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**征信中心**

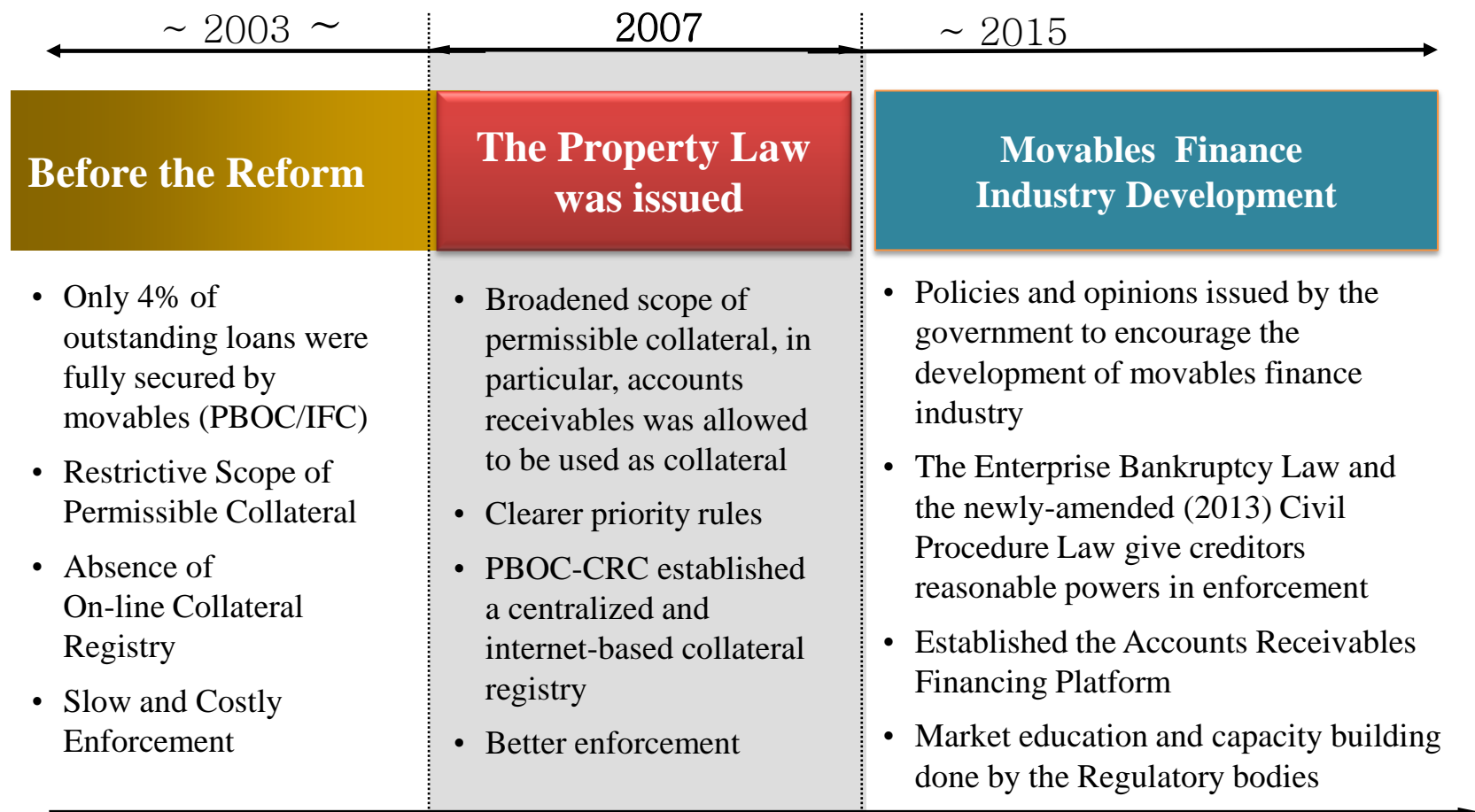
CREDIT REFERENCE CENTER,  
THE PEOPLE'S BANK OF CHINA

# **Secured Transactions Reform in China**

August 2015

# Reform

# Secured Transactions Reform



# Achievements

## Key Findings of the Independent Evaluation on Secured Transactions Reform in 2011

### Loans secured by movables increased significantly

- 30-40% of outstanding commercial loans involving movables;
- Total number of commercial loans involving movables increased by 21% per year; and the total amount of outstanding loans increased by 24% per year;

### MSME Finance Improved

- 88% of surveyed SMEs said that business growth was a benefit resulted from obtaining accounts receivables financing.

## Collateral Registry Operated by PBOC-CRC

**The Number of  
Registrations  
increased year  
by year**

As the end of July 2015:

➤ The cumulative number of registrations reached 1.7 million, with an annual average increase of 51%. In 2014, the number of registrations was about 417,000, increased by 9% compared with the number in 2013; about USD 2.5 trillion financing facilitated by the Registry (for accounts receivable and lease transactions only).

**Accounts  
Receivables  
Finance  
facilitated the  
infrastructure  
construction**

As the end of July 2015:

➤ About 34,000 registrations involved loans to infrastructure construction in China, including water, electricity, natural gas, waste water treatment facility, harbor, highway, bridge, etc.

## Industry Development

**China is now  
the largest  
factoring  
market in the  
world**

- Factoring business grew briskly after 2007
- Started “commercial factoring company” pilot in 2012 in China
- China has more than 1100 factoring companies by the end of 2014; 1.1 million of contracts signed in 2014
- The volume of factoring transaction reached USD 510 billion in 2013, increased by 10% compared with the previous year. It accounted for 17% of the total volume in the world

-- Commercial Factoring Expertise Committee of CATIS

**The scope of the  
assets covered by  
the Registry was  
extended**

- The scope of the movable assets covered by the Registry extended from accounts receivable to lease transaction, inventory pledge, warehouse receipts, advance payment, etc.

**More diversities  
of accounts  
receivables**

- The variety of accounts receivables is extending to receivables generated from health care, education and tourist services, etc.

Future



# Direction of the Future Reform

Registration on immovables is consolidated in China recently

## Market Needs:

- A clear and consistent ST law
- Search on existing interests and disclose own security interests on collaterals, to protect creditor's rights
- Conduct registration and search in an cost and effective way

## Current Situation:

- Two main registries: CRC and AIC. The AIC registry not yet fully reformed
- The collateral registry operated by CRC is ready to cover all types of movable assets
- Further reform is also needed on secured transactions legal framework – possibly through the preparation of Civil Code just launched

- A complete modern ST legal framework needs to be in place in China;
- A consolidated registry needs to be developed
- Movables finance market needs to be formalized



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# Thank You!