

# A Financial Bridge Between the World's Two Largest Economies

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

**EDITORS' NOTE** Wei Hu was appointed President and Chief Executive Officer of Bank of China Limited, United States Branches (BOC U.S.A.), in April 2022. As President and CEO, he is responsible for managing the Bank's operations across its United States branches, providing strategic, financial, and operational leadership for the New York, Queens, Chicago, and Los Angeles branches. From December 2018 through March 2022, Hu served as an Executive Vice President



Wei Hu

of BOC U.S.A. Prior to joining BOC U.S.A., he held several management positions within Bank of China Group, including serving as Assistant General Manager, Deputy General Manager at the Sydney Branch, and in the Executive Office of Bank of China's head office in Beijing as the executive assistant to the then CEO and President of Bank of China Group. Hu began his banking career in 2000 as a risk management specialist in the Bank of China Head Office Risk Management Department. Hu received a master's degree in economics from the Central University of Finance and Economics, majoring in international finance, and a PhD in management from Central South University, majoring in management science and engineering.

**COMPANY BRIEF** As China's most international and diversified 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 more than 60 countries and regions. It has established an integrated services platform based on the pillars of its corporate banking, personal banking, financial markets, and other non-commercial banking businesses, 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. (BOC U.S.A.) ([www.bocusa.com](http://www.bocusa.com)) has branches in New York City, Queens, Chicago, and Los Angeles.

**What have been the keys to BOC U.S.A.'s strength and leadership in the United States and how do you define the BOC U.S.A. difference?**

As the global economic order has shifted over the past 40 years, the economic and

cultural exchanges between both the United States and China, the world's leading powers, have strengthened significantly. Bank of China U.S.A. has functioned as a financial bridge between the world's two largest economies since its inception. Through our local and global presence, our involvement has provided economic stability for the thousands of clients we serve and, at a global macroeconomic level, helped to transform local companies into global enterprises,

increasing trade, creating jobs, stabilizing prices, and fostering a sustainable economy for future generations.

After BOC U.S.A.'s reopening in 1981, we built out our platform to facilitate trade and helped boost exports from China to the U.S., and exports from the U.S. to China, from our first offices in New York City. Throughout the 1980s and 90s, we continued to focus on expanding our service lines for U.S.-Chinese clients, expanding our core service offering beyond trade finance to a more diversified range of financial services. Moreover, with the expansion of the bank's operations in the U.S., Bank of China U.S.A. expanded its physical presence, marking the opening of our New York Chinatown branch in 1985 (relocated to Queens in 2014), our Los Angeles branch in 1988, and our Chicago branch in 2012.

As the U.S.-China trade relations grew throughout the early 21st century and following China's accession to the World Trade Organization in 2001, we have contributed more and more to the American banking community. Now, Bank of China U.S.A. stands as the largest Chinese bank operating in the United States. Underscoring the diversification of our business and through our expanding list of world-class clients including Fortune 500 companies, commercial real estate firms, financial institutions, and small and medium-sized enterprises, BOC U.S.A. has evolved its role in both domestic and cross-border markets, helping to stimulate the local economy by unlocking jobs and new business opportunities.

During the Great Recession of 2008, when debt capital was scarce for the commercial real estate markets and most of our peers retreated from the lending landscape, we provided timely and critical financial support to the New

York City construction industry, offering a lifeline to businesses and helping maintain jobs. In the real estate industry, we have a proven track record of financing transformative projects for Tier One sponsors such as 220 Central Park South, a premier luxury condominium; One Vanderbilt, one of the few new Class A office projects built in midtown Manhattan in the past seven decades; and 50 Hudson Yards, a dynamic new CBD submarket on the Far West Side. As a good corporate citizen, we have also financed billions of dollars in multi-family affordable housing projects across New York City.

The United States and China have benefited tremendously from thriving bilateral trade activity and investments in each other's respective countries over the past 40 years, especially as China, as the second largest economy, is beginning to switch from "investment-driven" to "consumption-driven" economic growth, there emerges greater demand for U.S. exports. The intertwining interests between both nations has allowed our bank to thrive and, as a leader in international finance, we intend to maintain that cooperation by continuing to provide leading financial services and value propositions for our clients.

