

Japan's Mizuho bank names ex-minister as chairwoman in management revamp
Malaysian Insider
22 Apr, 2014

Scandal-hit Mizuho Financial Group has nominated former economy minister Hiroko Ota as chairwoman, as Japan's second-largest bank strives to improve corporate governance by bringing in more outsiders.

Mizuho shareholders will vote on the nomination in June after which Ota, 60, could become one of the highest-ranking women in an industry which only recently started to appoint female executive officers.

Upon approval, Ota would join a lender reprimanded by the banking regulator in September for failing to act two years after learning that a subsidiary had extended loans to 'anti-social forces', an euphemism for organised crime as well as parties not necessarily violating the law.

Mizuho said it handled the matter poorly and that it would revamp management by appointing more outside directors, one of whom would head the board, and change a corporate culture criticised as fostering departmental factionalism.

Mizuho is no stranger to criticism. A computer system failure soon after the 2011 Great Tohoku earthquake and tsunami was a glitch a decade earlier, drawing complaints that top management had failed to learn.

"Why do such things happen to Mizuho? They will be repeated unless we tackle the root cause," chief executive Yasuhiro Sato said at a news conference held on Tuesday to announce the nomination.

"I tried to improve corporate governance, but it was not enough. We need to bring in stronger outside eyes," he said.

Ota was a cabinet minister in 2006-2008, including during the first administration of Prime Minister Shinzo Abe, and has served on government panels.

She is currently professor at the National Graduate Institute for Policy Studies in Tokyo and is an outside director of Panasonic Corp.

Mizuho also nominated former Hitachi Ltd chairman Takashi Kawamura and lawyer Tatsuo Kainaka as outside directors.

"Given Japan's current state of evolution, these are reasonably good choices for board members," said Nicholas Benes, a specialist in Japanese corporate governance and representative of the Board Director Training Institute of Japan.

"Ota and Kawamura are both very sharp and highly respected. Kawamura led the drive to reform corporate governance and added outside directors at Hitachi, and understands governance," Benes said.

Mizuho also recommended the re-appointment of three existing outside directors, for a total of six outsiders on a 13-member board. – Reuters, April 22, 2014.

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