

Development of ASEAN-China Financial Cooperation Under the RCEP Framework

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Abstract

International financial cooperation is critical for countries to access finance and investment to promote economic growth. The formal implementation of the Regional Comprehensive Economic Partnership Agreement (RCEP) has pushed financial cooperation between ASEAN and China to a deeper level. The relationship between ASEAN and China is a successful example of regional cooperation in the Asia-Pacific. The study of ASEAN-China financial cooperation under the RCEP framework is of great significance in advancing the comprehensive strategic partnership between the two sides. The present study analyzes the financial cooperation between ASEAN and China under the framework of RCEP. By studying the development history and opportunities, the article analyzes in-depth the challenges that financial cooperation between the two sides may face, and tries to find ways to improve the openness of financial innovation between the two sides. It also tries to explore the development path of financial cooperation between ASEAN and China from three aspects: improving the degree of financial innovation and openness of the two sides, establishing a perfect financial regulatory system, and adopting differentiated financial cooperation strategies.

Keywords: RCEP; Financial Cooperation; ASEAN; Trade

Introduction

With the help of the implementation of Regional Comprehensive Economic Partnership Agreement (RCEP), the financial cooperation between ASEAN and China has been further deepened. And the use of Renminbi (RMB) in ASEAN countries has subsequently achieved new development. First, the consensus on ASEAN-China local currency cooperation has strengthened. By the end of 2022, China has signed bilateral local currency settlement agreements with Vietnam, Indonesia, Cambodia and Laos, and the amount of ASEAN-China bilateral local currency swap agreements exceeds RMB 800 billion. Second, ASEAN-China economic integration and development has become an important endogenous driving force for the cross-border use of RMB. In 2022, ASEAN-China cross-border RMB receipts and payments for current account and direct investment increased by 60.7% and 13.4% year-on-year, respectively.

In this context, ASEAN countries have incorporated RMB into their foreign exchange reserves, which not only promotes the regionalization of RMB in ASEAN countries, but also accelerates the development of economic cooperation between ASEAN and China. Historical facts have proved that ASEAN and China insist on financial cooperation not only can effectively cope with various risks and uncertainty challenges, promote the economic restructuring and economic transformation of China and ASEAN countries, and provide assistance to the economic recovery and development of ASEAN and China, but also is of great significance in reshaping the world economic and financial order and enhancing the ability of regional countries to cope with financial crises.

Literature Review

ASEAN-China financial cooperation began with the establishment of the dialogue relationship between the two sides in 1991. The outbreak of the Asian financial crisis in 1997 brought challenges to the financial development of ASEAN-China and at the same time provided an important opportunity for financial cooperation between the two sides, and the signing of the "Establishment of Bilateral Currency Swap Mechanism" (hereinafter referred to as the "Chiang Mai Agreement") in 2000 marked the beginning of a new chapter of financial cooperation between ASEAN and China.

Since then, scholars have begun a series of studies on financial cooperation between ASEAN and China. Influenced by the theory of Optimal Currency Area (OCA) theory, early scholars mainly focused on the regional monetary cooperation (Mundell, 1961). Recently, scholars' research focuses turn to financial cooperation countermeasures, RMB internationalization, and financial cooperation between

China and individual ASEAN countries. In addition, along with the effective implementation of RCEP in 2022, scholars have begun to pay attention to the impact of RCEP on ASEAN-China financial cooperation. Existing literature include following four streams.

The first stream is the studies investigating the regional trade and financial cooperation between ASEAN-China. Liu and Luo (2004) examine the trade competition between ASEAN-5 and China using a market-share model and assess the impact of China's WTO entry on the ASEAN-5 with an exchange rate-tariff model. They argue that the trade-widening opportunity between the two regions appears much larger than the competitive challenges for ASEAN-5 after the WTO entry of China. Devadason (2010) also reports that China's trade association with the ASEAN increases intra-ASEAN exports. China is therefore viewed as the most practical choice for the ASEAN+1 FTA to initiate deeper trade integration within the region. However, Kring and Grimes (2021) argue that the failure of East Asia to push an alternative vision of financial governance reflects both the lack of regional political unity and the divisions of interests both between and within key East Asian economies have combined to prevent the development of a distinctive regional model that could be promoted at the global level. Cieřlik (2023) examines changes in trade flows of added value between ASEAN and China in the years 1995–2020 and reports that ASEAN economies participate more strongly in global value chains and regional value chains than China.

