

# Building a Bridge for New York's Future

An Interview with Xu Chen, President and Chief Executive Officer, Bank of China U.S.A.

**EDITORS' NOTE** Xu Chen started his banking career at Bank of China's Head Office in 1990. Since then, he worked successively in various departments including the Executive Office, the Corporate Banking Department, and the London branch before he was promoted to the position of the General Manager of the Olympic Affairs Department in 2004. In August 2008, Xu was reassigned as General Manager of the Financial Institutions Department, a position he held until January 2015. At that time, he was transferred to the United States and assumed his current role. He now supervises the New York City, Queens, Los Angeles and Chicago branches. Xu holds a bachelor's degree in management information systems from Tsinghua University, China, and a master's degree from the University of International Business and Economics, China, with a major in business management.



Xu Chen

BOC U.S.A. has gone to extraordinary efforts to develop and expand our presence in the U.S., playing a positive role both in assisting U.S. companies as they expand globally and helping them develop in their local markets. Since 2000, BOC U.S.A.'s syndicated loans, commercial mortgages, structured finance and other traditional corporate businesses have steadily expanded and established a solid track record and reputation for our brand in the U.S. market.

Our strategy focuses a great deal on Fortune 500 companies and Chinese "going abroad" businesses developing in the U.S. Many of these companies are either based in New York or transact through New York's capital markets. For Fortune 500 enterprises, BOC U.S.A. has proven to be a reliable partner in the local syndication market, providing a full suite of products and services tailored to our clients' needs. For U.S. companies seeking market share abroad and Chinese "going abroad" enterprises, many of which also are based in New York, the bank maintains an advantage through close communications with our vast network of offices throughout China and across the world.

New York has played a significant role in BOC U.S.A.'s history, and through 40 years of services, the bank has aimed to play a noteworthy role in the city's history and development as well. Notably, when the global financial crisis broke out in 2008, and many local mainstream banks were restrained from lending capital to New York's massive real estate market, BOC U.S.A. successfully provided a mortgage loan on the New York Times Building, exhibiting confidence in the NYC market and laying a solid foundation for our commercial real estate mortgage business. In later years, we successfully co-arranged or participated in many syndication loans through New York based corporations, such as the NY Stock Exchange, IBM, Vornado, Blackstone and the New York State MTA. During this period and up to today, our New York branch has also focused on expanding its assistance to various U.S. corporates trying to enter China's growing economy, increasing their access and exports of those companies.

**How has Bank of China U.S.A.'s business evolved during its 40 years operating in New York?**

When Bank of China opened its doors in New York, it began its journey to become a prominent global bank. Establishing a branch in

**COMPANY BRIEF** As China's most globalized and integrated bank, Bank of China ([www.boc.cn/en](http://www.boc.cn/en)) has a well-established global service network with institutions set up across the Chinese mainland as well as in 57 countries and regions. It has established an integrated service platform based on the pillars of its corporate banking, personal banking, financial markets and other commercial banking business, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing and other areas, thus providing its customers with a comprehensive range of financial services. Bank of China U.S.A. ([www.bocusa.com](http://www.bocusa.com)) has branches in New York City, Queens, Chicago and Los Angeles.

**Will you provide an overview of Bank of China U.S.A.'s history in New York and commitment to the New York market?**

Bank of China U.S.A. (BOC U.S.A.) became the first Chinese commercial bank in the U.S. market when it opened its first branch on New York City's Madison Avenue in 1981. Over the past 40 years, BOC U.S.A. has established a strong presence in corporate finance, commercial real estate, trade finance, and clearing in the U.S. With its unparalleled global network and experience, the bank's RMB business has also become a market leader since that first branch also became the first RMB clearing bank in the U.S.

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*The headquarters building of BOC U.S.A. in Manhattan*

Manhattan came with undeniable risks, as the United States and China had only just established diplomatic relations two years earlier. While the relationship between both countries was tenuous at first, the bank recognized that it possessed unique capabilities to serve as a bridge between the U.S. and Chinese business communities by facilitating bilateral trade and investment cooperation and thereby bringing our two countries closer together.

Over the past 40 years, we have experienced considerable growth opening additional branches in Queens, Los Angeles and Chicago. Our total assets in 2020 exceeded \$61 billion, and ranked 24th among 170 foreign-funded banks and 54th among 4,464 commercial banks in the American banking industry. We are proud to have partnered with many local and global U.S. homegrown enterprises, financial institutions and high-net-worth individuals, in efforts to support their domestic and global business objectives. Now, more than 90 percent of our client portfolio is represented by U.S.-based corporations and our work with these enterprises has supported and contributed greatly to the U.S. economy, local businesses, the services industry and U.S. job growth.

