

## Katrina Tai (MBA '95)

*Vice President, Moody's Asia Pacific Ltd.*

by Alan Breznick



**WHEN KATRINA TAI DECIDED TO HEAD BACK** to school for her MBA at age 30, she knew where she wanted to end up. Born in China, she had moved to the Toronto area with her family when she was a young teenager. She had always wanted to go back to China and work in Hong Kong.

So Tai applied to the University of Toronto MBA program (as the Rotman School was then known) and didn't bother with any other business school. She knew that the Rotman program, top-ranked in Canada, had an excellent reputation globally. And she knew that the school had very strong business and alumni connections in Hong Kong.

"It was a very important turning point for me," she says. "I had already said in my mind that I was going to Asia."

More than a decade later, Tai (MBA '95) is pretty much enjoying the career that she envisioned in Hong Kong. As vice president of Asia/Pacific issuer relations for **Moody's Investors Service**, she's in charge of recruiting and retaining companies in the region for the well-respected credit ratings agency. She and her team of six specialists manage contacts and contracts with more than 1,000 Asia/Pacific companies seeking to raise money in the debt market.

Tai and her team spend much of their time educating companies about the benefits of the debt ratings system, signing them up for credit reviews by Moody's analysts, negotiating the prices of the contracts, and walking them through the intensive review process. Like other ratings agencies, Moody's receives roughly two-thirds of its income from debt issuers and the remaining one-third from investors who subscribe to its ratings service.

The task is not always easy. While companies may sign up eagerly for the credit reviews because of the funds they can potentially raise, they're not always happy with the debt ratings that Moody's analysts assign. And if they're not happy with the ratings, they don't always want to pay the bill at the end. "The challenging part is getting paid when the companies don't like the ratings," Tai notes.

What Tai finds fascinating are the cultural differences among the Asian nations that influence how her clients approach the contract negotiations and payment process. For instance, Japanese firms tend to negotiate ratings contracts very aggressively, she says. But once they sign the

pacts, they usually pay their bills without complaint, no matter how unfavorable the ratings may be. That's because it would be a 'loss of face' to do otherwise.

In contrast, Tai says, Chinese companies tend to agree to their contracts much more easily, but then often balk at paying the full bill for the credit reviews, often haggling over the final price. "It's not that they don't want to pay for it," she says, chuckling. "They just don't want to pay easily for it. They want a bargain."

Tai joined Moody's in 2005 after giving birth to her daughter, Nicole, and taking a year off from paid employment. Wooed by a headhunter, she came aboard initially to set up the Asia/Pacific issuer relations group for Moody's, which had previously run everything out of its New York headquarters. "They had a U.S. team but no Asia team," she says. "This way, we're much closer to the issuers."

Before that, Tai spent seven and a half years at **Standard & Poor's** in Hong Kong, where she first began work on the credit ratings side and advanced to become director of governance services. In that position, she also spent much of her time educating companies and government regulators about the value of the credit ratings system, which has come under attack recently for not alerting investors about the subprime mortgage crisis and the ensuing global credit crunch.

"It's a difficult time right now for most of us in financial services, not just the issuers," she says. "The liquidity crunch has lasted longer than we first expected. We thought it would last a couple of quarters; now it looks like it'll last longer."

Despite such problems, she continues to see a strong role for ratings agencies. "I think the market still needs credit agencies," she says. "They are a very important part of the capital process."

Tai is grateful for the education she received at Rotman. As an undergraduate, she attended McMaster University, where she majored in Math and Physics. So she didn't exactly come to Rotman with an extensive business background.

"It was very different from my previous experience," she notes. "It was a lot of case studies and working in groups. It gave me very good training."