The second stream focus on the research of internationalization of RMB and RMB used in ASEAN countries. Luo and Jiang (2005) provide a synthetic view of the capital account liberalization, capital control and currency convertibility issues in China. Recently, Lim (2023) argues that RMB internationalization does not represent a breach in global historical terms by challenging the dollar's status as the global reserve currency. It rather paradoxically consolidates a global monetary system that is centered around the dollar. This is achieved by highlighting the domestic and global path-dependence of the RMB's historical evolution. Wang et al. (2022) examine the effects of RMB internationalization on exchange rate connections between China and four ASEAN nations (Malaysia, Thailand, the Philippines, and Indonesia) between 2009 and 2020. Their findings demonstrate the the economic and financial integration has made exchange rate transmission very close between ASEAN and China.

The third stream includes numerous studies on economic and financial integration between China and individual ASEAN countries (Visaltanachoti and Luo, 2009; Luo and Nguyen, 2012; Luo and Wang, 2018). For instance, Jiang and Husin (2023) recently investigate the potential impacts of the implementation of RCEP on specific industries in Malaysia and China. They find positive and significant overall trade effects and Malaysia experiences higher trade and welfare effects compared to China. The fourth stream marks researches on the impact of

financial liberalization, financial technology and inclusive finance on ASEAN-China financial cooperation (Wang and Luo, 2019; Wang and Luo, 2022).

The above studies provide a certain theoretical foundation and research methodology for the present paper, but the analysis reveals that ASEAN-China studies on financial cooperation are not mature enough, and the progress of financial cooperation is full of debate. This is mainly reflected in the following aspects: firstly, the existing research is less systematic analysis of ASEAN-China financial cooperation in the context of the RCEP agreement; secondly, most of the existing research focuses on the traditional mode of financial cooperation, and lacks the research on the innovative areas of financial cooperation. In view of the shortcomings of the existing research, the present study will focus on analyzing the development history, opportunities and challenges of financial cooperation between China and ASEAN countries in the light of the content of the RCEP agreement, and exploring a development path suitable for financial cooperation between ASEAN and China.

History Of Financial Cooperation Between ASEAN And China

The ASEAN-China financial cooperation dialogue began in 1991, and after 33 years of development, the financial cooperation between the two sides has embodied obvious stages. This paper divides the development of ASEAN-China financial cooperation into three stages based on the impact of ASEAN-China relations on financial cooperation between the two sides at each stage.

1992-1999: Initial Exploratory Stage of ASEAN-China Financial Cooperation

Since 1992, China and some ASEAN countries have established or resumed diplomatic relations one after another, and gradually started dialog and cooperation, and then launched exchanges and cooperation in trade, investment, finance and other fields one after another, marking the beginning of ASEAN-China financial cooperation in the exploratory stage. During this period, the Asian financial crisis in 1997 had a great impact on ASEAN countries, which made ASEAN countries realize the importance and urgency of financial cooperation with China. In the same year, the leaders of ASEAN, China, Japan and South Korea announced in Kuala Lumpur the official launch of the "ASEAN 10+3" cooperation mechanism, which promotes the development of regional economic integration. In December 1997, the first ASEAN-China leaders' informal meeting was held in Malaysia, which opened a new chapter of ASEAN-China financial cooperation. However, it is undeniable that during the initial exploration period, the degree of financial cooperation between China and ASEAN countries was low, the number of financial activities was small, and the content and scope of financial cooperation between ASEAN and China needed to be expanded.

