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China's Central Bank Appoints New Top Communist Party Official

Pan Gongsheng's designation as the PBOC's senior party official clears the way for him to become governor of the central bank

By Keith Zhai [Follow](#)

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Pan Gongsheng has had a long career in China's financial sector. PHOTO: MARK SCHIEFELBEIN/ASSOCIATED PRESS

Chinese leaders appointed Pan Gongsheng as the top Communist Party official at the People's Bank of China, the central bank said Saturday, a move that people familiar with the matter say will lead to his eventual rise to governor.

Pan, currently the central-bank deputy governor, will likely be installed as the bank's governor following his promotion to the top Communist Party post, the people familiar with the matter said.

The central bank said Saturday that Guo Shuqing and Yi Gang, the central bank's incumbent party chief and deputy party chief, respectively, were removed from their party positions at the PBOC. Yi had also served concurrently as the central bank's governor since 2018 and remains in the post for now.

If Pan is named governor, it would give him more power in that position than his predecessor, Yi, who was outranked in China's party-state system by the central-bank party secretary.

The Wall Street Journal reported earlier Saturday that Pan would be appointed

The Wall Street Journal reported earlier Saturday that Pan would be appointed to the central bank's top party post and then as governor.

Spokespeople for the PBOC didn't respond to a faxed request for comment early Saturday about the possibility of Pan's appointment as party chief and governor.

Pan, 59 years old, has had a long career in China's financial sector. He did his postdoctoral research at Cambridge University and was a research fellow at Harvard University. He joined the PBOC in 2012 as deputy governor, and in 2015 became the head of the State Administration of Foreign Exchange.

Pan heads the Leading Group of Internet Financial Risks Remediation, whose tasks include clamping down on the use of cryptocurrency and regulating financial-technology companies in China.

The surprise appointment only came to a conclusion last week, the people said. Previously, Zhu Hexin, chairman of the Chinese financial conglomerate Citic Group, was the leading candidate to succeed the U.S.-educated economist Yi Gang as governor of the PBOC, with He Lifeng, a longtime associate of Chinese leader Xi Jinping, to be appointed concurrently as the PBOC's party chief, The Wall Street Journal has reported.

The leaders eventually leaned toward Pan for his international background and expectations that he would have an easier time working with global central-bank governors, the people said.

“Pan has the technical competence and the skills to navigate the PBOC through difficult terrain in providing support for economic growth, promoting market-oriented reforms in the financial sector, and managing risks in the banking system,” said Eswar Prasad, the International Monetary Fund's former China division chief and now a professor of economics at Cornell University. “These challenges are of course multiplied manifold by the political constraints the PBOC operates under.”

China's economy, grappling with slowing growth, soaring debt levels and an aging population, is at a critical juncture. The appointment of Pan, an economist with extensive experience, appears to signal a cautious stance from Beijing, as officials turn their attention toward stabilizing the economy after years of Covid-19 restrictions.

The changing of the guard at the central bank is part of a broader reshuffling of the financial system as Xi shapes an economic team that now mostly consists of trusted allies. China has set up a financial watchdog run by the Communist

Party, called the Central Financial Commission, as part of a broad reorganization of governing bodies set to give the ruling party direct control and supervision over financial affairs.

The creation of the Central Financial Commission has been seen as a sign that the Chinese government is becoming more concerned about the risks of financial instability. The Chinese leadership is determined to avoid another financial crisis and is giving the Communist Party direct control over the financial system to achieve this goal. In recent years, the PBOC has been increasingly reminded by the Chinese leadership that the central bank, akin to all government divisions, answers to the party. This lack of independence has arguably diminished the bank's usefulness for investors and economists as a guide on interest-rate policy.

—*Grace Zhu contributed to this article.*

Write to Keith Zhai at keith.zhai@wsj.com