As a foreign bank operating in the U.S., striving to be a responsible corporate citizen has never been more important. All our branches are dedicated to supporting local communities and organizations through various Corporate Social Responsibility (CSR) and/or Community Reinvestment Act (CRA) programs. These programs bring people together to create a positive impact on the environment, society and the communities we serve. By embracing both top-down and bottom-up engagement, the causes

and events we support showcase our employee volunteerism, community lending and investments, as well as charitable giving programs. BOC U.S.A. is also committed to sustainable and value-creating growth, responsible relationships with our community, a sound risk culture, DEI (diversity, equity, and inclusion) values, and a principled and transparent governance framework.

Since the United States and China normalized diplomatic relations more than 40 years ago, the economic interests of both countries have been intertwined and the subsequent benefits to industries and economies around the world have been monumental. Even when trade relations have strained, U.S. and Chinese companies have continued to pursue greater integration through investments and expansion into each other's respective markets, maximizing the growth potential of both economies. We are committed to continuing to help companies recover from the global pandemic and grow to their full potential, be it here in New York, throughout the U.S. and across the globe.

**How do you define the Bank of China U.S.A. difference and what sets the company apart in the industry?**

Among Chinese banks, we have the longest history of doing business in the U.S. We are the only foreign banking organization that is regulated as a large bank and our New York Branch, our first branch, is the only Chinese bank in the U.S. designated by the People's Bank of China for RMB clearing. We are committed to being the leading RMB clearing, settlement and trading financial institution in America.

We understand that the economic interests of the U.S. and China are intertwined and the significant consequences this has on markets, consumers, manufacturers, and service providers around the world. It is for this reason that we pursue creative solutions that result in building more positive business to business and people to people relationships, especially during these times when U.S.-China trade relations are strained. We cannot focus on every negative headline, as we know our services are needed, companies are seeking to expand globally and technology is changing fast. Only by adapting to these changes can we enhance mutual cooperation, trust and understanding of our respective markets.

**How do you describe Bank of China U.S.A.'s culture and what have been the keys to developing and maintaining culture with the size and global footprint of Bank of China?**

Our vision is to continue building a world-class modern banking group, and as such we strive to develop better integrated services, stronger competitiveness, better governance, higher operational efficiency, better risk control, greater brand influence and a diverse and dynamic employee workforce.

With values of "excellent service, sound creativity, open and inclusiveness, collaboration and mutual-benefit," we always strive to achieve excellence and deliver results in a professional, responsible, and timely fashion. Operating in a dynamic and vibrant market here in New York City makes it possible to build an extraordinarily diverse workforce that reflects our community and our values.

As a large international bank under the framework of the OCC's Heightened Standards, our risk-based strategic plan defines regulatory compliance as our prioritized strategy, together with sound management, balanced and sustainable growth, and efficient operation. Guided by our strategy, we have cultivated a culture of compliance across the full banking platform, maintaining the highest level of compliance standards.

In recent years, innovation and data-driven analytics have also merged into the bank's culture. These new corporate culture components emerged from both BOC Group's overall innovation-driven strategy and increasing FinTech competition and disruption in the U.S. We recognize that we must continue to build an innovative, data-driven and analytical culture that supports sustainable business growth and prepares for what tomorrow's customers expect from us. We have explored and implemented various data analytics tools, deep learning and other artificial intelligence technologies to help automate complex compliance information analyses.

As for developing and maintaining the BOC U.S.A. culture, we are committed to continuing the rollout of our culture development programs, maintaining and cultivating a sound risk culture, and enhancing our DEI initiatives to consolidate and expand the bank's competitive advantages.

**How critical is it for Bank of China U.S.A. to build a diverse and inclusive workforce and will you discuss the company's efforts in this regard?**

A diverse and inclusive corporate culture is critical to achieving our goals as employees with different backgrounds and corporate experience bring varied perspectives and values. We have a growing percentage of non-Chinese employees at BOC U.S.A. and supporting strong employee engagement and fostering teamwork across the bank enriches our culture and brings new opportunities for us as a business and as a community.

Additionally, recently we established an Environmental, Social & Governance (ESG) Working Group. As part of the "S" and "G" components, we will continue to enhance our DEI program to further develop our diverse and inclusive culture.

**What do you see as Bank of China U.S.A.'s responsibility to the communities it serves and to being a force for good in society in light of COVID and economic recovery for New York and the world?**

From the beginning we ensured the safety of our employees and their families. We then set our sights on determining where we could provide the most impactful economic relief efforts for the community at large. We donated more than 130,000 pieces of PPE to local hospitals, senior care facilities, the NYPD, MTA, NY Postal Service, and New York Sanitation Department. We helped sponsor the expansion of the ICU at the New York-Presbyterian Downtown hospital, which was severely in need, and also partnered with a local nonprofit and restaurants to provide home-delivered meals to medical workers and the elderly at no cost.

