

Study on the Base Data's Application in the People's Bank of China's Performance Auditing

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Abstract - This paper classifies the People's Bank of China's performance auditing indexes into 3E objective indexes and internal control management indexes. objective indexes are used to measure the economy, efficiency, and effect of audited unit's performance, and we discuss specific internal control indexes in the People's Bank of China's performance auditing.

Index Terms - 3E performance auditing objective indexes internal control management indexes

After several years of explorations and practices, the People's Bank of China should transform its performance auditing to keep pace with international trend as soon as possible. We should adopt the "3E" concept in practical work and establish scientific performance auditing index system, as a way to set an assessment standard for the performance auditing. In the past, we formulated quantitative and qualitative indexes separately, of which quantitative standards refer to those quantified and objective indexes with assessment objectivity, and qualitative indexes refer to those conclusions with subjective suggestions resulting from quantitative indexes and subjective judgments. To further boost development of the People's Bank of China's performance auditing work, this paper, in consideration of the People's Bank of China's work actualities, involves previous qualitative and quantitative indexes and classifies the People's Bank of China's performance auditing indexes into 3E objective indexes and internal control management indexes. Therein, objective indexes are used to measure the economy, efficiency, and effect of audited unit's performance, and internal control indexes mean those indexes that are controlled and mastered inside for realizing 3E performance objective.

Internal control management indexes consist of six major index collections relating to resources management economy, six index collections relating to government management efficiency, and five index collections relating to duty fulfillment effect. By auditing and studying these internal control indexes, we can find and rectify audited unit's problems in duty fulfillment. In foresaid three major index collections, each collection is composed of 40-50 specific indexes, and so we need some basic data from the People's Bank of China's balance sheet during the auditing process. Only after auditors have made horizontal or vertical comparison and analysis on these indexes during the auditing process can they make objective and fair conclusions. Therefore, to do a good job of the People's Bank of China's performance auditing, we need to establish basic auditing

database, which will facilitate grassroots auditors to search, analyze, and compare data at the auditing site.

I. Auditing of Resources Management Economy

Performance auditing of the People's Bank of China still stays in the growing period. To study the People's Bank of China's resources management economy, we can adopt some internal control indexes, which boil down to six major collections (namely, human resources, department setup, financial budget, assets application, assets operation, and financial system construction). Preceding index collections are independent to one another and basically reflect economic profile of the People's Bank of China as an independent accounting unit. According to 3E Concept, we need to find the resources management economy's overall objective indexes, in order to study resources management economy in the performance auditing. In this paper, we point out that factors like regional financial aggregate, inflation, employee size, and financial cost are mainly associated with resources management economy. If we take employee size as the denominator, and financial aggregate, inflation, and financial cost as the numerator, calculation formula for resources management economy index is as follows: $(\text{financial aggregate} - \text{inflation} - \text{financial cost}) / \text{employee size}$ (rise of financial aggregate leads to rise of economy index, but rise of inflation and financial cost results in decline of resources management economy index). Since the financial aggregate value should be extracted from the People's Bank of China's balance sheet, the People's Bank of China's auditing to resources management economy in the performance auditing shall begin with the People's Bank of China's auditing to the balance sheet. Foresaid content is the analysis on the People's Bank of China's economy objective in performance auditing. Since there is not specific formula between resources management economy objective and internal control indexes, we need to optimize the People's Bank of China's internal control management by virtue of people-oriented philosophy, scientific development, and central bank culture etc. Here, we will discuss specific internal control indexes in the resources management economy auditing.

1) Human resources index mirrors the economy and reasonability of audited unit's human resources structure. First, we can study the audited unit's total posts, employee size, per capita posts, and average employee size at one post. Above-mentioned indexes reflect the audited unit's work architecture

and layout, and all work functions of the audited unit can be realized through this kind of work layout. In addition, we can segment total posts into execution post, management post, auditing & supervision post, and leadership post etc, in order to make all-around analysis on the audited unit's duty fulfillment. After dividing employee size by the four posts, we can calculate out basic indexes like per capita posts and average employee size at one post. By making horizontal or vertical comparison and analysis on these indexes, we can find major problems in post manpower's economy and reasonability, in order to put forward suggestions and opinions on structural adjustment of the audited unit's human resources. Second, we can extract such indexes as proportion of academic degrees, percentage of employees working with certificate, proportion of professional titles, gender proportion, and age proportion etc. By auditing these indexes we can make analysis on the audited unit's cultural structure, post qualification, professional & technical level, and personnel structure, in order to locate the audited unit's problems in human resources structure, from which we can optimize the human resources structure to make the best of human resources.