Bank of China U.S.A.'s role in the U.S. is encapsulated as an institution that has provided a means to bridge the cultural and social challenges between the United States and China. The bank's track record in the United States for over forty years has allowed us to serve as a beacon for trade between the United States and China, giving American companies access to the second largest economy in the world, and vice-versa. In doing so, we've established deep roots in the domestic markets we serve, partnering with local businesses, international corporations, elected officials, charitable organizations, trade groups, and others. Our organization has helped open previously closed doors in international trade and allowed for the culmination of international finance between the world's two leading powers.

**How has BOC U.S.A. approached client relationships in an increasingly digital world, and how important is it for BOC U.S.A. to maintain a personal touch with clients?**

The world is constantly changing and we, as a bank, work judiciously to stay ahead of technological trends. Just in the last few years since



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the pandemic, we saw tremendous growth in digital services and online user interactions and have, year-over-year, consistently evolved our digital banking capabilities. But even within the last year, the rise of generative artificial intelligence, blockchain technology, and instant payment transactions has created an exciting, yet admonishing cacophony that the next technological leap must be met with caution. Faced with the rise of a digital-oriented banking future, we conducted comprehensive upgrades of our internet banking systems in 2020, based on the surveys we made among our customers, studies of feedback, and gap analyses with peer banks. New services such as an online RMB exchange, RMB remittance, Small Business Administration Paycheck Protection Program (PPP), and other small business loan applications, batch remittance, recurring wire transfer, fraud alerts, and other services were integrated into the internet banking platform along with a brand-new user-friendly UI design and interface – all of which provide a simpler, more efficient, and more personalized online banking experience to meet the trend of our customers’ needs. During the same time frame, we have also devoted significant resources to cybersecurity and information security enhancements to better protect customers’ data and the bank’s information security.

As fewer customers visit local branches in person, our client managers are encouraged to spend more of their time conducting deeper research on customer preferences, markets, peers, products, risks, and promoting our business through marketing and communications, while maintaining close interpersonal interactions with customers on a day-to-day basis. In turn, this helps maintain the human touch that consumers may prefer. If a customer needs to open a new account with the

bank, they still must visit the branches on-site subject to the compliance requirements. At a local level, we will continue to explore the potential not only for large partners, but also small and medium-sized enterprises, and not only through in-person interactions, but also with increasingly popular and convenient

online vehicles. As a customer-centric business, omnichannel communications, physical branches, and online access can help meet the customer demand for tailored financial services, and BOC U.S.A. continues to invest in advanced technologies in order to meet our customer preferences.

**What challenges and opportunities do you see for BOC U.S.A. with the implementation of new technology?**

As a foreign bank operating in the U.S. that is very familiar with the financial regulatory regime, fierce competition, and operating cost pressures, BOC U.S.A. has a vested interest in ensuring there is a seamless digital transformation from an operational, compliance and managerial perspective. For example, digitization has allowed us to greatly advance key functions such as anti-money laundering, liquidity management, U.S. dollar clearing, credit management, cross-border trade, and online banking services.

A post-pandemic world has left a mark on the way we interact with the advent of video conferencing platforms over in-person meetings. However, interpersonal relationships have, for centuries, served as the backbone of global peace treaties and business agreements. The longer we stay virtual, the more damage will be done to our relationships, so while we recognize the benefits that Zoom and other video conference platforms have brought, it is a delicate balancing act. In-person interactions have for centuries unlocked tremendous value, and it is our belief that they will continue to do so.

The world remains at an inflection point where cross-border e-commerce has transformed international trade and finance between small- and medium-sized enterprises. With the demands for high frequency, small dollar cross-border deals increasing, traditional international financial



*The headquarters building for Bank of China U.S.A. in Manhattan*

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settlement services such as wire transfers and demand drafts cannot match the pace of innovation that financial technology has brought to the world of payments. Our launch of eMPAY, a tool that can provide efficient and low-cost payment services for cross-border e-commerce, has revolutionized the space by joining forces with fintech firms, and having served more than 10,000+ small, medium, and micro cross-border merchants with billions of dollars in payments, promoting more American exports to China since its inception.

Digitization is also a double-edged sword when it comes to security. As businesses rapidly became digitized and services became more efficient, banks and consumers are increasingly exposed to cyber-attack concerns, especially given the higher rates of data collection. We developed Smart-i, an intelligent cybersecurity monitoring tool with AI and big data analytics. Smart-i builds behavior analytical models to detect and alert various known and unknown threats and abnormal behaviors, covering applications, systems, databases, networks, terminals, and information security of associated equipment. It has successfully detected suspicious activities and addressed them since its implementation in 2019.

