中央大學財務金融系碩士在職進修專班
九十一學年度入學考試　　財務管理個案

1. Please briefly describe the keypoint of the news. 。(50%)

Japanese Bank Regulators Set New Bad-Debt Action

Analysts Give a Chilly Reception to Planned Additional Write-Offs

'It's Really Just Dealing With the Tip of the Iceberg'

By Phred Dvorak

TOKYO—Regulators are poised to unveil on Friday the results of an inspection of Japan's banks that forms the core of the government's long-promised push to fix the country's troubled financial system.

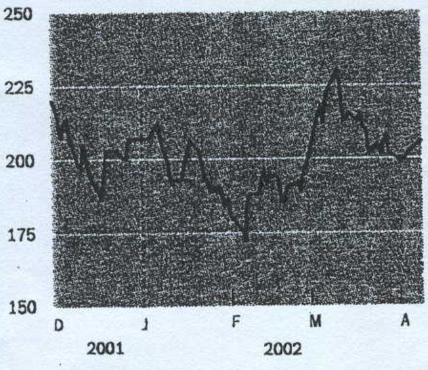
But analysts are already saying the additional write-offs resulting from that inspection, which are expected to add 30% to the credit costs of the major banks, aren't enough to fix the problem.

"We welcome this disclosure and the tighter standards, but it's really dealing with just the tip of the (bad-loan) iceberg," said Jason Rogers, head of credit research at Barclays Capital in Tokyo. "What (this) shows is a reiteration of the muddle-through approach."

Japan's government has for years pledged to become more aggressive in cleaning up bad loans at the nation's banks, which official figures set at 37 trillion yen ($281.46 billion) but private estimates put as high as 240 trillion yen. Many of those loans began to sour a decade ago, when Japan's property and stock markets collapsed, and an economic recession has piled a load of new bad debt on top of the old.

Seeking Guidance

Japan's Topix banking subindex, daily closes



Source: Thomson Financial Datastream

Last year, as stock markets tanked, policy makers again promised to tackle bad debt once and for all, and the administration of Prime Minister Junichiro Koizumi made that a major plank in its plan for reforming and rejuvenating the country's economy. Key to the cleanup was a government plan to review big banks' treatment of their biggest, shakiest borrowers through "special inspections." Those inspections, the theory went, would push banks to get tougher on those problem borrowers, pulling the plug when necessary or restructuring debt when possible.

The Financial Services Agency said it would announce the results Friday. The Nihon Keizai Shimbun, Japan's biggest financial daily and a regular recipient of government leaks, reported this week that the biggest banks have to write off an additional 1.9 trillion yen of bad loans as a result of the inspections. That would push their credit costs for the year ended March 31 to about 8.4 trillion yen—a 30% increase from original bank forecasts and enough to put all the major lenders into unprofitability, yet not enough to cause capital shortfalls.

Hakuo Yanagisawa, Japan's financial-services minister, said the figures haven't been finalized. But analysts such as Yoshinobu Yamada of Merrill Lynch have long been predicting similar numbers based on earnings revisions from the major lenders as well as credit costs that were announced along with debt-restructuring deals for big companies such as retailer Daiei Inc.

A key index of Japanese bank stocks, the Topix banking-industry subindex, rallied 1.6% to 206.32 on Tuesday as investors decided that most of the bad news on bank earnings was now out. Yet many analysts and—privately—some Japanese bankers themselves say their problems, even with big corporate borrowers, are far from solved.

The government is already promising additional action. Mr. Yanagisawa said Prime Minister Koizumi urged him to consider further ways of speeding bad-loan disposals. And Mr. Yanagisawa also suggested that regulators might continue a form of "special inspections" in the future.

Yet analysts such as Mr. Yamada say that a potentially bigger bad-debt issue, soured loans at small Japanese businesses, hasn't even been addressed.

"The point is whether the kind of (stricter) thinking guiding the special inspections will be applied to small and mid-size companies as well," said Mr. Yamada. "Probably it won't. Politicians are strongly against it."

In fact, Japanese ruling-party politicians, who draw a good deal of their support from small-business owners, have recently urged measures to make sure banks aren't too harsh on little borrowers.

(背面尚有試題)

2. Please briefly comment the differences between the problems of Japanese financial institutions and those of Taiwanese financial institutions. (50%)