2000-2012: Stage of accelerated ASEAN-China financial cooperation

In order to avoid another heavy blow from the Asian financial crisis, the ASEAN countries and China jointly adopted the Chiang Mai Initiative in May 2000, marking a new stage of accelerated ASEAN-China financial cooperation. During this period, China and ASEAN countries have gradually strengthened multi-faceted cooperation in the financial field. For instance, new progress has been made in the areas of financial market cooperation, financial regulatory cooperation and cooperation among financial institutions. Among them, in terms of financial regulatory cooperation, as of 2012, China has signed agreements/memorandums of understanding on securities (futures) regulation with six of the ten ASEAN member countries. In the area of insurance regulation, in 2005, China initiated the establishment of the Asian Regional Insurance Regulatory Cooperation Mechanism and signed a memorandum of understanding on insurance regulatory cooperation with 14 countries and regions, including all ASEAN member countries. However, financial cooperation between China and ASEAN countries at this stage was mainly driven by the financial crisis, and was not carried out for the purpose of proactively developing the economies of both ASEAN and China. Therefore, the real purpose of financial cooperation between China and ASEAN countries has not yet been fully realized at this stage.

Present: The stage of deepening ASEAN-China financial cooperation

In 2013, the "Belt and Road" cooperation initiative was formally put forward, prompting ASEAN-China financial cooperation to enter a stage of deepening. The most important manifestations of financial cooperation between China and ASEAN in this phase are the establishment of the Asian Infrastructure Investment Bank (hereinafter referred to as "AIIB"), the upgrading of the China-ASEAN Free Trade Area (CAFTA), and the signing of the RCEP agreement, which came into effect in December 2015. The establishment of the AIIB in December 2015, driven by the "Belt and Road" initiative, has not only facilitated financial cooperation between ASEAN and China, but also promoted the internationalization of the RMB to a certain extent.

In January 2022, the implementation of the RCEP agreement has also had a positive impact on ASEAN-China financial cooperation, as the agreement introduced for the first time rules on new financial services and the transfer and processing of financial information, providing a fairer, more open, stable and transparent framework for ASEAN-China financial cooperation (Ling, 2022).

In the stage of deepening and advancing cooperation between the two sides, ASEAN-China financial cooperation has been expanded from the previous focus on currency swap cooperation to building a cooperative framework for local currency settlement between the two sides. As shown in Table 1, China has approved RMB clearing banks in six ASEAN countries, namely, Singapore, Malaysia, Thailand, the Philippines, Laos, and Cambodia, which indicates that the

willingness of ASEAN countries to accept and use RMB is deepening, as well as the RMB's status as a settlement currency and reserve currency in ASEAN countries is being strengthened. In addition, China has signed bilateral regulatory cooperation memorandums or memorandums of understanding (MOUs) with all nine ASEAN countries except Myanmar.

Table 1. List of Clearing Banks for RMB Transaction in ASEAN Countries

Country	Approval Date	Clearing Bank
Singapore	April 2, 2013	ICBC Singapore Branch
Malaysia	January 5, 2015	Bank of China (Malaysia) Sdn Bhd
Thailand	January 5, 2015	ICBC (Thailand) Limited
Philippines	September 17, 2019	Bank of China Manila Branch
Laos	September 30, 2022	ICBC Vientiane Branch
Cambodia	December 11, 2023	Bank of China Phnom Penh Branch

Source: Author manually collected from the People's Bank of China website <http://www.pbc.gov.cn/>.

Table 2. China's Exports to ASEAN Countries (FOB, US Dollars, Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Brun ei Daru ssala m	367. 60	744. 47	1,25 2.10	1,70 2.91	1,74 7.05	1,41 1.24	610. 70	656. 48	1,60 0.16	649. 64	483. 13	620. 73	833. 60
Cam bodia	1,34 7.27	2,31 8.53	2,70 6.21	3,41 1.25	3,27 6.29	3,76 9.66	4,01 0.63	4,81 6.79	6,03 4.03	8,00 0.64	8,08 0.29	11,5 78.5 3	14,2 29.0 2
Indo nesia	21,9 73.4 6	29,2 56.5 4	34,2 90.9 7	36,9 43.5 0	39,0 72.8 0	34,3 70.6 9	32,8 35.3 0	34,8 79.4 4	43,3 58.2 7	45,6 85.3 8	41,0 60.8 0	60,7 08.8 8	71,5 03.0 3
Laos	476. 45	472. 09	934. 24	1,72 0.56	1,84 7.64	1,27 5.56	1,01 0.71	1,42 5.69	1,46 4.86	1,78 7.92	1,49 7.75	1,67 2.16	2,37 0.66
Mala ysia	23,8 16.9 1	27,9 01.4 7	36,5 25.5 6	45,9 33.8 0	46,2 84.0 9	44,1 82.0 6	39,4 26.3 0	42,2 71.8 3	46,1 43.4 0	52,4 81.7 4	56,9 30.1 9	78,9 18.3 1	95,1 19.5 6
Myan mar	3,48 0.73	4,82 4.97	5,67 4.98	7,34 9.09	9,37 4.87	9,38 6.87	8,30 8.68	9,04 5.69	10,6 04.8 9	12,3 31.1 7	12,5 60.5 7	10,5 41.5 9	13,6 84.2 1
Phili ppine s	11,5 63.7 4	14,2 56.9 7	16,7 71.8 1	19,8 34.1 8	23,4 60.6 4	26,6 87.7 1	30,3 54.6 4	32,1 89.4 3	35,1 84.6 8	40,7 58.5 4	42,0 03.5 2	57,2 16.4 5	64,9 00.1 0

