

COMMENT & PROFILES

Mizuho International CEO aims to build long-term trust

Marie Kemplay | 2/12/2019 9:05 am

Mizuho International's CEO and president talks to Marie Kemplay about what Japanese business culture can offer capital markets and the bank's plans for delivering bespoke client solutions.



Suneel Bakhshi

It is now almost one year since Suneel Bakhshi took over as CEO and president of Mizuho International, taking the place of Michiel de Jong, who had served in the role for the previous six years. The role, heading up the London-based securities and investment banking arm of Japan's Mizuho Financial Group, is "a gift" for Mr Bakhshi, who has a self-confessed "love affair" for Japan and its culture.

Mr Bakhshi has worked in banking for about 35 years, with three decades spent at Citi where he gained broad experience across markets, corporate and commercial banking and risk management. Latterly he was CEO of Citi's global markets business in Japan, and earlier in his career in the 1990s was head of Japanese derivatives trading for the bank.

Career history: Suneel Bakhshi

2019 President and CEO, Mizuho International

2014 Group CEO, LCH Group

2012 President and CEO, Citigroup Global Markets, Japan

2008 Chief risk officer, Citibank North America

2004 Head of emerging markets, corporate banking, Citi

1995 Head of fixed income derivatives trading, Europe, Citi

More recently, he spent a four-year stint as chief executive of LCH – the London Stock Exchange Group’s (LSEG) global clearing house – and retains his position as chairman for the LSEG’s international advisory groups, where he has a focus on Japan and Africa.

A cultural phenomenon

Mr Bakhshi’s experience of living and working in Japan has inspired not only a fondness for the country but also a conviction that the Japanese way of doing business has much to offer modern financial markets. He cites values such as a strong work ethic, team spirit, self sacrifice, and structured and systematic innovation as core to the kind of culture he would like to see at Mizuho. “We are an international organisation, but it rests on a very strong underpinning of Japanese culture,” he says.

These values make for “a very powerful business offering”, which Mr Bakhshi would like to see exhibited in the banking world more widely. “If these kinds of values had been embedded in the financial system over the past 20 years globally, I don’t think we would have had some of the difficulties that banking has had,” he says.

It is perhaps fair to say that, historically, Japanese banks have not been market leaders in the same way that Japanese manufacturers have become global brand names in areas such as technology and automotive industries. Mr Bakhshi believes this was because product breadth in Japanese investment banks was not as extensive as those at US and European banks – but he says this is no longer the case.

He believes Mizuho International has a number of strengths in its favour as it seeks to compete on the global stage. “We have a very strong technology platform, so a big advantage is that we are not dealing so much with legacy technology. We have a very trusted relationship with regulators, because we have strong governance. And we have a large balance sheet globally,” he says.

His vision for the company over the coming years is to marry these strengths with an ability to go to clients and create, at a fast speed to market, “tailor-made and bespoke solutions for them”. There will also be a focus on breaking down silos that have existed between the investment banking and corporate banking teams.

Mizuho has traditionally been very active within cash markets such as Japanese equities and cash fixed-income businesses, and has a well-established presence here. But the development of a model that puts a greater onus on advisory services and providing specific solutions for individual clients is requiring the recruitment of new talent. “What is important is the quality of the talent and the ability for a team to come together to focus on solving our clients’ issues,” says Mr Bakhshi.

Bringing in the best

At a time when other banks are cutting headcounts, Mr Bakhshi says Mizuho International is also focused on efficiency, but has been making targeted new hires across several areas, such as fixed income and global markets. He attributes this to the fact that the bank has low legacy costs, saying: “A lot of the European banks in particular, and some of the US banks, have been having to make cuts because their legacy costs are higher. Certainly, European banks have been losing some top talent of different generations.”

Two recent high-profile hires are Asif Godall, who joined Mizuho International in March 2019 as head of global markets EMEA from Cairn Capital, where he was co-chief investment officer. He was also previously global head of traded credit at HSBC. And in August 2019, Slava Slavinskiy joined as head of investment banking EMEA, with a strong industry background gained in roles at Deutsche Bank,

Citigroup and Société Générale, as well as experience as chief financial officer at Russian energy company Rosneft.

