

“Women Hold Up Half the Sky”

An Interview with Shirley Jiang, Managing Director and Deputy Chief Audit Executive, Bank of China U.S.A.

EDITORS' NOTE Shirley Jiang is an established audit professional and is currently Managing Director and Deputy Chief Audit Executive (CAE) at Bank of China U.S.A. Since joining the bank in 2018, she has been instrumental in leading efforts to achieve a strong internal audit function in many key aspects. She is a key driver of the bank's audit initiatives, keeping up with industry best practices, and plays a critical role in supporting compliance with the bank's regulatory programs. Previously, Jiang held senior management positions at JP Morgan Chase, as well as the U.S. branches of several other foreign financial organizations, including Lloyds Bank and Mizubo Bank. Jiang holds a bachelor's degree in business administration from Inner Mongolia University, China, and a master's degree in accountancy from the University of South Carolina. She is a Certified Public Accountant, licensed in the State of New York, and holds certifications from the Association of Certified Anti-Money Laundering Specialists, as well as the Information Systems Audit and Control Association.



Shirley Jiang

framework complies with the stipulated guidelines and is appropriate for the size, complexity, and risk profile of the bank. The internal audit function of BOC U.S.A. directly reports to the Board (i.e., the U.S. Risk and Management Committee or USRMC, delegated to provide Board oversight for BOC U.S.A. operations), and the Head Office Internal Audit Department, and administratively, reports to the local Chief Executive Officer to ensure its independence.

Since joining the bank in 2018, I have been leading the audit function in various capacities. Currently as the Managing Director and Deputy CAE, I support the CAE in carrying out the internal audit mission to independently and objectively review and evaluate the bank's activities and to help the bank maintain and improve the efficiency and effectiveness of its governance, risk management and internal control systems and processes. My responsibilities include overseeing the annual audit plan execution and driving strategic initiatives to ensure that we provide independent assurance of an effective control environment to Executive Management, the Board and also the regulators. Over the past few years, we have made tremendous progress in creating a strong internal audit function to support the bank's strategic plan focusing on compliance and risk management.

A key priority for the internal audit function continues to be the close alignment with regulatory priorities and emerging risks that are applicable to the bank such as credit risk, cybersecurity, the Bank Secrecy Act/anti-money laundering (BSA/AML) compliance and consumer compliance, Community Reinvestment Act

(CRA), among others. In addition, given the increased expectations of an active internal audit's role in critical business decision-making, effective collaboration and engagement with various business lines is essential. Lastly, given the events of the past year with the pandemic and the potential impact from the “great resignation” trend in today's market, we remain committed to attracting and retaining qualified talent, as well as pushing for data analytics and data-driven auditing to achieve greater efficiency.

How important is it for the internal audit function to be engaged in business strategy?

The traditional post-fact audit reviews are no longer sufficient for an organization's risk management given the dynamic environment we are in today. Regulators are increasingly putting pressure on the internal audit function to be more proactive, to be involved in business decision-making processes, and to help businesses prevent a risk event or, at least, detect it as quickly as possible. Given the dependency of the internal audit function on collaboration, engaging the internal audit function requires a shift in mindset across the organization.

From an internal audit perspective, we cannot emphasize enough the importance for auditors to understand business strategy and business risks. While the role of internal audit is to provide an independent opinion of the effectiveness of the control environment, where we can add the most value is in our ability to offer recommendations that are aligned with and complement the wider business strategy and help the business to achieve strategic objectives. If we have learned one thing from recent enforcement actions across the industry, the

COMPANY BRIEF As China's most international and diversified bank, Bank of China (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 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) has branches in New York City, Queens, Chicago and Los Angeles.

Will you provide an overview of the internal audit function at Bank of China U.S.A.?

As one of the largest foreign banks operating in the U.S., Bank of China U.S.A. is subject to the Office of Comptroller of the Currency (OCC) Heightened Standards, under which the internal audit function provides independent assurance to senior management and the Board that the bank's risk governance

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cost of preventing a control breakdown is much less than the costs to resolve them in the future.

