

Panel V: Strategic Reorientation

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In the final session, top Asian bank CEOs shared their strategic views of the banking industry in Asia, and the challenges and opportunities they face in leading their institutions into the future. The perspective taken was largely that of the individual countries represented—namely Japan, China, India, Singapore, and Korea—but all panelists placed their presentations in the context of global trends and realities that will have a major impact on the strength and growth prospects of Asian banking today.

Those trends included:

- ***The dramatic growth of technology.*** The CEOs noted the success that can be achieved in weaning traditional bank customers to Internet and ATM banking, with the cellphone being a new, though untested, frontier. As one panelist noted, the sheer scale of change partly reflected in new technologies, promises significant business growth while requiring constant attention to risk management in order to maintain safe and sound practices.
- ***New customer bases in growing economies,*** as more and more people rise into the middle classes. It was noted that in India alone 500 million people are “unbanked” and thus represent significant business possibilities in traditional banking services. The small-to-medium sized enterprise (SMEs) customer also remains a large underserved segment which is increasingly global in its outlook, forward looking in its demands, and therefore a likely source of growth in the banking industry.
- ***Scarce skilled and trained human resources,*** leading to what one panelist described as the “war for talent.” The lack of skilled employees is reflected at the staff, middle management, and, especially in Japan, at the board of directors levels. In every case, this scarcity of talent is limiting Asian banks’ ability to compete in the global market. In Japan it was noted that these challenges are particularly severe, because few members of boards and management are drawn from outside Japan, and there remains a limited English language capability among senior Japanese management.
- ***Growth in fee-based income*** has been strong in Asian banks and is an important component in their growth plans. The exception was China, where panelists suggested that banks would continue to focus on traditional banking business before looking to new products.