

Japan banks playing global role

Their experience to get attention at IMF, World Bank meeting

YUKO KAWAMOTO
Professor, Waseda University

The annual meetings of the International Monetary Fund and the World Bank Group for 2008 will convene Oct. 11 in Washington, D.C. There, participants will discuss the economic and financial factors behind the surge in oil and primary commodities prices. They will also analyze the impact of higher prices on

the global economy.

This year's meetings have particular significance. They follow recent U.S. events — the nationalization of major financial institutions as well as the congressional holdup of a bill to bail out Wall Street — that have resulted from the country's ongoing financial crisis now spilling over into global markets.



Attendees are expected to discuss and exchange information in terms of assessing the situation and coming up with an outlook for the financial markets and industry.

With Nomura Holdings Inc. having agreed to take over Lehman Broth-

ers' core operations in Asia, Europe and the Middle East, and with Mitsubishi UFJ Financial Group Inc. investing in Morgan Stanley with the intention of turning around the hobbled U.S. institution, Japanese financial houses are beginning to play a role in bolstering the global financial sector.

Experienced

Japanese households boast about ¥1.5 quadrillion (\$14.2 trillion) in financial assets, and the country's banks and securities companies have been far less damaged by the U.S. subprime mortgage mess and the credit crunch than have their Western counterparts.

Attendees will pay attention to the experience of

Japan, which went through its own financial crisis in the wake of the collapse of the economic bubble in the early 1990s, although management of the crisis was far from admirable.

Domestic bankruptcy data for September, to be released Oct. 8 by private research firms, will likely show a year-on-year increase. In August, the number of business failures went up for a third consecutive month.

The less-than-robust condition of the domestic economy must be a cause for concern among Japanese financial institutions. Despite this, those institutions are expected to be actively involved in the global discussion about the financial markets and industry.