



Dr. the Honorable Sir David K.P. Li

**EDITORS' NOTE** *Sir David K.P. Li is Chairman and Chief Executive of The Bank of East Asia, Limited. In addition to serving on the Boards of several major listed companies, Sir David takes a very active role in public life. He is the Pro-Chancellor of the University of Hong Kong and Chairman of the INSEAD East Asia Council. He sits on the Advisory Board of the Cambridge Judge Business School. He is also Chairman of the Executive Committee of the St. James' Settlement, and Chairman of The Salvation Army Hong Kong and Macau Command. He was a member of Hong Kong's Legislative Council from 1985 to 2012. Sir David holds an M.A. in Economics and Law from the University of Cambridge, and was conferred an honorary doctorate by the University in 1993.*

**COMPANY BRIEF** *The Bank of East Asia ([www.hkbea.com](http://www.hkbea.com); BEA) was incorporated in 1918, and provides corporate and personal banking services to customers in Hong Kong and the rest of greater China and overseas. As the largest independent local bank in Hong Kong, the bank is listed on the Hong Kong Stock Exchange and is one of the constituent stocks of the Hang Seng Index. The Bank of East Asia employs more than 12,000 people worldwide and maintains over 230 branches.*

**BEA is a company with a storied past. Would you highlight the history and heritage of BEA and what has made it so successful over the past several years?**

BEA was founded in 1918 and we officially began operations in 1919, when we established our headquarters in Hong Kong's Central District. The vision of our founders was to bring professional banking services to the Chinese community in Hong Kong, and to help locally owned enterprises grow and prosper. Our founders prided themselves on knowing their customers and their customers' needs, and we quickly became recognized as a reliable and

# A Pioneer in Banking

**An Interview with Dr. the Honorable Sir David K.P. Li,  
Chairman & Chief Executive, The Bank of East Asia**

prudent partner that could facilitate business both at home and abroad. Today, BEA is the largest independent local bank in Hong Kong and the operator of an extensive network covering Greater China, Southeast Asia, the United Kingdom, and the United States.

Over the years, we have established a strong reputation for supporting the growth of local business. We are also known as a pioneer in the banking field in Hong Kong. We were the first bank in Hong Kong to link all branches by a state-of-the-art computer system, the first to offer safe deposit box services, and the first to provide comprehensive electronic banking services. In 2007, we became one of the first foreign banks to establish a locally incorporated subsidiary in Mainland China, The Bank of East Asia (China) Limited (BEA China). In the following year, we were the first foreign bank in China to launch Renminbi (RMB) debit cards and credit cards.

Customer focus is one of our core values. We have always put our customers first, knowing that our success depends on how well we anticipate, appreciate, understand, and satisfy their needs. It is our loyal customers, shareholders, and business partners together with our dedicated team of banking professionals that have made the bank what it is today.

**Would you provide an overview of the services offered by BEA and your outlook for growth?**

BEA offers a comprehensive range of commercial and retail banking services to a diverse customer base. Products and services are delivered through the bank's Corporate Banking, Personal Banking, Wealth Management, Insurance & Retirement Benefits, Treasury Markets, China, and International divisions and include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Internet banking, retail investment and wealth management services, private banking, RMB services, foreign exchange margin trading, broking services, Mandatory Provident Fund services, and general and life insurance.

In addition to the bank's core offering, other members of the BEA Group extend the range of products and services offered. BEA's wholly owned subsidiaries, BEA Life Limited and Blue Cross (Asia-Pacific) Insurance Limited, serve as underwriters of life insurance and general insurance products, respectively,

while global professional services provider, Tricor Group, offers integrated business, corporate, and investor services.

Local corporate customers are central to BEA's business and the bank serves companies both large and small, from Hong Kong-based multinationals to small and medium-sized enterprises that form the backbone of Hong Kong's economy.

BEA's growth in recent years has largely been attributable to the success of the bank in developing new business links between customers in Hong Kong, Mainland China, and overseas. Going forward, we will further build on our advantage in facilitating cross-border business flows by introducing and selling a wider range of products and services geared toward meeting the specific needs of Mainland corporations as they become more active in overseas markets.

**How do you define the target market for BEA and what is your client profile?**

In addition to our home market of Hong Kong, our bank serves a large customer base throughout Greater China, which includes the Mainland as well as Macau and Taiwan. Beyond Greater China, BEA serves customers with ties to Hong Kong and the rest of Greater China. These overseas markets include Singapore, Malaysia, Indonesia, Japan, South Korea, the United Kingdom, and the United States.

We are continuously expanding our customer base, enhancing our product range, and developing new and innovative solutions that improve the quality of the customer experience. We are also laying the foundation for future prosperity by extending our reach among younger clients through a strong university campus branch presence in Hong Kong and the effective use of social media.

**BEA is a leader in China and has a deep commitment to the market. What is the current state of the economy in China and is there still strong growth potential?**

China has experienced phenomenal growth over the past three decades. However, the pace of growth has recently begun to slow, as China strives to achieve more balanced growth, focusing on closing the income gap, adopting environmentally responsible practices, and improving social welfare. It is a reflection of the growing maturity of the Chinese economy, as the political leaders focus on the quality of growth rather than growth alone.

Nevertheless, China's growth rate is still remarkable in comparison to global peers, and the country will continue to play an extremely important and influential role in the development of the global economy in the years to come.