Singapore	32,3 33.2 7	35,2 97.3 9	40,3 21.1 6	45,6 10.6 9	48,7 06.6 5	53,1 47.7 4	47,4 47.4 2	46,2 33.1 9	50,0 89.7 9	54,9 63.7 2	58,0 21.9 7	55,0 39.5 8	82,0 04.6 8
Thailand	19,7 55.3 6	25,7 00.0 1	31,2 22.8 5	32,7 33.5 8	34,3 10.5 2	38,2 96.0 0	38,2 96.6 6	38,8 82.9 7	43,0 81.6 6	45,6 19.5 8	50,6 16.9 6	69,3 85.7 3	78,8 04.1 8
Vietnam	23,1 21.1 5	29,0 87.8 6	34,2 24.4 7	48,5 98.0 8	63,6 17.5 2	66,3 72.2 7	62,0 40.9 3	72,3 59.8 2	84,2 22.7 9	98,0 04.3 3	114, 157. 13	137, 954. 25	147, 634. 68
ASEAN	1382 35.9 4	169 860. 3	2039 24.3 5	2438 37.6 4	2716 98.0 7	278 899. 8	2643 41.9 7	2827 61.3 3	3217 84.5 3	3602 82.6 6	3854 12.3 1	4836 36.2 1	5710 83.7 2

Source: Direction of Trade Statistics (DOTS), International Monetary Fund.

Note: Table 2 only reports exports to ASEAN countries from mainland China.

Table 3. China's Imports from ASEAN Countries (CIF, US Dollars, Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Brun ei Daru ssala m	639. 33	561. 68	355. 72	86.6 0	189. 64	97.2 7	207. 41	341. 10	247. 04	451. 36	1,45 0.20	2,18 0.55	2,20 1.50
Cam bodia	94.7 3	185. 08	215. 43	361. 30	481. 27	666. 29	830. 85	1,00 8.55	1,37 7.46	1,44 3.92	1,49 8.26	2,10 0.91	1,83 8.43
Indo nesia	20,7 59.7 2	31,3 22.6 4	32,0 32.8 3	31,4 78.4 4	24,5 88.9 6	19,8 15.4 9	21,2 56.3 3	28,5 11.8 8	34,1 05.4 1	33,9 92.8 4	37,4 27.5 7	63,6 32.7 6	77,9 05.2 0
Laos	562. 01	801. 94	785. 02	1,02 0.65	1,76 1.08	1,29 8.10	1,34 3.60	1,50 6.47	2,03 2.67	2,15 9.57	2,06 4.19	2,66 3.94	3,35 8.84
Mala ysia	50,3 75.2 6	62,0 17.2 7	58,2 46.5 2	60,0 53.9 4	55,7 70.8 9	53,2 26.9 0	49,0 44.4 1	54,3 53.8 7	63,4 92.5 5	71,6 29.8 9	74,7 46.0 6	98,1 59.5 4	109, 891. 94
Myan mar	960. 99	1,67 7.44	1,29 9.32	2,80 9.66	15,5 78.1 6	5,23 9.28	4,22 0.39	4,52 1.09	4,71 7.25	6,38 1.77	6,34 3.25	8,07 7.48	11,4 60.2 8
Phili ppine s	16,1 98.8 6	17,9 92.6 8	19,6 77.8 0	18,2 04.6 8	21,0 45.2 0	19,0 22.1 4	17,3 52.2 1	19,1 96.3 5	20,6 21.9 2	20,1 69.7 4	19,3 18.5 6	24,7 34.5 5	23,1 28.9 7
Singa pore	24,5 82.6 1	27,7 59.8 2	28,4 28.9 8	29,8 61.8 5	30,5 34.5 4	26,0 21.6 9	25,9 20.9 4	33,5 01.7 7	33,6 14.3 9	35,2 30.3 1	31,5 83.1 3	38,7 02.6 7	33,9 49.5 3
Thail and	33,2 01.1 0	39,0 39.8 7	38,4 55.8 6	38,1 07.0 6	38,2 09.0 1	37,2 12.7 1	38,6 71.2 8	41,8 61.4 0	44,9 92.7 5	46,1 34.7 3	48,1 78.6 7	61,7 03.2 8	56,5 27.9 6
Vietn am	6,97 0.93	11,1 07.8 1	16,2 30.0 7	16,8 85.7 8	19,9 27.7 8	23,7 96.6 0	37,1 87.3 0	50,5 57.2 9	64,1 54.0 0	64,0 78.4 7	78,8 44.2 6	92,2 65.5 4	87,9 35.4 9
ASE AN	1543 45.5 4	1924 66.2 3	1957 27.5 5	1988 69.9 6	2080 86.5 3	1863 96.4 7	1960 34.7 2	2353 59.7 7	2693 55.4 4	281 67.2 6	3014 54.1 5	3942 21.2 2	4081 98.1 4