### **Will you provide an overview of BOC U.S.A.'s presence in the United States and where you see opportunities for growth?**

Today's economic situation presents an uncertain environment with rising interest rates pressuring the market, specifically the real estate industry, coupled with high inflation further adding to cost pressures, putting corporate treasurers and chief financial officers in challenging positions. While we continue to assess economic indicators and economic outlook, we are doing our part by ensuring that our services remain top-grade and competitive to our peers. We are furthermore continuing to diversify our offerings and deliver industry-leading client service.

Bank of China has a history that spans more than a century and has remained committed to promoting the economic and social benefits of internationalization, diversification, and comprehensive integration for U.S. companies interested in entering the Chinese market. As the largest Chinese bank operating in the U.S., we continue to provide a broad range of financial services throughout the company, and we

are committed to leveraging our advantages in offering cross-border services to better assist corporate customers of both countries and to facilitate the economic and trade developments between China and the U.S.

We see a number of opportunities for growth in our businesses, particularly as we look to continue expanding our business offering. For example, in the EV space, we see a massive opportunity in which China is already the dominant player with 59 percent of all EV sales in 2022, as the U.S. increases its overall market share of domestic EV sales. Chinese and American companies also dominate the EV space with leading brands such as BYD and Tesla as the world's two leading manufacturers. We also see an ever-increasing opportunity in clean energy which, according to Statista, will grow into a \$2 trillion+ market by 2030. Given the increasing challenges of climate change and the need for sustainable alternatives to fossil fuels, we view this as a priority. There are also opportunities in healthcare, specifically with pharmaceuticals and biotech, as well as agriculture and foodtech, which continue to make strides in increasing our overall standard of living.

As the U.S. operations of Bank of China Group's global network, our culture is built on the strong foundations of BOC Group's mission, vision, and values. Coupled with the foundation of American entrepreneurialism and cooperative economics, we will continue to invest capital and resources into making our products and services more diversified, competitive, convenient, and compatible with the real economy, as well as strengthening our governance and risk management systems.

### **How important is it as part of BOC U.S.A.'s culture to be engaged and supportive of the communities it serves?**

The Bank has cultivated a community committed to giving back to the areas in which we operate. In recent years, we've expanded our community outreach through partnerships with many local organizations. For example, since 2018, we have partnered with Big Brothers Big Sisters of New York City and created a workplace mentorship program for high school students from underserved communities.

For many of our employees, volunteering is a way to connect with coworkers and stay true to the bank's values outside of a work environment. These engagements foster a culture of cooperation and a sense of purpose beyond

our business activities. We take every effort to support these causes and are always proud to see their positive impact on our local communities. Some employees have even gone so far as to sit on the boards of various foundations, including Cent\$ Ability, The Family Center, Big Brothers Big Sisters of New York City, Hong Kong Association of New York, and the China General Chamber of Commerce – U.S.A., further demonstrating our culture and commitment to the local communities we serve.

### **With all of the shifting geopolitical developments occurring in the world, what message would you send to your customers and employees about what challenges lie ahead in the coming months and year?**

There are any number of events that could happen on any given day, let alone a week, when we think of international geopolitics and international relations. While I remain cautiously optimistic about the future, my view is that we are always able to make a greater economic impact when we work together, negotiate with one another, cooperate on trade, and maintain open communications and economic channels. Despite much of the rhetoric and misinformation we all see in the media, history has proven that both countries have gained enormous benefits from cooperation, which lowers costs, expands manufacturing capabilities, and increases economic activity, benefitting us all when we work together.

If there's anything that inspires me the most, it is the economic potential that has been unlocked in the past few decades as a result of increased trans-Pacific economic and trade cooperation. From the global decrease in poverty, hunger, and food insecurity to the increasing amount of wealth in countries across the world, internationalization has changed the world for the better. That is why I believe that despite a growing shift toward some form of economic nationalism, protectionism, and trade restrictions, we, as Bank of China U.S.A., remain committed to an open global economic order and all of the benefits, both small and large, that it brings. The tremendous advancements we are seeing in industries like electric vehicles, healthcare, clean-tech, space exploration, and beyond all demand that we continue to cooperate to realize the maximum of our potential. I'm proud to say that at Bank of China U.S.A., we realize that and will continue to invest and support the needs of our clients now and into the future. ●