2) Organization setup index reflects the People's Bank of China's regional administrative architecture: the People's Bank of China founds branches by major region, but sets up central sub-branches and county sub-branches by administrative division. However, functions of some county sub-branches have been weakened. For instance, some county sub-branches in mountainous area, which are far way from the central sub-branch, have applied for cancellation of issuing treasury, and commercial banks are required to withdraw money directly from the central sub-branch, or a given large-scale commercial bank is appointed as the agency of issuing treasury. In addition, some county sub-branches near to the central sub-branch have terminated the local intra-city clearing service, and participated in the central sub-branch's intra-city clearing network operation. Meanwhile, with marketing of high value payment system, low value payment system, accounting & settlement system, treasury system, and credit management system, county/city sub-branches have changed most of their front desk services into the central sub-branch's remote clients, which helps mitigate the manual operation and reconciliation work. However, networking of the treasury, finance, and bank leads to direct payment of taxes, and so the range, content, and form for monitoring risk of the People's Bank of China's treasury funds have been further extended and enriched. Therefore, the People's Bank of China's risks in settlement and system construction mainly derive from the central sub-branches, and its operation and network risks mainly arise from county/city sub-branches, which will further extend to commercial banks with networking of treasury, finance, and bank. In this case, we should analyze the audited unit's all-sidedness and economy in duty fulfillment according to number of internal departments and average employee size of the department. Then, we will make analysis on county/city sub-branches' outlet distribution, sub-treasury distribution, and

manpower according to number of sub-branches and average manpower of sub-branches. Subsequently, we will analyze the outlet distribution's concentration degree, proportion of sub-branch's employee size to the economic equivalent, and setup economy of auditing sub-branch according to the proportion of number of sub-branches to administrative divisions.

3) Financial budget index is used to mostly reflect the audited unit's human resources cost and structure. First, from per capita wage and per capita public expenditure we can know the audited unit's welfare & remuneration and formal reception level. Since wages, public expenditures, and reception fees differ largely from one another in different regions, we can find that these indexes are associated with local commodity price and housing price etc. Due to this, we can make comparison and analysis on wages, public expenditures, reception fees, and commodity price index and housing price index, in order to estimate the financial budget's economy. Second, we can analyze structural adjustment of the audited unit's financial budget by auditing such indexes as violation rate of financial capital, human resources assurance expense ratio, retiree expense ratio, and account setup compliance ratio etc.

4) Assets utilization index is mainly used to reflect the audited unit's fixed assets occupation. First, from auditing of per capita fixed assets value rate, per capita office area we can have some knowledge about the audited unit's building, warehouse, and office construction, and its fixed assets investment trend and demand. Second, from auditing of such indexes as per capita electronic devices, per capita auto seats, and centralized purchase compliance rate etc., we can know the audited unit's electronization degree and transport convenience, so as to analyze the economy and reasonability of the audited unit's centralized purchase project as well as put forward suggestions.

5) Assets operation index is used to reflect the audited unit's asset preservation and increment. With acceleration of economic development and construction speed, the People's Bank of China has accumulated some fixed assets in different prefectures and cities. From auditing of such indexes as asset preservation rate, non-performing assets disposal rate, construction project excellence rate, and fixed asset growth rate etc., we can know the People's Bank of China's idle fixed asset preservation actions, operation situation, and ongoing fixed asset project management measures, in order to ensure the People's Bank of China's fixed assets preservation and increment, and realize economical fixed assets operation.

6) Financial & economic system construction index mainly reflects the audited unit's financial & economic system construction and implementation. First, we audit the financial & economic system's precision and completeness, during which we focus on investigating the audited unit's system construction manual and rules & regulations promulgation. Second, we audit the financial & economic system implementation procedure's completeness, during which we

focus on examining the audited unit's statements, register books, accounting documents, and important articles safekeeping. Third, to inspect if the post setup meets financial and economic disciplines, we focus on auditing the post setup reasonability, replaced post, concurrent post, and operation beyond authority in the computer management system. Fourth, to audit the pass rate of staffs at financial & economic post in post training, we focus on auditing the working with certificate and the qualification examination.