Source: Direction of Trade Statistics (DOTS), International Monetary Fund.

Note: Table 3 only reports imports from ASEAN countries to mainland China.

Opportunities and Challenges for the Development of ASEAN-China Financial Cooperation under the Framework of RCEP

Opportunities

First, multiple policies provide opportunities for financial cooperation between the two sides. The superposition of RCEP and the Belt and Road Initiative provides an important opportunity for ASEAN and China to comprehensively deepen cooperation in various fields. Financial cooperation is an important strategic interface between the two sides, and will become an important area of development for ASEAN and China in the future. ASEAN and China have adopted a positive attitude to jointly explore mutually beneficial cooperation under the framework of the Belt and Road Initiative and RCEP, especially financial cooperation in terms of currency settlement, so as to expand ASEAN-China trade and investment cooperation, enhance strategic mutual trust between ASEAN and China in the region. On the basis of the "Belt and Road" cooperation initiative, RCEP, while lowering barriers to trade and investment between the two sides, will further strengthen the regulation of preventing instability in the financial systems of ASEAN and China, enhance the level of support and services for ASEAN-China financial cooperation, and strengthen the level of protection of investors and thus create a financial cooperation environment with higher fairness and stability. In addition, China and ASEAN countries are actively seeking initiatives to deepen financial cooperation between the two sides, providing investment and financing support to enterprises entering the country in a formal manner, and extending the field of financial cooperation from the original monetary cooperation to financial regulatory cooperation.

Second, with the implementation of RCEP, economic integration in the Asia-Pacific region has entered a new stage of development, and the deepening of economic and trade cooperation between ASEAN and China has contributed to the development of ASEAN-China regional economic integration and the expansion of the scale of use of local currencies on both sides. With the influence of RCEP on the economic and trade cooperation between ASEAN and China, the cross-border use of RMB in ASEAN countries will increase and this further breaks down the tariff barriers in economic and trade cooperation between ASEAN and China. This undoubtedly improves the status of RMB in the international arena, which in turn increases the recognition and acceptance of RMB in ASEAN countries and promotes the development of ASEAN-China capital market.

