

The Development Status of China's Art Finance Industry

Ying Zhao^{1*}

¹ Henan Vocational College of Light Industry, Zhengzhou, China

Email Address

920277942@qq.com (Ying Zhao)

*Correspondence: 920277942@qq.com

Received: 7 May 2025; **Accepted:** 31 May 2025; **Published:** 26 June 2025

Abstract:

In recent years, China's art finance industry has experienced rapid development, emerging as a new frontier integrating culture and finance. On one hand, policy support and market innovation have jointly driven industry progress, exemplified by the establishment of bonded art warehouses in the Shanghai and Henan Free Trade Zones to facilitate art trading. On the other hand, the rise of academic institutions and industry forums, such as the China Academy of Art Finance at Renmin University and the Asian Art Finance Forum, has provided theoretical foundations and talent cultivation for the sector. Additionally, the release of professional reports like the Annual Research Report on China's Art Finance Development and the Cultural Finance Blue Paper has further standardized and guided market growth. However, challenges remain, including an incomplete regulatory framework, inconsistent appraisal standards, and speculative risks in the market. This paper systematically examines key milestones and events in the development of China's art finance industry in recent years, offering a retrospective and prospective analysis of its evolution. By doing so, it aims to advance art finance education, cultivate specialized talent, and enhance public awareness-ultimately promoting the healthy and sustainable development of the industry.

Keywords:

China, Art Finance, Development Status

1. Introduction

The development of the Western art finance industry began relatively early. The French "La Peau de l'Ours" fund in Paris is considered the earliest specialized art fund. In 1904, French financier André Level gathered 12 investors to purchase artworks, and by 1914, these paintings were auctioned at the French auction house Hôtel Drouot, with most selling for nearly five times their original price. In 1974, the British Rail Pension Fund, with the assistance of Sotheby's auction house, invested \$70 million to acquire over 2,400 pieces of art. Starting in 1989, the British Rail Pension Fund commissioned Sotheby's London to hold auctions. By the conclusion of the final auction in 1999, the fund achieved an average annual return of approximately 13.1%.

This demonstrates that art-related operations at the time already possessed the attributes of art finance. [1]

2. China's Art Finance Industry: Development and Trends

In China, the art market has existed since ancient times, but activities that can be classified as art finance emerged much later. Related discussions and research have only gained momentum in the past decade or so, and there are still many aspects that require further refinement and improvement.

On February 23, 2012, the China Art Market Development Strategy Summit and the International "Art and Finance" Exchange Seminar were held in Beijing. The conference was jointly organized by the China International Cooperation Center of the National Development and Reform Commission, the UK Parliament All-Party Parliamentary Group, the China International Art Exchange Association, and Deloitte Art & Finance Luxembourg. Its theme was to promote exchanges between China and the West on the topic of "art and finance," enhance the international competitiveness of China's art market industry, deepen strategic cooperation between China and the West in the field of "art and finance," and establish a long-term, multi-level, and diversified dialogue mechanism. [2]

With its international perspective, this conference provided a reference and platform for communication, contributing to the development of art finance in China.

On December 8, 2012, the China Academy of Art Finance (CAAF) was established at Renmin University of China. [3] The institute was jointly founded by Renmin University of China, the China Federation of Literary and Art Circles, and the Shanghai Culture and Art Equity Exchange, operating as an interdisciplinary research institution based at Renmin University's School of Finance.

This institution can be regarded as China's first university-based research body dedicated to the study of art finance. It laid the groundwork for subsequent training and research initiatives, such as the first doctoral program in art finance jointly organized by the Ministry of Culture's Art Development Center and Xi'an Jiaotong University, the National Arts Fund's "Art Finance Talent Development" program hosted by Central China Normal University, and the National Arts Fund's "Art Finance Management Talent Development" program hosted by Shandong University of Finance and Economics.

On March 28, 2016, the 2016 Asia Art Finance Forum was held at the Shanghai Tower, with the theme "Cultural Power and Capital Wisdom." On the same day, the Asian Institute of Art & Finance (AIAF) was officially inaugurated. [4]

Since the launch of the Shanghai Free Trade Zone (FTZ) in 2013, the phased completion of facilities such as the International Art Trading Center's bonded warehouse and the Sunland International Exhibition Hall has accelerated the FTZ's development into a new hub for art trading. The establishment of the Asian Institute of Art & Finance in Shanghai has come at an opportune time to cultivate, supplement, and enhance the talent pool in the field of art finance, addressing the current shortage of professionals in this sector.

On March 25, 2017, the 2017 China Art Finance Annual Conference, themed "Art Asset Securitization and Art Wealth Management," was held. The event was jointly organized by Shandong University of Finance and Economics, Bank of Weifang Co., Ltd., China Inspection and Testing Society, and Financial News. [5]

During the conference, the “Annual Research Report on the Development of China's Art Finance (2016)” was released. In-depth discussions were conducted on key topics such as “The Current Status, Challenges, and Pathways of Art Asset Securitization” and “Analysis and Prospects of Art Wealth Management in China.”

