



Asian Bond Market Forum

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What Is the Milken Institute?

- **The Milken Institute is an independent economic think tank.**
- **Our mission is to improve the lives and economic conditions of diverse populations in the U.S. and around the world by helping business and public policy leaders identify and implement innovative ideas for creating broad-based prosperity.**



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What Is the Milken Institute?

- **We focus on**
 - **Human capital** – the talent, knowledge and experience of people, and their value to organizations, economies and society;
 - **Financial capital** – innovations that allocate financial resources efficiently, especially to those who ordinarily would not have access to it, but who can best use it to build companies, create jobs and solve long-standing social and economic problems; and
 - **Social capital** – the bonds of society, including schools, health care, cultural institutions and government services, that underlie economic advancement.



An Invitation

Save the Date

Milken Institute

2004 Global Conference

April 26, 27 and 28, 2004

Beverly Hilton Hotel, Los Angeles

<http://www.milkeninstitute.org>



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Words of Wisdom?

“For a country, everything will be lost when the jobs of an economist and a banker become highly respected professions.”

*Baron de Montesquieu
(Founder of the field of Sociology)*



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Financial Markets Promote Economic Growth and Development

	Total	Percent Accounted for by:		
		High Income Countries	Middle Income Countries	Low Income Countries
Population	6.1 billion	15.1	43.7	41.1
GDP	\$31.1 trillion	80.6	16.0	3.4
Bank Assets	\$36.9 trillion	86.6	11.9	1.5
Equity Market Capitalization	\$27.8 trillion	92.9	6.6	0.6
Bond Market Issuance	\$31.6 trillion	96.9	2.6	0.6
<i>Total Financial Assets</i>	<i>\$96.4 trillion</i>	<i>91.8</i>	<i>7.3</i>	<i>0.9</i>



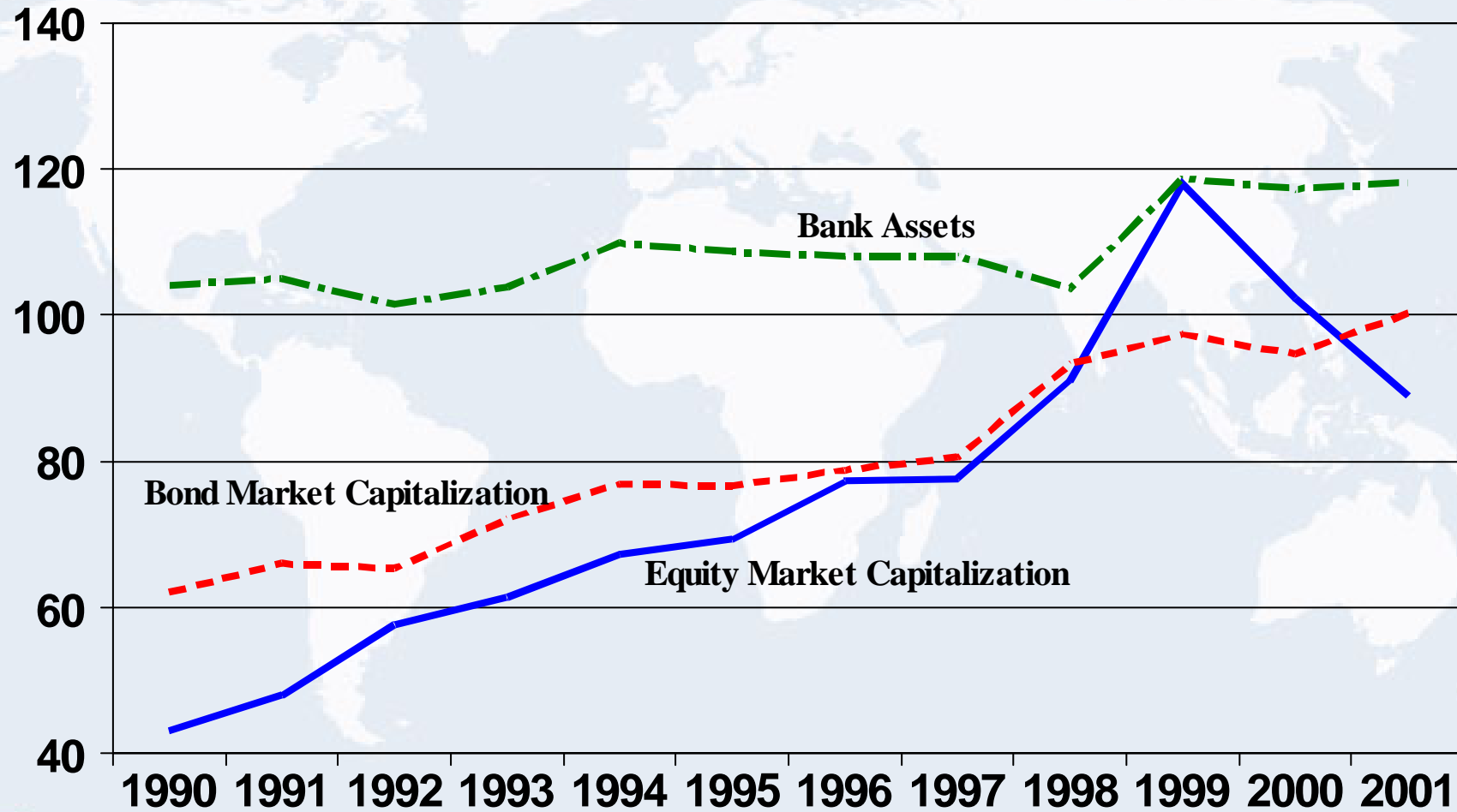
Underdeveloped Bond Markets in Asian Countries