II. Auditing of Administrative Management Efficiency

Different locations of the People's Bank of China's regional branches lead to the grassroots banks' difference in cultural background and personnel quality. Also, grassroots banks vary in acceptance to diversified culture and education, which accordingly affects the People's Bank of China's internal control culture and environment, and makes local branches differ in working efficiency. Generally, branches in coastal regions and regions with convenient traffic have relatively high administrative efficiency, but administrative efficiency of branches in minorities and mountainous regions is relatively low. As we know, application of the People's Bank of China's internal control culture in practical work includes such links as the youth's career planning, idea exchange and communication, career process direction, and prospective study on profession etc. First, the youth's career planning serves as the starting point and it requires the young people to work pragmatically and diligently, behave in an open-minded and reasonable manner, conduct civilized law enforcement, and seek improvement. Cultivation and training of preceding basic working abilities will edify the youth to working at the post in a down-to-earth manner. Second, a man's quality practice and improvement in actual work usually involve different aspects like physical quality, moral trait, cultural quality, teamwork consciousness etc., and so idea exchange and communication should be organized in the internal control culture. Since this link brings together different local cultures, ideologies, role experiences, and concepts of value, the People's Bank of China's internal control culture deriving from fusion and mixture in turn takes on negative phenomena like misunderstanding, rejection, abuse, conflict, and complication etc. Due to this, all-round attention and cooperation underlies the People's Bank of China's overall solidarity and stability. Besides, career process direction's quality is directly associated with the personal service performance, and prospective study on profession is used to direct and discuss the practice and theory study orientation. In this sense, auditing to the audited unit's administrative efficiency is in nature the auditing to different departments' idea exchange, communication, quality improvement, and work coordination. Considering that improvement of the employees' working ability and the internal control culture will contribute to improvement of the department's working efficiency, but the conflict will lead to decline of working efficiency, we calculate the administrative efficiency index as follows: (total working ability of

employees + internal control culture – conflicts)/employee size. To achieve favorable administrative efficiency index, we need to further audit six collections of administrative internal control management indexes, such as internal assessment, system construction, administrative management, post wage, internal risk control, and working efficiency.

1) Internal assessment index and incentive mechanism is viewed as an assessment and evaluation measure by which the People's Bank of China's superior branch assesses corresponding service departments of its subordinate branches. In the beginning of each year, all departments will formulate assessment schemes according to key work points, which involve system construction progress, quantity of completed projects, service operation error rate, financial indicator improvement, currency policy promotion, and financial results application and credit construction etc. Also, the certified public accountant and auditor certificates are taken as one of the assessment contents. However, the most important assessment standard is the experience exchange materials resulting from practical work achievements or those materials for survey and study. In the end of each year, ranking will be determined according to assessment results. Due to this, the People's Bank of China always shows interest in training and cultivation to interdisciplinary talents who can engage in both computer system construction program and text materials preparation, or the bank shall bring into play the team's roles to make team members exert their talents to the full. As for the assessment indexes, all departments usually follow measures made by superior departments, but there is not fixed standard on the personnel assessment. While auditing the personnel quality structure, we can analyze the CPC member percentage, CYL member percentage, other parties and democratic personnel percentage, model worker percentage, and professional title percentage etc. While auditing the personnel ideology & moral character and quality-oriented education, we can refer to the audited unit's ideology promotion conference minutes, party/league meeting minutes, and service study & training records etc.

2) System construction index reflects basic information on construction of the People's Bank of China's internal rules & regulations system. First, we audit the completeness of different departments' internal control system, as well as make timely modification and supplementation with development of the service, in order to fulfill, standardize, and direct the practical service. Internal control system is mainly composed of authorization responsibility system, post responsibility system, operation workflow, and formal document criterion and behavioral etiquette etc., which shall be documented and archived. When formulating rules and regulations, grassroots banks usually follow rules and regulations from superior authorities, or make revision and modification according actual situation. Second, the People's Bank of China adopts three-line management (party policy, administration, and professional title) to manage its staffs, in order to focus on management by party policy, service, and technology. Due to

this, auditing of the cadre promotion and appointment mechanism will help analyze the appointment mechanism's reasonability and standardization degree, and inspect the human resources policy's perfectness and staff vacancy rate, in order to appoint and manage personnel in a fair, equitable, and open manner, and make the best of talents. Third, we audit the party conduct and incorruptness system's construction and inspect main approaches for audited unit's party conduct and incorruptness construction. All cadres are required to spontaneously and voluntarily combat corruption and advocate incorruptness, and become an eligible civil servant on the socialist construction road.