With both of these hires, the fact that Mr Godall and Mr Slavinskiy both have prior experience on the client side, as well as within banking, was key at a time when focus is squarely on Mizuho's client offering. "I was specifically looking to hire people with their kind of experience profiles, and was able to do it," says Mr Bakhshi. The bank has adopted a strategy of explicitly looking to bring in the best people, provided they fit the culture, and Mr Bakhshi says this is "a good news story" that has spread quickly within investment banking circles. Most of Mizuho International's recent hires, he adds, have come through word of mouth.

Leveraged finance focus

Leveraged finance is another area Mr Bakhshi is keen to support. Historically, Mizuho was both active and well known in this space, but it has not been active in the market for the past nine years. Mr Bakhshi is keen to see that capability rebuilt, particularly with sponsor-focused leverage finance. Notably, Mizuho recently acted as a joint lead arranger and joint bookrunner in the SFr3.5bn (\$3.53bn) leveraged buyout of theme park group Merlin Entertainments in October.

In mid-2019, the bank acted as an arranger in the issuance of a loan, which was used to finance the acquisition of Nestlé Skin Health by a consortium led by private equity firm EQT and the Abu Dhabi Investment Authority. "This is a deal which we believe puts us back on the map in leveraged finance," says Mr Bakhshi. Along with efforts to build up Mizuho International's credit and trading distribution capability, this is a deliberate strategy to create a business that can offer clients tailored support around their credit needs.

But for Mr Bakhshi it is vital to get the balance right between risk and reward. Another aspect of Japanese banking culture that he wants to embed at the heart of what Mizuho International does is gaining the long-term trust of clients. "Creating solutions should not be confused with taking unbalanced risk. I think the 'magic' of what we're able to offer is an ambitious model of finance, which is based on innovative thinking but doesn't involve taking inordinate risk with our balance sheet," he says.

A question of trust

It is not enough for the organisation to focus on making healthy profits; if in five years he looks back and does not feel that he has built a business that is "uniquely trusted, then I'm going to feel, frankly, that I've failed", says Mr Bakhshi. He wants to ensure Mizuho is a sustainable business that has a positive impact in wider society, and recently agreed with the Mizuho International board to be the senior manager with responsibility for climate change, demonstrating the level of commitment about the issue.

The bank has participated in some important environmental, social and corporate governance bond transactions in 2019, including being an active bookrunner on BPCE's largest ever Samurai bond issued with social objectives, worth Y164bn (\$1.5bn). It was also an active bookrunner in energy company Enel's inaugural general purpose Sustainable Development Goals-linked bond issuance. There are plans to grow activity in this area significantly, with an awareness that Europe will continue to be the pre-eminent leader in this space. "We see London as the location of choice to grow Mizuho's group-wide green franchise," says Mr Bakhshi.

Mizuho International remains committed to London as a key focal point for its activities but has also opened a subsidiary in Frankfurt as well as an office in Madrid, and is due to open a location in Paris. These openings are principally a response to Brexit but Mr Bakhshi also views it as a positive opportunity for Mizuho to get closer to its clients in the EU. And as a result, earlier in 2019 the bank recruited Christoph Seibel as CEO for its EU operations. Mr Seibel was previously head of Europe, Middle East and Africa corporate debt capital markets at RBC Capital Markets in London. "Of course,

Brexit is challenging and there will be costs for our businesses,” says Mr Bakhshi. “But we will innovate through that.”

More stories from this section

Have the 'sleepy bond markets' finally woken up?

1, 2, 3 or 4? Basel compliance is such a chore

Less fudge, more clarity needed on banks' ESG commitments

Can banks overcome their crypto scepticism?

Going beyond GDP: a better tool to assess economic strength

Why is Open Banking so frightening?

The Banker and its journalism are subject to a self-regulation regime under the FT Editorial Code of Practice.
© 2019 **The Banker** | A service from the Financial Times Ltd.