China aims to implement a multipronged set of reforms (including tax reform, state-owned enterprises reform, and financial market reform) and new engines (including urbanization, new industrialization, household consumption, information technology upgrades, and a strong focus on sound environmental practices) to achieve more sustainable, healthier growth while de-emphasizing external trade, construction, and investment.

The deregulation of financial markets opens up previously restricted areas to foreign investors and facilitates fundraising activities. For example, SMEs will be able to issue medium-term bonds through private placements and we should see further relaxation on capital flows.

**What do large, Western-based companies and entrepreneurs need to know before entering emerging markets in Asia with a specific focus on China?**

The importance of the Asian markets, especially China, has become increasingly apparent to Western companies seeking growth outside of their home markets. Since the early 1970s, when it first opened its doors to the outside world, China mainly grew by exporting goods to the U.S. and European consumer markets. However, growth in recent years has also been driven by domestic demand from the country's fast-growing middle class. This emerging economic model has attracted the attention of Western businesses that are eager to capitalize on the huge potential of China's domestic market.

While China is huge, its markets are fragmented geographically. Different regions have different regulations and economic dynamics. In this regard, China is much closer to Europe before the establishment of the European Union than it is to the United States. Thus, initial research and due diligence are important to gain an understanding of how different local markets function.

Western companies should carefully select an entry strategy that is in line with their goals, long-term business objectives, and organizational capabilities and environmental contingencies.

Companies with a focus on China should be aware that the country is currently undergoing a period of economic restructuring. Structural changes are expected in the future, which should result in significant business opportunities.

Western companies planning to enter an emerging market, especially China, should also consider working with a local partner who possesses a deep understanding of the culture and local industry, and ideally, who has strong relationships with relevant government authorities.

**BEA has been engaged in New York for many years. Would you highlight BEA's business in New York and your commitment to the market?**

In 1984, BEA opened its U.S. wholesale branch in Midtown in New York City and a second full-service FDIC-insured branch in Manhattan's

Chinatown in 1989. In 1991, we opened our Los Angeles Wholesale Branch on the west coast.

We recently sold a majority interest in our U.S. retail banking business to the largest bank in China, Industrial and Commercial Bank of China (ICBC). The unit, now renamed ICBC (USA) NA, is headquartered in New York. We maintain a 20 percent interest in the operation and are very pleased to be partnered with ICBC. We see very good growth potential for this business going forward.

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**BEA announced it will move its New York headquarters to 540 Madison Avenue. What was the reason for the move and would you provide an overview of the new headquarters?**

In 2011, BEA made a strategic decision to focus on its wholesale and corporate banking business in the U.S. In May 2013, we relocated our New York branch from Chinatown to a more prominent and accessible location in Midtown, thereby strengthening our profile in the wholesale banking market.

**Many business leaders speak about the importance of Mayor Bloomberg's leadership to New York's success. You know Mayor Bloomberg well. What makes him such an effective leader?**

Mayor Bloomberg knows the importance of public policy in shaping a city and he knows the importance of leadership in achieving his public policy objectives. Look how New York

has been transformed during the course of his 12 years in office, with new public parks along the waterfront, with a more people friendly urban landscape, and more environmentally aware systems in place. At the same time, he has overseen a housing and development boom, and revitalized neighborhoods by addressing outdated planning rules. He also accomplished this while New York suffered through the worst financial crisis since the Great Depression. It is a remarkable achievement.

**BEA has achieved much success and many accolades over the years. What are you the most proud of in terms of all that BEA has accomplished?**

Our bank has operated continuously in China since the establishment of its first Mainland branch in Shanghai in 1920 – even throughout the tumultuous years of the mid-20th century. Over the years, our China operations have steadily grown, and today, we operate one of the most extensive branch networks of any foreign bank on the Mainland.

The BEA Group has leveraged its strengths in the Greater China region to capitalize on growing cross-border activity with Mainland China. This has contributed to growth in the group's total operating income and has led to record-high profit for three straight years from 2010 to 2012. Our ability to anticipate areas of growth and our commitment to Greater China have enabled us to ensure that we are well-positioned to meet our customers' needs well into the future.

Going forward, the bank's strategic focus is two-fold: To further build on its advantage in supporting business flows among Hong Kong, the Mainland, and overseas; and to provide a wider range of banking services to each individual customer.

BEA has been helping people and businesses to grow and prosper for 95 years and we will continue to search for new ways to serve the communities where we operate. In recent years, we have placed a growing emphasis on incorporating corporate social responsibility into our business operations, ensuring that we maximize the positive value created by our business for the communities that we serve.

**How do you define what makes a successful CEO today and what are the key characteristics of effective leadership?**

You are only as strong as the team you lead. The key to being an effective leader is to assemble an effective team, and to provide them with the motivation and the tools to get on with the work.

**You are so engaged in the business and its future. Do you ever think about slowing down or is this not in your nature?**

I am not thinking about slowing down or retiring. However, I have a duty to the bank, to our employees, and to the shareholders to ensure a smooth transition when I do step down. Therefore, I have been laying the groundwork for my succession in recent years, ensuring that my senior colleagues are closely involved in all major decisions affecting the bank. We have always maintained an open management style and this is working very well. I will continue to contribute for as long as the Board and the shareholders feel that I can bring value to the bank. ●