The internal audit function at BOC U.S.A. is well respected and engaged across the full breadth of the bank. We are involved in many aspects of the business, starting at the top level when business strategies are first developed, through to governance committees overseeing the operations and risk management, and day-to-day operations. Our continuous monitoring enables us to keep abreast of how the business is developing and identify potential emerging risks, which in turn informs the audit plan and audit strategy, allowing us to be best positioned to serve as the bank's third line of defense.

How is technology impacting the audit function for Bank of China U.S.A.?

Technology has had a profound impact on many aspects of our lives and businesses, and the audit function is no exception. Driven by the business strategy and the competitive pressures from FinTech, BOC U.S.A. is very focused on digitization. In recent years, a number of new and upgraded systems were deployed into production to support the bank's compliance and risk management processes while maintaining industry best practices, some of which also adopted innovative technology such as robotics and artificial intelligence. As the internal audit function evolves, we need to keep up with this trend to make sure we can independently assess the risk implications and be able to independently opine on the effectiveness of automated controls, as well as the sufficiency of governance and oversight of system implementation.

Like the business, the internal audit function itself is also facing pressure and challenges to ensure we stay agile and can lead audit best practices. A core component of building a best-in-class audit function is leveraging data and advanced technology, for example our usage of Natural Language Processing in audit testing, among others, has already demonstrated improved effectiveness and efficiency. Our goal is not only to ensure that we achieve a deeper penetration in challenging the controls and control environment, but also increasing our capability to provide the business with more real-time assurances and feedback.

How do you define Bank of China U.S.A.'s culture?

As part of the risk-based strategic plan, BOC U.S.A. prioritizes regulatory compliance, together with sound management, balanced and

sustainable growth, and efficient operation. To that end, the bank cultivates a strong compliance and risk management culture. As the internal audit function, we play a key role in independently assessing the design and effectiveness of the Risk Governance Framework and controls. Audit results, among others, are embedded in the performance measures within the bank's performance management program to ensure risks are managed within the bank's appetite.

BOC U.S.A. also promotes a diverse and inclusive corporate culture, which is critical to achieve our goals as employees with different backgrounds and corporate experience bring fresh perspectives and diverse experiences. In recent years, the bank has focused on hiring local non-Chinese employees, contributing to the betterment of business deliverables. The newly established Environmental, Social & Governance (ESG) Working Group is further promoting diversity and inclusion to the top of the bank's agenda. Among the 40 staff within the internal audit function, we have auditors of seven different nationalities who can speak over 20 languages, bringing together diverse and innovative perspectives and who are empowered to have their voice heard. BOC U.S.A. promotes a strong work ethic and collaborative environment to bring together people from different departments, especially when facing critical challenges to ensure the job gets done.

Digitization has also merged into the bank's corporate culture. The bank is actively encouraging and exploring innovation and data-driven analytics not only to align with the Group's overall strategy, but also due to increased competitive pressure from FinTech. In the U.S., the bank has in-house capabilities to develop artificial intelligence enabled solutions to help automate complex processes in high-risk areas such as compliance and cybersecurity and provide sophisticated business offerings. Data-driven tools have also been implemented to further enhance business processes. Within the internal audit function, we have a dedicated audit data analytics (DA) team which is commissioned to push forward a data-driven culture.

As a part of the BOC global network, BOC U.S.A.'s culture is built on the strong foundations of BOC Group's mission, vision, and values. Our culture will continue to evolve, further promote compliance risk management best practices, protect the environment, cultivate our strong and diverse workforce, progress our business strategy,

and align with the Group's vision of “building a world-class and modern international bank.”

What have been the keys to Bank of China U.S.A.'s growth in the U.S. market?

As a Chinese bank with the longest-standing and largest presence in the U.S., our strengths are key to business growth. Our business strategy is to develop long-term relationships with our U.S. clients who range from small local enterprises to large Fortune 500 organizations. Our existing relationships, strong ties with local communities, and our corporate brand form a strong foundation for our future business growth.

Our culture for compliance and risk management is another asset, especially in the highly stringent regulatory environment for BSA/AML and OFAC sanction compliance. Our expertise in handling complex business transactions that reach into billions of dollars, such as foreign correspondent banking, trade finance, and cross boarder clearing makes us a strategically invaluable partner in the U.S. market.

