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# Chinese banks allowed to trade gold futures

(Xinhua)

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Chinese commercial banks will be allowed to trade gold futures in the domestic market, according to a notice released on the regulator's official website in Beijing on Monday.

China gold futures trading was launched in January, but domestic banks were barred from trading by the China Banking Regulatory Commission.

According to the notice, domestic banks that meet certain requirements, such as having capital adequacy ratio of more than 8 percent, can apply for a trading permit.

"That's great news for the gold futures market, which is not operating that well," said Hu Yuyue, an expert with Beijing Technology and Business University.

"Commercial banks can provide more liquidity and stability to the market, after all, they hold huge capital," said Hu.

"Gold futures trading can also help domestic banks to improve competitiveness against overseas banks as financial derivatives are supposed to be the largest revenue sources for leading banks," he said.

Non-interest income usually accounts for at least 50 percent of bank revenues in developed countries and the proportion can reach 80 percent for some banks.

However, Chinese banks depend heavily on the margins between deposits and loans.

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