



中國銀行

BANK OF CHINA

A Financial Bridge



Tian Guoli

An Interview with Tian Guoli, Chairman of the Board of Directors, Bank of China

Macau, Taiwan and 37 countries. The bank's core business is commercial banking, including corporate banking, personal banking, and financial markets services. BOC International Holdings Limited, a wholly owned subsidiary, is the bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited, both wholly owned subsidiaries, run the bank's insurance business. Bank of China Group Investment Limited, a wholly owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., a controlled subsidiary, operates the bank's fund management business. BOC Aviation Pte. Ltd., a wholly owned subsidiary, is in charge of the bank's aircraft leasing business.

As the most renowned Chinese state-owned bank in the world, Bank of China has enjoyed a history of a hundred years. How does Bank of China succeed and prosper while maintaining its advantages?

Bank of China is one of the rare state-owned commercial banks that didn't close down or change names since its establishment. Long history leaves great legacy. Having worked in the financial industry for more than 30 years, running a bank is exactly like wine-making. It takes time to accumulate clients, train employees, and gain reputation.

Bank of China was founded in 1912. At that time, filled with poverty and weakness, this country was torn apart by constant wars. After the turmoil, China was still full of poverty and weakness.

It was then, thanks to the broad and global vision of the pioneering leaders, that Bank of China started opening subsidiaries in financially developed areas such as Britain, Hong Kong, Singapore, the U.S., and Europe from a macroscopic and globalized view.

Now our London branch has a history of 86 years and Singapore has 70 years.

Therein lies the seed of BOC's further internationalization as it develops a greater reputation globally. BOC's nature of internationalization has gained it a greater reputation from countries all over the world.

When we were young and ambitious, the only thing that we cared about was doing "big" things, like attracting new clients rapidly or expanding our business. In our youth, we were

full of ambitions to search for big opportunities, only concentrating on the biggest customers and business.

Now China has become the second largest economy. Bank of China has a total asset of 16 trillion RMB. At this juncture, we will focus on the small enterprises as our future clients. Bank of China is committed to providing service for small and medium-sized enterprises in China, which we believe can lay a solid foundation for future clients. They have a strong willingness to extend outside of China and invest around the world.

It is necessary for a bank to find out who is demanding its help. We are beginning to provide services to China's small and medium-sized enterprises that have strong willingness to develop and invest globally.

Given that, we organized several exchange activities, boosting our clients to seek potential clients in France, Hungary, Europe, and East Europe. We have organized several exchange programs in countries in Europe, such as France and Hungary, promoting our clients' communication and cooperation with foreign enterprises.

Although those small and medium-sized enterprises have the motivation to be international, the differences in language, legislation, and culture may cause them to be fearful. Thus, we have made use of the network built over 100 years to help them seek out international business. With 30 years of high-speed development, China has a large, well-capitalized market, which is appealing to foreign investors.

Bank of China uses our well-developed networking to establish a platform for those enterprises, offering them more business opportunities. Meanwhile, attracted by China's rapid development over the past 30 years, the foreign investors want to explore their own development by cooperating with China.

Unlike large foreign enterprises, foreign small and medium-sized enterprises should cooperate with a matching partner to run their businesses. Those foreign small and medium-sized enterprises, unlike the large ones, need more channels to communicate and to find matching partners, markets, and customers to expand their businesses.

Playing the role of a financial bridge, Bank of China has held several dates for both sides. We have fulfilled our obligation by assisting clients in breaking barriers of language, legislation, and culture. In terms of making money,

EDITORS' NOTE Tian Guoli joined the Bank of China (BOC) in April 2013, and was appointed to his current post in May 2013. From December 2010 to April 2013, he served as Vice Chairman of the Board of Directors and General Manager of China CITIC Group. During this period, he also served as Chairman of the Board of Directors and non-Executive Director of China CITIC Bank. From April 1999 to December 2010, Tian successively served as Vice President and President of China Cinda Asset Management Company, and Chairman of the Board of Directors of China Cinda Asset Management Corporation Limited. From July 1983 to April 1999, he held various positions in China Construction Bank (CCB), including sub-branch General Manager, Deputy Branch General Manager, Department General Manager of the CCB Head Office, and Assistant President of CCB. Tian has been serving as Chairman of the Board of Directors and a non-Executive Director of BOCHK (Holdings) since June 2013. He received a Bachelor's Degree in Economics from Hubei Institute of Finance and Economics in 1983.

COMPANY BRIEF Bank of China (boc.cn) was formally established in February 1912 following the approval of Dr. Sun Yat-sen. In 1994, the bank was transformed into a wholly state-owned commercial bank. In August 2004, Bank of China Limited was incorporated. The bank was listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in June and July 2006 respectively. In 2013, Bank of China was enrolled again as a Global Systemically Important Bank, becoming the sole financial institution from emerging economies to be enrolled for three consecutive years. As China's most international and diversified bank, the bank provides a comprehensive range of financial services to customers across the Chinese mainland, Hong Kong,

large enterprises are the ideal targets. When the bank has developed into such a large-scale entity, social responsibility really matters, even more than revenues. The slogan that we put forward now is “fulfill social obligation, be the best bank.”

