

Financial institutions urged to step up supervision

The Chinese banking regulator on Thursday urged financial institutions to step up their supervision in face of world economic turmoil.

The China Banking Regulatory Commission (CBRC) is requiring institutions in the banking sector to tighten up its credit management and avoid embezzlement of funds to the stock market.



Control over property-related credit should be strengthened to encourage normal consumption, strike down on speculation activities and support the rational development of the real estate industry, said the commission.

It also urged commercial banks to make better preparations for possible losses, asking them to increase provisions. Through August, the adequacy ratio of loan loss provisions was up 6.5 percent from the same period last year, and the provisioning coverage ratio rose 5.8 percent. The bad loan ratio dropped 1.3 percent through September.

The banking industry was operating steadily and the risk from the subprime crisis was under control, said the commission.

"We established a banking supervision system with Chinese characteristics within a relatively short time," said CBRC Chairman Liu Mingkang.

Commercial banks should continue to take a prudent stance and strengthen risk analysis and report, said the commission, demanding commercial banks report on a monthly basis.

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