We recognized that BOC U.S.A. also had a role to play in lifting the city back up and supporting our neighborhood stores. With this in mind, we provided relief for our communities and sought to accommodate the needs of local small business owners through a \$200 million loan to the MTA for operating expenses and distributed loans through the Paycheck Protection Plan and the CARES Act.

We will continue to do our part to regenerate New York following the pandemic, but on a larger scale, the key to a global recovery is international cooperation and coordination. The U.S. and China need to deepen economic and trade relations to support an effective post-pandemic recovery. The two countries could initiate economic policy coordination that strengthens cooperation in commodity products, information and communication, online education and telemedicine, jointly stabilize the markets, and safeguard people's well-being.

Furthermore, both countries should work together to ensure the smooth operations of global industrial supply chains and strengthen bilateral financial investment activities to jointly promote economic recovery and prevent more people from facing poverty and unemployment.

While this kind of coordination will largely be dependent upon policy decisions, the

financial communities on both sides can help lay the foundation for greater international cooperation and here at BOC U.S.A. we are ready to support this endeavor.

**Will you discuss Bank of China U.S.A.'s contributions to New York City and commitment to corporate responsibility?**

Supporting community development has always been an essential component of BOC U.S.A.'s mission. In the last eight years alone, we have provided more than \$2 billion in public finance and corporate loans, investments, and services under our CRA Program. In the New York City metropolitan area, we have been active in providing loan facilities to support 80/20 low- and moderate-income housing developments as well as public transportation projects that can both create employment opportunities and improve community living conditions.



We have also expanded our community outreach through partnerships with many great local community organizations including Big Brothers Big Sisters of New York City to create an annual workplace mentorship program in which employee volunteers provide mentorship to high school students from underserved communities on matters including financial literacy, career development, and public speaking. We are proud to support other important community organizations such as Robin Hood, Cent\$ Ability, Habitat for Humanity, and the Jump\$tart Coalition, among many others.

**What are your views on the U.S.-China business relationship and how critical is it for the two countries to work together in a positive and mutually beneficial way?**

The relationship between the U.S. and China cannot be overstated. The development of bilateral economic and trade relations for the last 40 years resulted in mutual benefits for both countries, corporations and consumers. On one hand, China has seized the opportunity to transform into an economic superpower; on the other hand, the U.S. has benefited from

China's growth and production by historically maintaining low inflation, reducing manufacturing costs and promoting industrial upgrades.

The U.S.-China phase one economic and trade agreement was a vivid example of cooperation and consolidated the foundation of bilateral relations. The important consensus reached by both countries on expanding trade volume, easing market access, protecting intellectual property rights, and establishing bilateral assessment and dispute settlement arrangements, is in line with the common interests of their economic development and is conducive to protecting and improving people's livelihoods. This agreement demonstrates the effective realization of our countries' common interests and has the potential to deepen consensus and extensive cooperation in the future. In addition, the U.S. is currently the world's largest and most developed economy, and often sets the stage for how other countries will go about economic relations. China has become the world's second largest economy and an important driving force for global economic growth. Relationships play an important role in global issues such as reforming the international monetary system, breaking the deadlock in trade negotiations, and tackling climate change.

**From the perspective of a global Chinese bank, what advice do you offer young people interested in a career in banking on Wall Street?**

Young people interested in a banking career need to understand the marriage of finance and technology. Being able to "think digitally" and creatively as systems evolve, risks intensify and client demands increase are invaluable skills to help better understand and navigate the digitized world of banking and beyond.

As a Chinese bank operating in the U.S., we also believe it is important for young bankers to maintain a global perspective. We are a global bank, but we have a local heart. This means that while we conduct business all over the world, we make sure that does not occur at the expense of our local businesses and communities.

Prospective young bankers should also try to understand the intricacies of each of these diverse markets, not just to know how to technically operate within them, but also to understand how to socially adapt to differing business customs, cultures and standards.

Finally, given our unique position of being a U.S based Chinese bank, we understand that our work serves as a bridge between these two countries with vastly different economic, political and cultural norms and systems. A potential young employee should understand the differences driving the U.S. and China apart, and channel that information into finding creative solutions that will resolve the many challenges both our economies are facing today and tomorrow. New York is one of the most diverse cities in the world, and as such presents a huge opportunity for the bank and for young people to be part of an inclusive and innovative business future. ●