Although the small and medium-sized companies do not give us as much profit as big companies do, it is the responsibility for us as a large-scale enterprise, to contribute to the development of the entire society.

Many Chinese state-owned banks aim to expand their business overseas. Bank of China has many outstanding advantages, but today, you have to compete with China's other state-owned banks that develop abroad. How do you view this competition?

This issue should be dealt in a more macroscopic view. Bank of China has a 100-year history, jokingly referred to as “one hundred years of solitude.”

What does solitude entail? How does this feeling of solitude come from? In the past, few large Chinese enterprises did business outside of China. There were very few of those developing abroad.

Now, against the backdrop of an increasing number of large Chinese enterprises expanding beyond China, the number of Chinese financial institutions has increased accordingly. In the past, I rarely saw any other Chinese commercial banks in other countries. We have since welcomed more Chinese banks joining us.

The greatly increasing participation of Chinese large enterprises in the world market has driven the financial institutions into the world to provide the services they need.

Despite the competition, there is a difference between newly made wine and 100-year-old wine. We are confident in our relationship with clients and our local influence.

An analogy of the commercial banks is the free market. The market cannot be prosperous with only one seller. The relationship between commercial banks is the same as that between the sellers in a supermarket. More competition means better business.

We hope that more Chinese enterprises will cooperate, improving customer service and integrating the market. The cooperation may become a trend, which further promotes the market. I believe the prospect of Chinese commercial banks' business overseas is promising.

Recently, China implemented a significant national policy called “One Belt and One Road.” What kind of impact and opportunity will it bring to banking industry and, more specifically, to the Bank of China?

One Belt One Road was first put forward in 1980s. The economic boom in Japan motivated the Japanese to make a profit in this market. In 1980s, Japan was the first country to bring up this idea of “One Belt and One Road” to gain more profits and explore a larger market.

Hashimoto's proposal of One Belt One Road received no reply. Later, Hillary Clinton made a similar proposal at the United Nations. The market opportunity is obvious – 65 countries with a total population of four billion and a less impressive aggregate economy. The opportunity for economic development lies in taking advantage of the economic gap in less developed areas.

Although there are 65 countries with a population of four billion along the road, they account for a small portion of the economic aggregate, providing a market full of business opportunities. Typically, these opportunities always exist in the economic gap between developed and developing areas.

Then President Xi's proposal makes sense. It will not be influential without China's manufacturing capacity, construction capacity, and capital strength. However, the tremendous impact of the proposal and implementation of the “One Belt and One Road” strategy by President Xi mainly results from China's strong current national power in politics and the economy. In other words, if China did not have strong capacity in manufacturing, construction, and capital, the impact of this policy would not be influential at all.

One Belt One Road has since achieved global influence. Other countries are afraid of missing this chance. Now in a period of slow economic growth, all countries are trying to find a way to deal with the problem. China reappraises the situations, finds a potential area, and receives positive responses.

China's involvement usually ensures strong construction capacity and capital injection. It always goes this way – a strong appealing proposal and more participating parties can make a dream come true.

Will this create opportunities for Bank of China?

In terms of competition, BOC is faced with lots of opportunities. BOC can greatly benefit from the competition.

We may lack advantages in domestic market while, in global markets, we own comparative advantages. In the One Belt One Road area, our network covers 17 dots. It is mainly located in Middle South Asia, Middle Asia, and North Africa. BOC has already established strong networking with 17 countries in the areas of One Belt and One Road.

In addition, employees who understand local language and culture are important toward expanding multinational business. Under certain circumstances when two non-native English speakers communicate, there may be misunderstandings. In addition, to develop the multinational business, it is important to have employees who can speak the local language and be familiar with local culture, because misunderstanding can still happen when two non-native English speakers communicate even though both of them are fluent in English. We can provide multilingual services to help with the problem.

Excelling in information collection and familiarity with local conditions, BOC is honored to show our support to the national strategy of encouraging businesses to go global. Without such a policy, we may still be in a state of “solitude.” Thanks to it, BOC is offered a stage on which to compete and stand out.

BOC has strength in understanding the region and collecting information to better support such a grand project for our country. The implementation of this strategy provides us a stage to stand out and improve our business, so that we will no longer be in a state of “solitude.”



Tian Guoli

As Chinese enterprises are going out, many foreign enterprises want to go into China. Do you have any suggestions for them? What is your view on China's economic development in the future?

People sometimes suggest that the economy of China has slowed down. But the slowing down of China's economy is one of the results of the macro-control policies.

If we want to breathe fresh air, the economic growth rate should be lower. Putting emphasis on environmental protection leads to an economic slowdown, which can be viewed as China's contribution in a way. China controls the speed of economy growth in order to promote environmental protection and contribute to the sustainability of the world for our next generations.

Due to the macro-control policies, the growth rate decreased from 10 percent to 7 percent. Correspondingly we should make preparations for the consequences of slowdown. With the decreasing rate of economic growth, China should make progress on environmental protection. At least, China has started to solve environmental issues, which brings the low carbon economy onto the stage.

