

Citigroup in post-wto china



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When the Chinese banking industry became liberalized in December 2006, there was significant excitement however, there was also a marked significance among international banks to respond to the development. According to Alon (2003) the hesitance developed from previous experience with the Chinese government manipulation and control of the markets. Schwarz (2006), likened the situation to everyone wanting to get into the water with no one wanting to be the first to go in. Yet, there was a universal recognition of the potential of the market, particularly in non-commercial banking and finance that in volume alone could not be ignored (McKinsey Global Institute, 2006).

From its operations in 1998 when Citigroup Inc. was established in China, the objective was to be able to penetrate both the locally dominated commercial banking and the conservative personal banking industries (Conklin, 2002). With the former, the strategy was to challenge the existing players with services and access and with the latter, to support the growing consumer population of the country. However, Conklin also points out that the Citigroup had to adapt with changes in policies and to accommodate both economic and social development government agendas in the country. One of the main reasons for Citigroup's success in China stems from its competency in developing countries and the extent of its existing operations. At the same time, it has been able to weather the political and cultural challenges of operating in China to the extent of instituting unique operating procedures specific to the country (Achhorne et al, 2006). Citigroup's continued success in China depends not only in its ability to compete with other banks but more importantly in its ability to work with China's local

banks and financial institutions. Therefore, it is critical that Citigroup understand in the context of the changes in Chinese society and economics and use the insights to create partnerships with society, industries and the government.

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