



2009, BNP Paribas noted that it knew of no other economy to have created so much credit, so quickly and cheaply, in the six decades since the Second World War. Some believe Beijing is ordering its banks to extend loans as risky as those parcelled out by the likes of troubled Citi, UBS and RBS between 2004 and 2008.

This raises another set of problems. Aggressive lending may come at a cost. Earnings in the first

half of 2009 showed a sharp corrosion in profit margins, and analysts believe non-performing loans at all Chinese banks are set to rise sharply.

Under chairman Jiang, Asia's largest bank has thrived. ICBC completed the largest-ever IPO on his watch; in early 2009 it kept China's – and perhaps the world's – economy afloat by aggressively pumping capital into major state projects.

Yet questions are still unanswered. Jiang's June 2009 boast remains only partially realized. ICBC's domestic power has turned it into the world's most profitable and pre-eminent bank – for now, at least.

Yet the most respected around the globe? That will only happen when ICBC starts acting like a real bank and not as a basic infrastructure lender at the whim of the state. — *Elliot Wilson*

Africa rather than beefing up its consumer franchise or investment banking divisions. “We are increasingly trying to link Africa to the world and capitalize upon the increasing south to south trade and FDI flows, thanks to a sustained period of rapid industrialization in places such as India and China,” says Maree.

Standard will seek to increase its role as payment agent for business customers by providing regular bank accounts to small corporates in underbanked areas while offering cash management services, trade finance and loans to the larger firms.

Corporate and investment banking has recently grown in importance to the group's bottom line. In 2008, it contributed 56% of the group's headline earnings compared with 34% for its retail operations. But Maree warns that the emerging world's thirst for commodities is not necessarily a blessing for Africa. “Learning from history, commodity booms can be good and bad for Africa – benefits only accrue if governments have the right policies in place and choose to spread the benefits,” he says. — *Sid Verma*



Nazir Razak

Chief Executive, Commerce International Merchant Bankers

CIMB went from middle-tier investment bank in Malaysia to being south-east Asia's fastest growing universal bank

Nazir Razak demonstrates what can be done with smart management and good governance in emerging markets.

He joined Commerce International Merchant Bankers (CIMB), then a moderately successful investment bank, aged 23, in 1989. Within a decade he had become its chief executive.

A decade further, with several mergers behind it, CIMB has become a powerful universal bank – the fastest growing in south-east Asia – and one of the few Malaysian enterprises that can truly be seen as a regional player.

When he first started piloting the group towards fixed income and market making after becoming deputy CEO in 1996 – aged 30 – he spent a year building the risk management infrastructure; today the head of risk reports directly into the board, something that is not required by regulation but he says “makes my board comfortable with the organization”. He also made a point of stressing the positives of confrontation. “You need to create a culture of debate, and of transparency within the organization. That's very important, especially in Asian society,” he says. “You encourage people to talk, to debate, to challenge. A lot of the failures and problems in other organizations happen because people hide.”

Has he encountered resistance? “Not resistance. Reluctance. It's uncomfortable, shouting at one another. But you do need to encourage it. I actually fuel it.”

CIMB is a notable and growing presence in Singapore and Indonesia, and has more modest operations in Thailand, Brunei and

Vietnam; probably only Singapore's DBS could have a similar claim to being a truly regional Asian bank.

Few Malaysians have done this. Nazir names Air Asia, and to an extent Sime Darby, Petronas and YTL as other examples. It's a modest list, but he feels more will follow. “It comes with Asean integration.”

When foreign brokers and analysts are asked about the health of the government-linked companies (GLCs), those with significant state holdings, they tend to start by citing CIMB as an example of what can go right before offering less flattering assessments of many of its peers.

For his part Nazir says being a GLC “has been positive”, partly because it's useful for a bank to have such a clear demonstration of its credit standing. “State ownership in the past has given rise to a lot of constraints and bureaucracy, but since GLC reform in 2004 there have been huge changes and a vast improvement. I have been adviser to many of these companies pre-reform and I see first hand how much more responsive and efficient these companies are.”

Asked about Malaysia's economic performance during his time in senior corporate life, he rates it “mediocre” because of “structural weaknesses that have proved difficult to overcome”.

At the heart of the banking industry and with the ear of the national leader, Nazir represents a younger generation of connected but able executives building well managed national champions across Asia. — *Chris Wright*