Title:
Asia's Banking CEOs: The Future of Finance in the Asia Pacific Region

Introduction: Ten Years After the Crisis

They are the fuel that ignites the engines of Asian growth, priming fires in the hearth of bustling new economies such as China, India, and Vietnam; they power the developed hubs of Hong Kong and Singapore, and they form the massively padded structure of the world's second-largest economy, Japan.

Banks in Asia are everywhere, and their branches sit on the corners of bustling city streets in every part of the world's largest continent—there seems to be no end to them. It's common to see three of them built next to each other along bustling streets in Taipei, Bangkok, Manila, Shanghai, and Seoul. A visit to any city means familiarizing yourself with their logos their colors, and observing the visible imprint they have on their cities and countries. Asian finance keeps a mighty machine, home to nearly four billion people, humming, and all eyes that look to Asia are in one way or another really looking at their banks.

A lot has changed in Asia during its decade of rebuilding, the ten years from 1997 to 2007, and naturally this also applies to banks. The crisis that dominated the last part of the second millennium left deep scars on many countries in Asia. But across the board, no other sector saw the type of consolidation that the banks did. Since they are such an important function of each economy, bad banks don't go away— they just become new banks.

The legacy of 1997 is a heavy one. The scars are the deepest in Thailand and Indonesia, where bankers still shudder when they think back to the dark days. In South Korea, bankers remember the period that they call the IMF Crisis. For them, the event marked the time when the doors to the country were blasted open and stayed that way. The financial services industry was privatized—some would say forcibly, some would say for the country's own benefit—and the world rushed in to buy up the country's banks. Bank ownership is now one of the most contentious issues in Asian banking, and Korea produces a good chunk of Asia's banking news. Since the crisis, Asia's banks have had their own dramas: they have been hit by

SARS, credit card crises of one sort or another, even bizarre IT breakdowns.

Ironically, the two biggest and most interesting markets in Asia, China and India, have not yet been affected by any of these crises. Last time around, their banking industries had not developed enough to fall into the greed traps of bubble economies. In China, so far only one bank, Guangdong Development Bank, has fallen on such hard times by over-extending its businesses and running out of capital, and it. had to be bailed out by a consortium of investors led by Citigroup Inc.

But now, given the outrageous growth of China and India, the question is: how long can they keep up their momentum? It can't be forever. The year 2007 wasn't a repeat of 1997 for either of them, but how about 2008? Or 2009?

The question of runaway growth is particularly acute in China for those confident international institutions that have invested billions into the country's banks. Goldman Sachs, the bellwether of Wall Street, made its largest single investment in a Chinese bank, and it stands to earn billions—if it can survive the three year lock-in period. Many don't remember the whirlwind of debate in 2004 over whether China would suffer a "hard landing or soft landing"; the chatter has trickled out for lack of interest, but may resume after the Beijing Olympics of August 2008 when a post-games anticlimax sets in, possibly bringing a slowdown and a fresh round of bad loans.

There are 26 portraits of bank leaders in this book. And while each of them is different, all of these fifty-something men and women have some things in common: they have all padded the many long corridors of their institutions to the point that they know them inside out; all of them are passionate about their work; and (nearly) all of them have worked at more than one financial institution (in many cases the same financial institution—Citi).

And more than anything else, all of them are also pillars of their communities. As busy hives of lending, they find the niches of the economy that need them to grow and fill them. And if they do it responsibly, then everyone is better off. If they are foolhardy and mismanage their growth, then sooner or later they will begin to hear a persistent whooshing sound as their balance sheet goes down the toilet.

Among them are a few entrepreneurs and dreamers, virtuosos who have mastered the skills of basic banking but hope for something new and unique. Others are minders, struggling with the various tasks that are part of tending their institutions while the economy floats them along. Yet others are still ambitious explorers, travelers who have found themselves near a fantastic opportunity and are willing to go wherever that might take them as long as they can steer.

Each leader, besides having a distinctive leadership style and goals, is also completely unique as a private individual. Saito Hiroshi, head of Mizuho Corporate Bank, which would be the ninth-largest in Asia if it was regarded as an individual bank, enjoys reading books about artists in his spare time; Syed Ali Raza, head of National Bank of Pakistan, the largest in that country, is a voracious reader of biographies and pulp fiction; Banthoon Lamsam is passionate about geomancy, the Chinese art of *feng shui*.

One of the strengths of The Asian Banker is the various programs it has to connect with the most senior people in financial institutions all over Asia. It engages with them to find out from the top down what makes these institutions hum. Getting to know a leader in the relaxed setting of his or her office is certainly different from seeing the same person on display at a results meeting, and this comes out in these profiles of some of Asia's most influential individuals. But besides getting to know the individuals, a bottom-up approach to learning the banks' numbers and their operational challenges is also vital; and somewhere in the middle we hope to reach the truth.

When Nick Wallwork of John Wiley & Sons approached me to write a book, my immediate thought was to propose what had been a dream project of mine for some time: a collection of profiles of the leaders that control Asia's top financial services institutions. I'd been writing short profiles of these people for years in the pages of The Asian Banker Journal, and was keen to expand them.

With the book format, I have been able to bring out some of the nuances of the characters that I am describing, as well as the banks they lead. I have also been able to put them more into a context of regional trends, and cross-reference them if their stories have relevant commonalities.

Of course, the danger of portraying business characters is between the time the manuscript is turned over and when the book

reaches the stores some months later, a lot can happen, and some of the leaders may have moved on.

But hopefully, even if more than one of the bank leaders profiled is no longer at the reins, the book can still give a sense of what kind of a bank has been turned over to the successor. It can also perhaps give an idea of what that successor will have to *undo* to put his or her own stamp on the company. And of course, nobody can change a bank's footprint overnight, not to mention its niche, its character, or its flair.

Going into uncertain times, eyes are turning to Asia. Its conservative banks have been stable throughout the sub-prime crisis and resulting credit crunch that has affected banks in the U.S. and Europe and judged them so harshly; their exposure to "toxic" collateralized debt obligations has also been negligible. And for the global experts running the banks with so many decades of banking experience each, it may be possible to say that they've already seen it all and are looking ahead in great anticipation.

For many Asia is a mystery, but there is no reason why its banks should be.