

# Banking industry on Brickell Avenue going through changes

BY SAMANTHA JOSEPH

A mix of international and local factors have affected foreign banking on Brickell Avenue, with domestic changes causing some companies to relocate to the suburbs and international trends leading some firms to change the way they have done business in the past two years.

Office congestion and heavy traffic drove some banks from Brickell to Coral Gables, while a downturn in Latin American economies led some companies to sell their foreign operations or readjust their efforts to attract clients from that region.

Dennis Nason, former president of the Florida International Bankers Association, said that crowding, heavy traffic and scant parking on Brickell led to a steady departure of banking businesses from the area. New office buildings in Coral Gables, proximity to residential communities, airports and fine dining and the Gables' reputation as a high-income neighborhood make that city an attractive alternative, he said.

"Probably a couple banks every year are going over there," said Mr. Nason, who heads Nason & Nason, an executive-recruiting firm that specializes in banking.

About a year ago, Banco International de Costa Rica was one of the companies to make the move to the Gables.

"There definitely is a movement, and I think it's going to be a steady trend. I don't think you'll see a good number of people pack and leave because they're tied into leases, but as their leases mature, I think people will consider it more."

The moves are not expected to hurt Brickell's near-term economic outlook, Mr. Nason said. But "what will have a major impact is the number of banks closing up altogether."

Several mergers and acquisitions in international banking during 2002 and 2003 reflected poor economic conditions in Central and South American countries, said Bowman Brown, senior partner and chairman of the financial services practice group at Shutts & Bowen.

Last July, Barclays was one of several banks that sold its private banking operations for the Americas. Barclays sold to Royal Bank of Canada in a \$90 million deal that saw the Canadian company take over Barclays' international business in Miami and New York.

"With Latin America in such a downward spiral, (some banks) decided to cut their losses and focus on markets where they had a stronger presence," said Mr. Brown, who also sits on the Florida International Bankers Association's executive committee and is chairman of the group's

legislative and regulatory affairs. "Where it wasn't a principal market of business, Latin America looked like a less-attractive market to some banks."

But for American Express Bank Ltd., the international banking subsidiary of American Express Co., the downturn represented a temporary setback in a strong and desirable market.

In October 2002, the company announced its acquisition of the Latin American private banking business of Schroder & Co. Trust Bank in Miami, the Latin American arm of Schroders Private Bank.

"We think the long-term potential in Latin America is really very good, and we're really very positive about the region," said Lee Middleton, American Express vice president of public affairs for Latin America and the Caribbean who is moving to Miami from New York. "We're looking to expand," he said.

Last year, Banco Santander Central Hispano acquired the Latin American operations of the Coutts Group, the international private banking arm of the Royal Bank of Scotland.

"The fact that we have bought shows that there are banks which are committed and willing to invest in the region," said Banco Santander International managing director Fernando Perez-Hickman.

For other international banks, Latin American trends provided an opportunity to upgrade their services to adapt to their clients' changing needs.

Bank Hapoalim BM, an Israeli firm that has operated in Miami since 1988, was one of several companies that adjusted its business to accommodate the Latin American market. The firm upgraded from an international banking agency – an institution that holds deposits for non-US residents only – to a branch. Its new status permits the bank to accept wholesale deposits – amounts of more than \$100,000 – from US clients.

Banco Sabadell, Banco de Chile and Banco Credito have moved for branch status.

Hapoalim senior vice president Chaya Rub explained that the move allowed the bank to continue to serve its Latin American clients, who were increasingly becoming US residents. By upgrading to accept domestic business, the bank could continue its relationship with such clients, Ms. Rub explained.

"This is what we want – not to lose those customers, but to keep them," she said.

Florida's international banking sector is a \$3 billion industry that employs nearly 5,600 people.