	GDP per Capita (US\$)	Bond Market Issuance / Bank Assets (%)	Bond Market Issuance / Bank Assets and Equity Market Capitalization (%)	Corporate Bond Issuance / Total Bond Issuance (%)
Japan	33,487	89	65	16
Hong Kong, China	22,555	8	5	76
Singapore	21,454	22	14	25
Taiwan, China	12,599	11	8	11
South Korea	8,813	59	40	75
Malaysia	3,938	46	24	53
Thailand	1,857	30	24	28
China	910	11	8	41
Philippines	862	81	27	1
Indonesia	636	51	41	0
India	464	53	36	10



Changing Structure of World Financial System

Percent of World GDP



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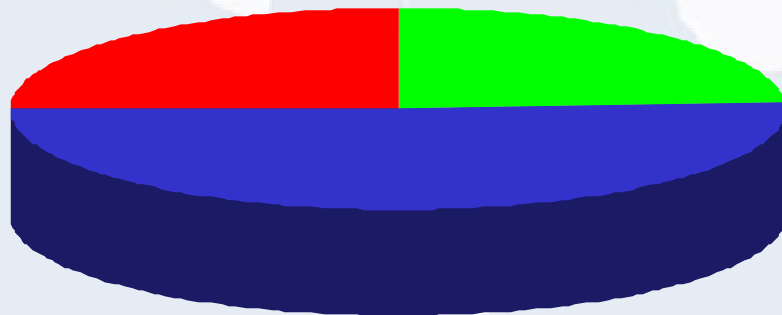
Bank-Based vs. Market-Based Financial Systems

1990

U.S.