Third, Surging trade volume fuels deepening financial cooperation The implementation of RCEP has further promoted the liberalization of trade between ASEAN and China, creating better conditions for the further development of trade in goods and services between the two sides. According to data from China's Ministry of Commerce, since the RCEP came into effect in 2022, the trade volume

between China and ASEAN has risen from 483.64 billion USD in 2021 to 571.08 billion USD in 2022, a 18% year-on-year increase, and the share of trade volume of the two sides as a percentage of their respective GDPs has also risen from 5.60% (China) and 26.39% (ASEAN) in 2021 to 5.88% and 27.13% (Tables 2 and 3). With the rise in trade volume between the two sides, ASEAN countries are gradually using the RMB more frequently for trade settlement, which not only promotes cross-border RMB settlement and facilitates the internationalization of the RMB, but also facilitates more in-depth financial cooperation between financial institutions in ASEAN and China. In addition, with the increase in trade volume, the industrial chain and supply chain between ASEAN and China will be further integrated and reshaped, which will provide an opportunity to realize the financialization of the industrial chain between ASEAN and China, and further promote the deepening of financial cooperation between the two sides.

Challenges

As ASEAN-China cooperation involves a large number of subjects, cooperation is inevitably affected by factors such as the financial environment of each country, differences in the level of economic development, and imperfect cooperation mechanisms. cooperation mechanisms, thus bringing a series of challenges to the financial cooperation between the two sides. This has brought a series of challenges to the financial cooperation between the two sides.

First, difficulties in linking the financial innovation and liberalization regimes of the two sides with the RCEP rules have constrained financial cooperation between the two sides. China and ASEAN countries have a lack of clarity on the interface between the financial innovation and liberalization regimes and the new RCEP rules on financial services, which leads to the possibility that the governments of the two sides do not take international rules into account when formulating financial innovation and liberalization regimes and lack awareness of the need to interface with international rules. Under the framework of RCEP, ASEAN and China have not yet established a formal mechanism for reviewing international obligations, and thus the governments have failed to review the interface with the new RCEP financial services rules when formulating laws and regulations. In addition, due to the large differences in the level of economic development of ASEAN countries, among them, the more economically developed countries such as Singapore and Malaysia have achieved better results in financial development and pay more attention to the formulation and research of the financial innovation and opening up system; while the financial development of countries such as Myanmar, Laos, and Cambodia lags behind relatively, or even in the beginning stage, and pays less attention to the financial innovation and opening up system. This will constrain the financial innovation system and RCEP financial service rules. In summary, as the new financial services provisions in the RCEP agreement involve the opening up of the financial sector to the outside world and

further innovation, when policymaking is not in line with international standards, it will be difficult for ASEAN and China to cooperate.

Second, inadequate financial regulatory mechanisms have led to increased financial risks and reduced the willingness of the two sides to cooperate. ASEAN and China have not yet established a sound financial information disclosure mechanism. Some ASEAN countries have insufficient information disclosure and lack of willingness for financial cooperation due to the backwardness of their financial systems and the mentality of keeping financial data confidential, which leads to information asymmetry in financial cooperation between ASEAN and China. The financial cooperation between ASEAN and China lacks an effective mechanism to transmit information about the cooperation between the two sides, which leads to a fragmented state of information collection and organization between ASEAN and China. Especially in financial cooperation, the data exchange system of government, enterprise and bank is not perfect enough to realize the sharing of cooperation information and future development trend between ASEAN and China, which makes it difficult for ASEAN and China to grasp the risk level of financial cooperation. Finally, the financial regulatory authorities of ASEAN and China have not yet constructed a high-level financial regulatory framework, the regulatory system for cross-border flow of data is not yet perfect, and the risk prevention and control system is not yet sound, which makes financial cooperation between ASEAN and China face a higher level of financial risk.

Third, the internal and external consistency of financial service provisions reduces the efficiency of financial cooperation between the two sides. The financial service provisions of RCEP follow the principle of internal and external consistency, i.e., both domestic financial institutions and foreign financial institutions should comply with the requirements of the host country's relevant licenses, laws and regulations when providing new financial services, and provide equal treatment for each member country in expanding financial openness and improving the transparency of financial regulation. However, due to the differences in the level of development of financial institutions between China and ASEAN countries, the internal and external consistency of financial service provisions has an unfavorable impact on the efficiency of financial cooperation between the two sides, which is mainly manifested in the following two aspects. On the one hand, the financial infrastructure of some ASEAN countries is insufficient to match China's financial infrastructure. Singapore, as a country with a more complete financial infrastructure in Asia, plays a diverse role in financial cooperation with China. In such countries, the implementation of RCEP financial services provisions is relatively easy. However, in countries where the development of the financial institution system is relatively backward, such as Myanmar, there is only one stock exchange, and financial institutions such as banks are also underdeveloped, with weak financial regulation. Under such circumstances, there are major obstacles to implementing the financial services provisions of RCEP and engaging in financial cooperation

with China. On the other hand, due to the different education systems between China and ASEAN countries, the financial talents of the two sides in the field of specialization are quite different. This difference may lead to many complex and technically demanding financial cooperation can not be carried out smoothly, thus reducing the efficiency of financial cooperation between the two sides.