In the past, China welcomed any foreign enterprises. Today, the Chinese government has set much higher standards to obtain permission for foreign investments. For example, foreign companies that are heavy pollution with a bad reputation are not allowed.

Foreign companies in the high-tech industry are more popular. They are welcomed, because the development of high-tech is important in China's market.

The standards for attracting foreign capital and business has changed. The products and equipment made by Chinese enterprises has advanced a lot. Given this, foreign enterprises now face a higher standard of environmental protection. The standards have elevated not only because Chinese enterprises have become as competitive as the foreign enterprises, but also because China has highlighted environmental protection.

Some people may complain and question whether the reform and opening-up policy has changed, or whether foreign investment is still

welcome. Our government still welcomes foreign capital, but with a higher threshold. Companies with technology and markets are welcome to invest in China. After all, China has been under pressure from pollution and the push to solve the problem of a warming atmosphere.

Speed and quality are a pair of dialectical concepts. Speed and the quality of development are incompatible.

I had never thought of China's economic miracle until we became both a participant and an audience. Thirty years later, colossal scale gives rise to economic slowdown. Throughout the past 30 years, the development of China's economy is so unimaginably rapid that we are acting as participants and witnesses at the same time.

An economic growth rate of 7 percent is still very impressive compared with other countries. At such a large-scale level, the slowing rate is reasonable.

In the future, it is unlikely that the growth rate will be as fast as before. It is unlikely that the growth rate will increase in the near future. In the past, Chinese products were said to be cheaper and of poorer quality. Today, Chinese products are cheap and of high quality.

Now China has to deal with issue of environment and protection of the labor force. The Chinese government has made laws to protect the labor force that enterprises must pay attention to. Although economic slowdown may occur, solving these problems leads to better quality of products and a healthier labor force.

New financial patterns challenge the traditional commercial banks, especially with Internet/Mobile Banking. What is your view on Internet/Mobile Banking? How will you strengthen the capacities of BOC in that respect?

Bank of China has this concept: to be a bank that leads future lifestyles. BOC has a goal of leading people's lifestyles.

Future e-commerce, including Internet Banking, is becoming increasingly popular among young people. Our new E-bank service surprised me in a good way, and thus introduced me to this new era. Though the revenue of E-banks does not compare to that of traditional banking, e-commerce is a new trend behind which we should continue putting resources. As an international bank, we should be sensitive to the developing directions of the future and increase investment accordingly.

Bank of China, an international enterprise, needs international employees. BOC has begun global recruitment. What is your strategy in terms of finding, recruiting, and keeping talent? What do you do to improve their abilities?

Bank of China started as an international enterprise. We have 600 branches in 42 countries and areas. Branch banks overseas have 20,000 employees, 80 percent of which are local. We always open our arms to top talent. Statistics shows that BOC has been the first choice for graduates for eight years. We intend to maintain this advantage for our company. In fact, leaders at all levels consider making use of talent a primary responsibility.

The turnover rate at BOC is relatively low. Employees prefer to stay because we offer better compensation packages, opportunities for career development, and a sense of ownership.

Could you please share with us your reforms at the Bank of China?

To improve the working environment and promote functionality, we shut down about 17 departments to reinforce the employees' responsibility and maximize their efficiency. We are cultivating a corporate culture that goes to the arduous areas. Everyone would like to stay in the office and think that work at our headquarters stands for career success.

We want our employees to know that working in the headquarters office does not provide more success than working in an arduous area, so we encourage young professionals to go to remote locations. All BOC branches have many top-tier university graduates. They often lack field experience and an understanding of the country in which they are working, but they benefit from the experience.

As the executives, we do not force them to do so, but we encourage and guide them by policies. Many of them feel rewarded afterwards. We have also reversed the process. We send those who have been recognized as potential leaders to arduous places.

Many think BOC should send the best talents to New York, Beijing, Shanghai, and the fanciest places. Actually, this is not the fact. To be a leader in bank, aside from professionalism and facing the changing market, one needs to be trained mentally as well. To experience hardship, to endure a difficult environment, one

becomes stronger. This is hard to achieve in big cities, so we now send the most promising candidates out to arduous areas to help them grow.

This does not imply that people who go to these arduous areas will definitely be promoted. However, we prioritize candidates who have worked in arduous areas in the promotion process because we believe they are better trained and more experienced. It is a good opportunity to learn and grow.

This is crucial for our potential leaders. As a manager, one needs to get to know about all of China and the rest of the world. Otherwise, a person's mentality may be based on life in Beijing, London, New York, Shanghai, or Hong Kong, and then this would be a great disadvantage.

I tell the young people in our bank, when they graduate, they are reaching the end of your student lives and there will be no more exams where they simply answer questions. Instead, there will be even harsher tasks, such as venturing to far less-developed areas. After they start to work, there are much more difficult tasks. For example, they fail to do their job if they do not obey their dispatch to a poor area.

Their intelligence, dedication, and reaction to those tasks will determine their future and how they mature. In fact, the spirit of altruism and dedication is universally important. Such altruism and dedication is a common value appreciated by all countries. ●



Bank of China's office on Manhattan's Bryant Park (above)