Equities
25%

Bank
Assets
24%



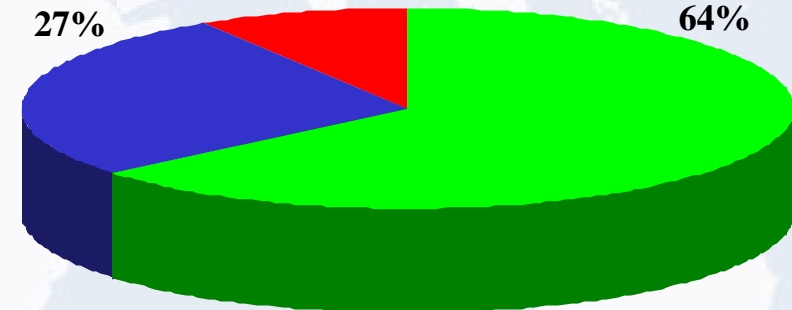
Bonds
51%

Germany

Equities
9%

Bank
Assets
64%

Bonds
27%

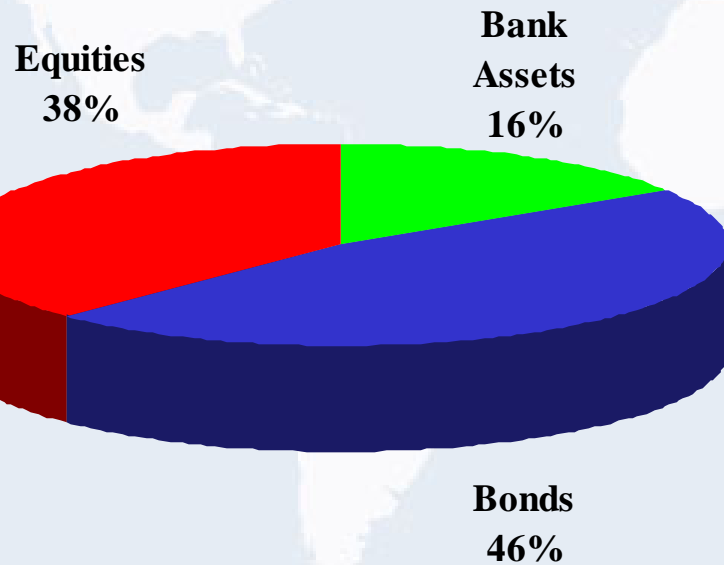


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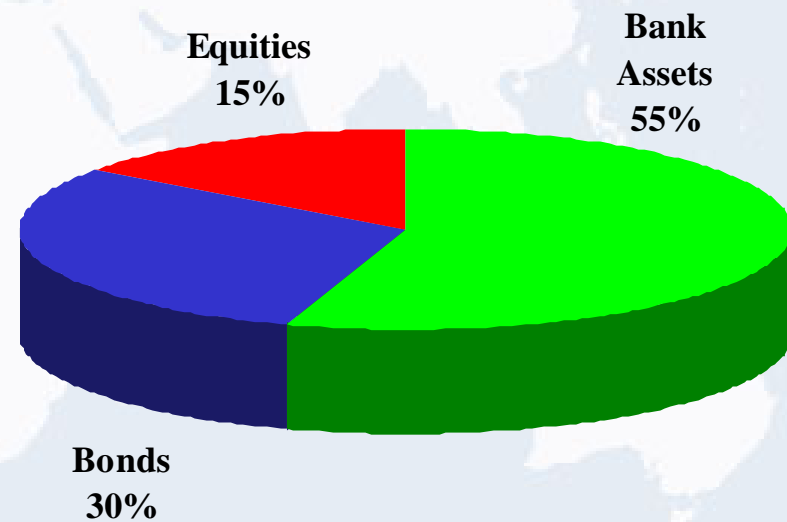
Bank-Based vs. Market-Based Financial Systems

2001

U.S.



Germany



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Benefits of a Healthy Corporate Bond Market

- **For the Issuer**
 - It provides lower-cost funds than traditional bank loans.
 - Diversification of funding sources.
 - Information disclosure about the firm which promotes easier access to funds.



Benefits of a Healthy Corporate Bond Market

- **For the Investor**
 - There is a yield premium in comparison to traditional deposits at banks.
 - Increases the investment opportunities by providing different types of instruments.
 - It allows one to tailor a risk-reward profile to suit one's preferences.