Conclusion and Policy Suggestions

In the face of the favorable situation of the "Belt and Road" initiative and the implementation of the RCEP agreement, financial cooperation between ASEAN and China needs to seize the new opportunities for development, set up a firm belief in cooperation, resolve the contradictions between each other, and jointly explore the path of financial cooperation between the two sides in order to deepen the economic and financial development of the two sides.

First, it is important to improve the degree of financial innovation and liberalization on both sides, and efficiently interface with the rules of the RCEP agreement. China and ASEAN countries are suggested to take international rules into full consideration when formulating policies on financial innovation and liberalization, so as to ensure that they can be connected with the financial service rules in RCEP. Specifically, China and ASEAN countries should interface the design of the policy system with the content of the RCEP agreement and comply with the RCEP agreement in the process of policy implementation in order to reduce the cost of system implementation. In addition, the policymaking authorities should construct a rational, efficient, stable and flexible system of financial innovation and opening up system for efficient cooperation in an open financial environment.

Second, for the inconsistency in the implementation of the RCEP system in ASEAN countries, China should promote cooperation with the financial markets of ASEAN countries in a step-by-step and country-by-country manner. For ASEAN countries with underdeveloped financial markets, China can export its successful experience; while for countries with more mature financial markets, it should pay more attention to bilateral cooperation in order to promote the internationalization of China's financial markets. To promote financial market cooperation with ASEAN countries under the framework of RCEP, China can encourage foreign strong institutions to enter China's securities market, while ASEAN governments can also

China can encourage strong foreign institutions to enter China's securities market, while ASEAN governments can also strongly support the entry of these institutions into China's financial market, so that these mature securities firms, investment banks and other institutions can provide services for the bilateral financial markets of China and ASEAN. Finally, China and ASEAN should grasp the opportunities brought by RCEP, continue to take measures to promote the two-way opening of their bond markets, attract high-quality resources from ASEAN

countries to enter China's securities market, further develop and expand the Asian bond market, and continue to deepen the cooperation between China and ASEAN in the financial market to promote the financial development of ASEAN countries.

Third, establish a sound financial regulatory system and improve risk prevention and control capabilities. Under the framework of RCEP, a high-level openness agreement, it is crucial to maintain the security of financial cooperation between the two sides. For cross-border information transmission, the two sides should, on the premise of complying with the content of the RCEP agreement and protecting the personal privacy and account confidentiality of financial service providers, strengthen the regulation of information transfer and processing, and establish a sound regulatory system for cross-border data transmission. In addition, both sides should strengthen their financial regulatory systems, both at the micro level and at the national level. First, China and ASEAN member states should consult with each other to develop a complete regulatory system for supervising the transactions of financial cooperation between the two sides under the RCEP framework, and ensure stable and sustainable financial cooperation through their own national regulatory systems and the regulatory mechanisms of China and the ASEAN region. Second, the governments of China and ASEAN countries should strengthen financial market supervision, standardize the market order, avoid vicious competition among financial institutions for the sake of profit, and create a favorable policy environment for financial cooperation. Under the RCEP agreement, for projects with high financing costs and limited financing channels, the government should provide policy support and targeted supervision. Finally, government, banks and enterprises should further strengthen cooperation. Given the problem of information asymmetry between China and ASEAN, financial institutions face certain risks when cooperating, which requires the region's financial institutions to establish information sharing channels with foreign exchange management, customs and other government departments, as well as with enterprises in trade and transportation.

This requires financial institutions in the region to establish information sharing channels with foreign exchange management, customs and other government departments, as well as trade, transportation and other enterprises, and to formulate a practical and enforceable financial regulatory system through multi-party cooperation, so as to reduce the risk of cooperation and increase the willingness of both sides to cooperate in financial cooperation.***

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