

World Knowledge Forum 2013

Future of Finance in Asia

Despite the imminent threat of various economic challenges, Asia is forecasted to lead the world's financial market by 2050. Tetsuo Ochi, CEO of MCP Asset Management Company Limited, John Howe, CEO/CIO of Patriot Group, Charles-Edouard Bouée, President of Roland Berger Strategy Consultants Asia, Charles J. Yang, CIO of T&D Asset Management, and Alan Cloete, Co-CEO of Deutsche Bank Asia Pacific, gathered at the 2013 World Knowledge Forum to discuss the current issues surrounding Asia's financial markets and the changes needed for future success.

Mr. Yang provided the Japanese perspective on current issues, emphasizing that "the trust level continues to be low." He argued that the industry's purpose is to enhance the greater good, focusing on the social benefit. How can this trust be rebuilt? With regulation and education, Mr. Yang said. "For every one investment banker, there are nine people in a support role," and currently these supporting roles are lacking basic knowledge, he explained.

Another central issue in Asia's financial market is regulation. According to Mr. Cloete, "one size doesn't fit all" when it comes to regulation. He said that since 2008, regulation has become increasingly localized, merely leading to more complexity and higher costs.

From the hedge fund perspective, Mr. Ochi claimed that the current financial status of Asia is encouraging, citing the many new start-ups operating. However, he lamented, "In a post-financial crisis world, we have to live with regulation." Thus, he said, people need to always be evolving and progressing.

Mr. Howe argued that Asia has been decoupling from not only the United States but from the West in general. "[Asia is] shifting the focus on [its] own markets," he said. "I think Asia, and specifically Korea, does not give itself enough credit. They tend to be more reluctant to pull the trigger because of their history."

According to Mr. Bouée, Asia is currently facing three major game-changers: deleveraging, a major injection of liquidity, and an overall global business transformation due to digitization. Thus, he said, "There is a need for reinventing the business model... we all need to prepare for the new way to operate."

So what doors have opened for Asia's financial markets? Mr. Cloute said, "It's the only region to see growth over the next three years. Part of that reason is there is too much risk in Europe and the United States." Ultimately, he stated, this is a "tactical period" in Asia's economy.

In terms of decoupling, Mr. Howe said that Korea has made itself distinct because "the United States lost its credibility." "[Korea] can manage things on [its] own," he asserted. However, Mr. Cloute argued, "The world is never decoupled."

Ultimately, the future of Asia's financial market lies in the issues of today. Mr. Howe summarized, "Asia is taking control of its own future, its own destiny," remaining optimistic about Asia's financial future.