On August 19, 2018, the “2018 International Art Finance Summit” was held in Shenzhen, jointly organized by UBS Group, Sohu, and Kickstarter. [6]

Representatives from institutions such as the Strategic Research Department of the National Internet Finance Association of China and the Central Bank's New Finance Research Institute interpreted relevant policies in the field and elaborated on the development trends of the art finance market. The summit also released the “China Art Finance Industry White Paper.”

On March 28, 2019, the “2019 Asian Art Finance Forum (4th Edition) & Summit Forum on Art Wealth and Financial Innovation” was held at the China Financial Information Center in Shanghai's Lujiazui. [7]

Guided by the Lujiazui Financial City Administration and the China Financial Information Center, and hosted by the Asian Institute of Art & Finance (AIAF), the forum centered on the theme of “Art Wealth and Financial Innovation.” It showcased and shared practical case studies in art finance development from perspectives such as art as wealth, art finance practices, and innovation in financial institution services.

Commissioned by the National Finance and Development Laboratory (NFDL) and the China Cultural Finance 50 Forum, AIAF founder and Dean Fan Yong, as the lead author, released the “National Finance and Development Laboratory Cultural Finance Blue Paper—China Art Finance Development Report (2019).”

On September 20, 2019, the Henan Free Trade Zone International Art Bonded Warehouse received official approval and passed the customs inspection by Zhengzhou Customs on July 9, 2020. [8]

This facility is not only the first art bonded warehouse in the Central Plains region but also the nation's first multifunctional art storage complex integrating tax-exempt exhibitions and auction transactions. It also marks the establishment of China's second art bonded warehouse located outside a customs special supervision zone.

Free trade zones and bonded areas have long been preferred locations worldwide for art trading, exhibitions, and storage. Among them, Geneva's Swiss Free Ports stand out as one of the earliest and most professional tax-free zones for art. Housing collections as precious as those in museums, it has earned a reputation as a secret treasury and remains the premier global hub for art transactions—with the added advantage of exemption from import and sales taxes. [9]

The Henan Free Trade Zone International Art Bonded Warehouse is divided into four main functional zones : Art Exhibition Area, Bonded Storage Area , International Commodity Display and Sales Area, Multipurpose Auction Area. This facility not only regularly hosts domestic and international art exhibitions and cultural exchange events of varying scales but also focuses on art promotion and sales. Leveraging the advantages of the bonded warehouse, it offers diversified services including: Art appraisal and authentication, Art valuation, Art restoration and conservation, Art financial services, Networking and exchange platforms for artists. By integrating these functions, the warehouse serves as a comprehensive hub for art trade and cultural collaboration.

At the 11th China Art Finance Annual Conference and 4th International Art Finance Development Forum held on April 12, 2025, the “Annual Research Report on China’s Art Finance Development (2024)” was released. [10]

The report highlights that as digitalization has permeated all sectors, it has reshaped the paradigm of art finance development, giving rise to a new form—digital art finance—which is gradually emerging as a dominant trend for the future.

3. Conclusions

Despite the flourishing development and increasingly positive trends in the art finance industry in recent years, there remains a need to enhance regulatory and institutional frameworks to prevent irregularities, such as those witnessed with certain art financial products at the Tianjin Cultural Artwork Exchange. Therefore, it is imperative to establish or improve both the preliminary support system and the post-service system for the sustainable growth of art finance.

The preliminary support system should include:

- Market standardization
- Government policy support
- Internet and technological infrastructure
- Legal and regulatory oversight
- Talent and intellectual support

The post-service system should encompass:

- Ownership verification and appraisal systems
- Art authentication and valuation systems
- Certification and archival systems
- Secure custody solutions
- Efficient logistics and distribution networks

Only by ensuring robust preliminary support and post-service mechanisms can investor confidence be safeguarded, fostering the healthy and sustainable development of the art finance industry.

Additionally, greater investment should be directed toward art finance education. This includes:

- a. Professional talent cultivation – Training high-level, specialized professionals for the industry.
- b. Public awareness programs – Conducting nonprofit educational initiatives to enhance risk awareness, promote objective understanding of art finance, and guide the public to engage with this emerging field with a rational mindset.

By addressing these aspects, the art finance sector can achieve long-term stability and growth.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

Funding

This work was supported by the Henan Provincial Department of Education Humanities and Social Sciences Research Project: “Research on Art Market Development and Art Financial Innovation under the Construction of Henan Free Trade Zone International Art Bonded Warehouse”, grant number 2024-ZDJH-653.

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