Our diverse and multi-cultured workforce is our biggest asset, and all are dedicated to support our clients' needs, offer innovative solutions, and ensure compliance and sound risk management.

Our strategy in the U.S. is aligned with the overall Bank of China Group strategy and backed by a resilient market. We are well-situated to continue to grow our business in the U.S. and strategically position the bank to act as a bridge between the two largest economies in the world.

Do you feel that there are strong opportunities for women to grow and lead in the banking industry?

We are very lucky to live in today's world where advancing women to leadership roles is one of the top priorities for global businesses. We see more and more focus on supporting and promoting women to senior leadership positions, however if we look across senior levels in the industry, there is still gender disparity. I believe there are still great opportunities for women to continue to grow and step into leading positions.

Within BOC U.S.A., diversity and inclusion are a core part of the bank's strategic plan. We have women represented at every level, including senior management and executive levels. Since joining the bank, I have witnessed women, including myself, being promoted based on contributions and job performance and stepped into leading positions in different



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

business areas. The bank has recently established an Environmental, Social & Governance (ESG) Working Group which has also been mandated to focus on the bank's diversity and inclusion efforts, among others, and will no doubt further elevate the importance of empowering women to the top of the bank's agenda.

As the saying goes, "women hold up half the sky." We have a diverse team within the internal audit function with women representing around 50 percent of our total workforce as well as 50 percent of our audit team leads, which we have achieved organically by promoting and supporting our auditors based on their performance and contributions. We will continue to be the front-runner in leading and supporting the bank's diversity and inclusion strategy.

How important is it for Bank of China U.S.A. to be engaged in the communities it serves?

Supporting community development has been an essential component of BOC U.S.A. strategy, under which the bank has made tremendous progress. In the last eight years alone, the bank has provided more than \$2 billion in public finance and corporate loans, investments, and services under our Community Reinvestment Act (CRA) Program. In the New York City metropolitan area, the bank has 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.

BOC U.S.A. also expanded its community outreach through partnerships with many great local community organizations including Big Brothers Big Sisters of New York City. The bank is proud to support other important community organizations such as Robin Hood, Cent\$ Ability, Habitat for Humanity, and the Jump\$tart Coalition, among many others. Most recently, the bank became a proud sponsor of the Juilliard School for its public-school free music program.

In response to the COVID-19 pandemic in the U.S., the bank reacted immediately and 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 also helped sponsor the expansion of the ICU at the NewYork-Presbyterian Downtown hospital, and partnered with a local nonprofit and restaurants to provide home-delivered meals to medical workers and the elderly at no cost. To help support New York City and our neighborhood stores, the bank also provided much-needed relief to local small business owners through the Paycheck Protection Plan and the CARES Act and a \$200 million loan to the MTA.

What advice do you offer to young people interested in building a career in banking?

The first thing I usually say to young people interested in building a career in banking is to be prepared to make a long-term commitment to learning. Customer demands for better products and services are ever-changing. Advanced technologies such as robotics and machine learning are making

their way into many aspects of the banking business. Keeping pace and being adaptable are essential for young people to advance their career, as well as being able to think critically and globally.

Prospective young bankers also need to be persistent. On average, it takes 6-10 years to master a skill. Immerse yourself in a field of interest to get the full benefit and try not to change direction too frequently. Today's competitive job market certainly is tempting, especially to young people as they may often be presented with multiple options and attractive terms – it can be a hard decision, but one should always weigh the short-term benefits versus long-term career gains. When in doubt, my suggestion is to seek out a mentor for guidance.

Another piece of advice is relationship building. Given diversity in the workforce and the broad client base the banking industry services, having an inclusive mindset and being able to collaborate and build meaningful relationships is another key aspect to a successful banking career. For those who are seeking opportunities, I would suggest to research and identify organizations that share your values, then network and connect with existing employees.

A banking career provides a great opportunity to interact with people from different backgrounds, partner with business leaders in different industries, and help tackle some of the major problems in the world, such as green financing to address environmental issues, which can significantly broaden the horizon of any passionate young person. ●