3) Administrative management index refers to the administrative management actions taken for realizing the assessment objective. First, we audit if the unit has duly and completely conveyed guidelines and policies made by superior departments. Each year, the People's Bank of China duly updates its heavy mission, and all currency policies and computerization construction missions are directly associated with the national economy's sustainable and healthy development. By auditing reasonability and effectiveness of implementation actions we can learn if the financial policies boost local economic construction or support the national economy's development objective. Second, by auditing implementation of supervision and handling system we can learn if different departments of the People's Bank of China duly keep pace with the work schedule, and promote successful implementation of different missions. Therefore, to improve the executive force of the People's Bank of China's departments of different levels, provision of reliable organizational guarantee is a key node. Due to this, grassroots bank's personnel education guideline should give priority to scientific decision-making program, systematic law-based administration, undisguised online government affairs, and timely and complete financial services outside, as well as accentuate coordinate department work, harmonious office environment for employees, and all-round emergency solutions for service and staff management inside.

4) Post wage management is a reform system that is closely associated with immediate interest of the People's Bank of China's employees of different levels. In the post wage reform, we classify employees into different levels according to their administrative ranking, professional title, and work time in the bank, and divide the basic wage into post wage and wage of pay grade, in addition to taking into account the post performance and responsibility allowance, so as to calculate out each employee's total wage. In the year-end assessment, eligible employees can be involved into the file wage range, and those employees with outstanding contribution can acquire wage promotion (one or two levels) according to superior department's policies. All in all, the People's Bank of China's post wage management system ensures reasonable distribution mechanism amongst administrative and technical employees. In practical work, employee post subjects to the personnel department's uniform

documents that make definite post level and professional title appointment, and relevant work division and assessment are completed by the administrative personnel. Due to this, auditing focus of department personnel is fixed on implementation rate of the post objective, rationality of post work division and jurisdiction division, and definite responsibilities etc. With promulgation of the People's Bank of China's Internal Control Guidance, all departments formulated their workflows, and made definite risk points and preventive actions. Therefore, service managers also assume the responsibility of managing and controlling risk points in daily work. Besides, auditors also focus on auditing economic events' authorization and approval, and service transfer and information sharing between departments in the IT-oriented development circumstance.

5) Risk internal control index is a service assessment index adopted by the auditing and supervision department. First, auditing department of the People's Bank of China samples the county sub-branches or service departments' auditing work according to given proportion each year, in addition to conducting off-office auditing to presidents of county sub-branches that leave the post. As for some key service departments, it organizes the special auditing. Besides, it carries out the auditing survey to internal control and internal auditing transformation work. In this sense, the auditing department's assessment contents include the audited items and survey of implementation rate, aside from audited department's problem rectification and pursuit of implementation rate. Second, in light of requirements of the Internal Control Guidance, banks of different levels have established internal control risk identification, appraisal, and examination mechanism, and made definite risk points and preventive actions to services of different levels according to the service flow. In the middle or end of the year, they conduct self-inspection to internal control and make report to superior departments. Third, bank leaders or discipline inspection & auditing departments of different levels shall regularly conduct routine inspection or temporary sampling to issuance treasury, national treasury, accounting, and service office and foreign exchange department etc., as well as record the implementation situation and result in relevant register books. Fourth, after-service supervision department is responsible for supervising and inspecting accounting, national treasury, issuance treasury, service office, and foreign exchange management departments of different county/city sub-branches or at current level after the services, and the major supervision & inspection content includes errors in handling accounting document and statement. In addition, the problem handling rate and rectification implementation rate are also considered one of the major risk internal control indexes. Fifth, financial stability department's financial risk monitoring report and the science & technology department's real-time monitoring to the computer system's safety operation risk are also viewed as major indexes of the risk internal control.

