commercial banks and China UnionPay to adopt various effective and efficient measures to conscientiously promote the construction of an Olympics-friendly payment environment.

Through the joint efforts of the PBC, relevant departments and six co-hosting cities, the payment environment in the Olympics-related cities was all-around improved, with the account service level being comprehensively raised, the bank card acquiring environment further strengthened, foreign currency exchange made much more convenient, the management efforts for operation maintenance of payment systems greatly increased, and the soft environment of financial service distinctly improved. On the eve of the 2008 Beijing Olympic Games, the bank card acquiring coverage rate reached 90 percent in Beijing and the other six co-host cities, and the acquiring coverage rate in major tourist cities was 60 percent, and bank cards were also accepted in the Olympics-related hospitals. Among the seven Olympics-related cities, the bank card acquiring coverage rate in major Olympics-related regions and along important tourist lines in Beijing reached 95 percent and 75 percent, respectively. Bank card transactions, except that related to the real estate and whole sales, accounted for 50 percent of the total volume of consumer retail sales, with various indicators ranking at first nationwide.

During the 2008 Beijing Olympic Games and the Paralypic Games, China's financial payment industry successfully provided domestic and overseas institutions and individuals with a satisfactory financial environment featuring payment convenience, quality services, safety, effectiveness, efficiency, and zero accidents, zero complainants and zero negative reporting. It had shown to the outside world achievements of China's payment system and the high level of China's financial services. In the meantime, it also contributed to the further development and improvement of payment infrastructure and environment.

BANKNOTE ISSUANCE

Injection and Withdrawal of Banknotes

2008 witnessed a stressed and abnormal banknote supply situation. Net injection of banknotes nationwide accumulated to 384.4 billion yuan, representing an increase of 16.4 percent year-on-year. The PBC adopted a series of measures to guarantee the banknote supply.

Firstly, efforts were made to make an overall arrangement to scientifically distribute the reserve fund. First of all, with thorough deployment and strengthened coordination, the PBC strived to reasonably arrange the allocation time, optimize the allocation route and scientifically plan the transfer of reserve fund. Second, with full consideration of climate, transportation, economic structure, life styles and other factors, the PBC made the allocation of reserve fund to meet the requirements of local economic development and currency circulation in aggregate volume, and adapt reserve fund structure to the transaction demands and cash using practice. Third, in line with the spirit of benefiting re-concentration and re-adjustment of the allocation of the reserve fund, the PBC strengthened the horizontal transfer of the reserve fund among central sub-branches in prefecture-level cities to enhance the efficiency in using the reserve fund. Fourth, the PBC endeavored to increase the supply of low-denomination banknotes and strengthen monitoring and guidance on the front-desk cashier work of commercial banks. Fifth, the PBC enhanced the inventories of the reserve fund through a series of measures including formulating additional banknote printing plan, appropriately containing the destruction of damaged banknotes, adjusting the technical parameters of automatic banknote handling system, suspending the automatic destruction of damaged banknote function of the automatic handling equipments. Sixth, banknotes were directly stored in branch vaults other than the vaults located close to printing companies to enhance the allocation efficiency.

Secondly, the PBC calmly dealt with abnormal situation and earnestly ensured banknote supply. In 2008, China witnessed the devastating natural disasters such as the heavy snow and sleet disaster and Wenchuan earthquake, Tibetan “3.14” incident and the global financial crisis, all of these increasing the difficulties in safeguarding banknote supply. The PBC calmly responded to those emergencies by taking effective measures to transfer reserve funds in a timely manner on one hand, and on the other hand, coordinating various parties to ensure the safety of the reserve fund and escort personnel so as to ensure banknote supply for both production and living requirements.

Thirdly, efforts were made to create a better cash service environment to support the successful holding of the Beijing Olympic Games. Through intensifying the injection of newly-produced banknotes and strengthening the management on withdrawal of damaged banknotes, the PBC improved the tidiness of banknotes in circulation in Olympic game hosting cities so as to support the successful holding of the Beijing Olympic Games.

Banknote Handling

Efforts were made to further reinforce the establishment of banknote handling center. The PBC adjusted the deployment of banknote handling centers, strengthened administration on the equipment, installation and check of the banknote handling system, enhanced technical research and introduction to increase the stability and efficiency of relevant equipments, standardized the management on banknote handling center to scientifically calculate the sorting workload and improve its efficiency. In 2008, there were 349 sorting equipments and 38 destruction equipments in operation throughout 59 banknote handling centers nationwide. The volume of undamaged