

Interview with Nazym Paltashev, Kazakh-American Investment Banker

On Friday, December 13th, I interviewed Nazym Paltashev, a Kazakh-American investment banker. He works at Pepperwood Partners, an investment banking firm based in Dallas, Texas. He also works at Altay Capital, an investment banking firm he founded. (It is named after the Altay (gold) mountain range in central Asia.) Here is what he had to say about Kazakhstan.

Adam: How long did you live in Kazakhstan?

Nazym: I was born in Kazakhstan, but came to the United States when I was 16. I first became an industrial engineer. Later I went into investment banking.

Adam: What are some of the major problems in Kazakhstan today?

Nazym: Development of new and keeping up to date of old Soviet infrastructure presents a major problem for Kazakhstan, also healthcare and quality of higher education (high demand in professional workforce). Oftentimes, American technologies (such as e-commerce platforms and internet service based businesses) are difficult to transfer to Kazakhstan due to lack of demand and quite small share of internet users, with total population just above 16 million people. The Kazakhstan government makes strong attempts to improve the quality of postal services, internet access and transportation.

Adam: What about Kazakhstan's natural resources?

Nazym: Kazakhstan is in an interesting position. Kazakhstan has oil, gold, uranium etc., and successfully exports to Europe and China. Since Kazakhstan has no direct access to seas and oceans, Kazakhstan partners with other countries to decertify channels of export and improve its export abilities. This is necessary because Kazakhstan is landlocked. In addition, it is located between the regional giants Russia and China. In that way, Kazakhstan faces a sort of "golden curse" in that it has resources, yet it must invest heavily into transportation and logistical infrastructure to export its products efficiently and timely.

Adam: Have you heard of Samruk Kaznya? Is it a good thing that it controls 50% of the country's wealth?

Nazym: Yes, I have heard of it. I have many good partners who work there and manage state funds. Samruk Kaznya actually controls more than 50%. It does a relatively good job, but as all large corporations there is a large room for inefficiency.

Adam: How do you feel about President Nazarbayev? Is it bad that he has been in power for 20 years?

Nazym: It may not be ideal to have someone in power that long, but he definitely keeps the peace, and does a good job overall.

Adam: What problems do you see in Kazakhstan today?

Nazym: Government should be stricter. In Kazakhstan, government may still have all of the same laws and bureaucracy that the U.S does, but bribery is common. If you want to build a building quickly, you can do it if you are willing to pay some extra money. People shouldn't be able to do this.

Adam: Switching tracks a little bit, what is the Kazakh economy like? What does it revolve around? Is there entrepreneurship or small business?

Nazym: Much of it has become industrialized. A lot of the country is natural resource or export based (oil, gold, uranium). There is some agriculture, and as in the U.S., it is strategically subsidized. There are lots of small businesses, maybe even more than the U.S in overall percentage ratios, but it can be difficult. There is a lot of regulation, and government can give businessmen a hard time. Often, government officials "go and look for bribes."

Bribery is a symptom of transitioning nations. It wouldn't happen in America, because that is not the culture here. People are like fish. If the fish swim in a dirty lake, they will be unhealthy. But if the fish swim in a clean lake, they will be much better.

Adam: What major cultural/civic differences do you see between the US and Kazakhstan?

Nazym: Originally, the Kazakhs come from the Steppe lands. They were sort of cowboys. I actually like "Western" American culture a lot. While the Silicon Valley is great, it can feel artificial. American culture, at least in certain places (as in the Midwest), values a strong work ethic.

Adam: What trends do you see in Kazakhstan? As far as you can tell, where is the country heading?

Nazym: The country is improving a lot. Many people in the country are moving into cities [urbanization]. It is hard to find work in rural areas. The government is trying to encourage innovation as well as update infrastructure.