6) Work efficiency index is used to appraise the People's Bank of China's average daily service volume and work response time. First, in the service department and auditing department there are statistical statements on service volume. With improvement of the national economy, clearing, currency issuance, and tax payment service volumes increased largely, and so the Head Office developed high-value payment system, low-value payment system, currency gold & silver system, and national treasury system. Thereafter, most services relating to bill inputting for clearing, cash collection & payment, and national treasury services were transferred to commercial banks or county/city sub-branches' client ends, and also most bill inputting work have been changed from manual inputting to scan inputting by electronic imaging system. Clearing, cash collection & payment, and tax payment services have been changed from original backward transfer to the real-time transfer in the People's Bank of China, which greatly shortens the work response time, reduces employees' work volume, and improves the working efficiency. Additionally, county/city sub-branches' national treasury, service office, currency issuance, and accounting work are transferred to the central sub-branches for year-end uniform settlement. Moreover, the Statistics and International Balance Department has realized the data statistics top commercial banks through networking transmission, and the People's Bank of China only assumes the responsibility of summing up and verifying the statistical statements in unit of RMB and foreign currency. Second, the People's Bank of China's administrative law enforcement work mainly involves credit management, law enforcement inspection, and foreign exchange management, and the service response time has been specified in relevant regulations and released respectively in workplaces or on governmental affairs websites.

III . Auditing of Duty-fulfilling Effect

Since its incorporation, the People's Bank of China has experienced different development phases like separation of the People's Bank of China and the Industrial and Commercial Bank of China, setup of regional branches, financial computerization, separation of the central bank and the banking regulatory commission, dissolving of financial risks, and functional adjustment etc. In different phases, the People's Bank of China had different duty-fulfilling objectives, and the duty-fulfilling effects were prominent. As we know, the People's Bank of China adopts the vertical management mechanism, in which hierarchical management is realized from upper level to lower level (the level sequence: head office-branch-central sub-branch-county sub-branch). That in turn offers reliable human resources guarantee for "80-20 Rule" (also called Pareto Rule) which was put forward by Pareto, an Italian economist. According to the rule, the human resources fall into "Vital Minorities" and "Trivial Majorities", and so control to minorities means the control to the overall situation. Development of the People's Bank of China exemplifies the Pareto Rule: under the direction of the head office and branches, all employees of the central bank made unceasing

endeavors to achieve excellent duty-fulfilling effect. Pareto Rule also applies to grassroots banks, where the trivial majorities only create limited value. However, affected by the vital minorities, the trivial majorities can bring into play their positive energy to achieve favorable duty-fulfilling effect. Therefore, sustainable and favorable duty-fulfilling effect can be achieved if vital minorities are employed in different phases to inspire different employee clusters' work passion. Since the audited unit's more duty-fulfilling achievements lead to better performance auditing effect and only the docking between vital minorities and trivial majorities in actual work can efficiently prevent unexpected emergency from taking place, the negative duty-fulfilling evaluation will directly affect the duty-fulfilling effect. With that, we can calculate the audited unit's duty-fulfilling effect index according to formula below: (unit's duty-fulfilling achievement – unexpected emergency – negative duty-fulfilling evaluation)/Employee size. To achieve the duty-fulfilling effect index, we should further audit duty-fulfilling internal control indexes of five major collections, such as duty-fulfilling assessment, duty-fulfilling evaluation, operation effect, financial development effect, and social comprehensive effects.

1) Duty-fulfilling assessment index is used by the superior bank to accept and commend the unit's work achievements at the end of each year. And it requires the unit and department to follow requirements of superior banks' corresponding departments to earnestly formulate work plan and make definite work objectives at the beginning of each year, with specific work objectives including currency policy, currency issuance, computerized system construction, system construction, audited items, survey & study, service error rate, and supervision and inspection to construction of long-acting internal control mechanism etc. Herein, work achievements refer to innovative actions and effects during the process of completing the work objective. According to the assessment requirements, the currency policy actions and system construction shall be approved in writing by superior departments, work experience exchange materials shall be promoted by superior bank, the system construction schedule shall be evidenced by actual data, audited items or survey & study materials shall be appraised and ranked by superior departments, propaganda and theory articles shall be released on Level-I/II formal publications, and service error rate shall decline year by year and stay within reasonable range. Second, the assessment has the following requirements: annual comprehensive evaluation on financial institutions within the area under jurisdiction, credit rating to county/city sub-branches, implementation of financial stability re-loan management and asset recovery, financial risk monitoring and appraisal, and normal operation and management to the service system. Besides, honorary titles arising from the trade union's comparison and rating, and commending results from local security management and social comprehensive treatment etc. are also involved into the People's Bank of China's duty-fulfilling assessment contents.

