

Abstract

Banking service is one of the most important industries in most countries. It not only constitutes the main part of GDP, but also spurs the economic development of any economy. The liberalization of banking service is also a contentious topic. Ever since the Uruguay round, the negotiations on liberalization of banking service have been put on the table. The liberalization of banking service is said to facilitate cross-border transaction and stimulate the development of banking service on one hand. On the other hand, it is also said to result in vulnerability of the domestic banking industry and could lead to potential instability of the financial system. The process of liberalization in banking industry thus is tortuous. With the development of banking industry and WTO, the liberalization of banking service would even face new challenges such as the emergence of e-banking and engagement of international organization. China's accession into the WTO in 2001 also brought China into a dilemma. Chinese authorities wanted to enjoy the benefits of liberalization, while at the same time they feared of the costs of liberalization. In addition, they had to face the two sides of criticism. The domestic banking industry doubts the benefits of liberalization and considers the liberalization of banking service as a mere concession for acceding into WTO. The foreign countries with advanced banking industry often criticize that Chinese authorities did not fully enforce its obligations under commitments for protection purpose. The thesis examines the implementation of obligations of China, analyzes the gains and losses of China during the liberalization in banking industry, presenting a picture of liberalization of banking service in China. In addition, the thesis identifies the new challenges in banking industry and WTO to analyze the future development of banking service in China and in the WTO, providing suggestions to further facilitate the liberalization in banking service.