2) Duty-fulfilling evaluation index is used to make comprehensive evaluation on the leadership, middle-level cadres, employees, and masses and trade union departments. At the end of each year, the superior bank's assessment team organizes all employees to appraise the leadership's morality, ability, diligence, and achievement through anonymous scoring, in order to assess the leadership's performance. As for the assessment to middle-level cadres, there are two assessment modes: first, the middle-level cadres may be dismissed in the event that they fail to achieve "advanced department" title for three consecutive years according to appraisal results from superior bank's corresponding offices and departments. Second, at the end of each year, all employees are organized to assess and evaluate middle-level cadres' performance, with assessment results including three levels like "Excellent", "Eligible", and "Ineligible". According to foresaid two assessment results and the bank leaders' arrangement, some middle-level cadres will be appointed to take post at the county sub-branches, or some middle-level cadres will be appointed for work shift. The unit's performance assessment to employees mainly derives from employees' anonymous voting organized by different departments and the nominations made by leaders, with assessment results including six conclusions, namely, workers or professional technicians' "Excellent", "Eligible", and "Ineligible". In leaders' nomination, those employees who are rated "Excellent" for two times in professional title assessment shall prevail, in order to facilitate the professional title's advancement, or workers who are rated "Excellent" in assessment shall be nominated. Other employees basically depend on their interpersonal relationship to acquire votes. Leaders' recognition and relationship with masses are considered key factors for employees' year-end performance assessment. Therein, leaders' recognition includes the work arrangement and direction to employees. Leaders' more attentions to employees' work will lead to more achievements made by employees, and so leaders' recognition is the most important objective factor in the employees' performance assessment. In addition, objection from the masses is the largest obstacle in work, and the individual's endeavor is the most important subjective factor. Indexes for assessing performance of the masses and trade union departments include employees' representative congress, employees' proposals, bank affairs disclosure and implementation rate, employees' health, illness, economic problems, and mortality ratio etc.

3) Operation effect index is the service data index that shall be focused or assessed by the service department. Data and tables of the People's Bank of China's different departments serve as an important content of the assessment, and they are considered the work achievements' evidences and benchmarks. As a common knowledge, a series of tables and data in different departments will be regularly submitted to the superior and assessed, and data in the tables mainly include service development index data and human resources data. After being summed up by the head office, all data will

underlie the national currency policy data, such as currency loan department's re-loan growth rate, M0, M1, and M2 in currency issuance, balance sheet of financial stability department's local financing platform, legal affairs office's financial consumer complaint cases, month-end balance of national treasury cash, fiscal centralized collection & payment units, national treasury budgets and settlements, funds in payment and clearing department's current accounts, funds in inter-bank accounts, accounting and financial office's financial budgets and settlements, funds of foreign exchange capital items and current items in foreign exchange management, corporate files in credit management, and financial aggregate of dispatch and statistics department etc., which are all basic data for the People's Bank of China's service operation and management and serve as important signs for the People's Bank of China's business development. In addition, the science and technology department's normal service system running workdays, network and data transmission's normal running workdays, database keeping and backup, and accounting and document file management level are also associated with the People's Bank of China's normal operation and management.

4) Financial development effect index refers to the effect index in which currency policy is carried out to boost local financial institutions' development. In this city, the People's Bank of China adopts flexible currency policy tool to bring into play the rediscounting tool's functions in aggregate regulation and structural regulation, in order to incline financial institutions' credit resources to the "Agriculture, Countryside, and Peasantry", middle and small-sized enterprises, and those intra-county legal financial institutions with yearly increased lendable capital proportion hitting or exceeding 70%. As a result, quantity of small-sized and micro enterprises with new credit relationship increases by 20%. The People's Bank of China focuses on developing interbank market debt financing, supports enterprises to make use of various debt instrument for financing, and assists enterprises in advancing the interbank market financing's success rate, which in turn ensure moderate growth of financing size. Second, the People's Bank of China pays a close attention to progress of the "Agriculture, Countryside, and Peasantry" Financial Division of Agricultural Bank of China's reform and it implements relatively low differential deposit reserve rate to the county-level "Agriculture, Countryside, and Peasantry" Financial Division of Agricultural Bank of China that meets assessment standards. Also, the People's Bank of China does a good job of the supervision and assessment work after cashing of the central bank bill at rural credit cooperatives, and supports the rural credit cooperatives to accelerate its reform towards agricultural or industrial banks. Moreover, it actively develops village & township banks and petty loan companies, strongly supports guarantee institutes, consummates financial intermediaries and enlarges the regional financial system. Third, the People's Bank of China boosts construction of the modernized payment system, does well preparation and testing work before running of ACS, strongly popularizes the

electronic commercial draft, carries out the study and management to mobile payment service, and supervises the verification to individual stock account's authenticity. In addition to that, the People's Bank of China surveys and studies the third party payment institution, formulates market access management guideline, ensures the bankcard acquiring market's compliance to laws and regulations, the online payment's safety and stability, and the prepaid card issuance's standardization and efficiency. Furthermore, the People's Bank of China promotes the bankcard swiping and tax payment services, enlarges national treasure TIPS system's scope of application, and constantly improves fiscal revenue's in-treasury efficiency. Fourth, the People's Bank of China strengthens its coordination and cooperation with customs, taxation, fiscal, and banking regulatory departments, which leads to more than 20% growth in annual cross-border RMB service volume in this city. The People's Bank of China explores and improves international balance auditing method, promotes enterprises' online declaration, moderately enlarges name list of online declaration enterprises, and improves the enterprises' online declaration rate. Also, the People's Bank of China boosts capital projects' foreign exchange management reform, strictly puts in practice the invoice enquiry and high value exchange settlement archiving system and promotes service trade and insurance agencies' reform in foreign exchange management.

5) Social comprehensive benefit index refers to currency policy action and measure that is adopted by the People's Bank of China to guide financial institutions to realize the social and economic development planning. By urging and supervising the financial institutions to carry out the Memorandum of Cooperation of the Financial Sector for Supporting Local Leap-forward Development, the People's Bank of China actively fulfills relevant commitments, enlarges its credit support to ongoing/continued significant projects, major enterprises, and pivot industries like power, chemical, biology, food & medicine, and equipment production etc. Focusing on construction of the industrial parks, the People's Bank of China supports local governments to take over industrial transfer from coastal regions and implement recycling economy pilot work, during which it does a good job of the financial service. Also, the People's Bank of China urges the credit communities to abolish counter-guarantee

actions and "one-stop" examination & approval model, making balance of yearly reemployment petty guarantee loan increase by more than 30%. The People's Bank of China supervises and urges implementation of the student aid loan policy, making the student aid loan in this city achieve a stable growth. The People's Bank of China makes efficient and full use of private trade and civil product production preferential interest rate policy, with the result that loan balance for private trade and civil product production at preferential interest rate increases by over 30% from the beginning of this year in the city. In addition, the People's Bank of China follows "Sponsored by Government, Advocated by the People's Bank of China, Promoted by the Institutions, Participated by Departments, and Profited by Agriculture, Countryside, and Peasantry" principle to go all out to complete its "Three-year Plan" objective in advance, and promote this city to firstly realize the financial services' coverage to the entire countryside. Meanwhile, it reinforces the credit rating market incubation, explores the commercial paper acceptance enterprises' credit rating, does a good job of the credit rating market's self-discipline management, formulates SME credit system demonstration zone election and plaque-granting measure, strongly develops the "Credit Townships Build 100% Counties (Cities)" event and focuses on boosting the "Countryside Youth Credit Demonstration Household Cultivation Project". In communities, the People's Bank of China extensively carries out the "Creditable Business Household", "Creditable Commercial Street", and "Creditable Enterprises" incubation event, maintains "Regional Credit Project" full coverage, and consolidates construction achievements of the "Four Major Credit Projects".

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