

2-20-1991

Bank Privatization Update

Steven Ranieri

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

Ranieri, Steven. "Bank Privatization Update." (1991). <https://digitalrepository.unm.edu/sourcemex/276>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Bank Privatization Update

by Steven Ranieri

Category/Department: General

Published: Wednesday, February 20, 1991

Feb. 7: According to Nacional Financiera (NAFINSA) director Oscar Espinosa Villarreal, his institution will probably act as the financial intermediary in the bank privatization process. NAFINSA was expecting required approval by the Finance Ministry's (SHCP) bank privatization committee. Guillermo Prieto Fortun, president of the National Banking and Insurance Commission, said the 18 banks to be privatized are ready for the process to begin. Feb. 10: According to the Mexican Stock Exchange (BMV), some of the nation's most profitable banks are slated for privatization. In 1990, the 15 banking institutions which offer stock through the BMV earned \$970 million in profits, equivalent to a real 10.7% increase over 1989. Regional banks (BANORTE, BANORO, PROMEX, BANCEN and BANORIE) reported an annual real increase in profits of 27.5%. At an average of over 50%, the highest profit rates were registered by multi-regional banks (Banco del Atlantico, Cremi, Mercantil de Mexico and CONFIA). The combined market value of the 15 banks offering stock on the Mexican Stock Exchange (BMV) is about \$6.3 billion. Only four banks account for 75% of the total: BANAMEX (\$2.18 billion), BANCOMER (\$1.55 billion), SERFIN (slightly more than \$710 million), and COMERMEX (about \$336 million). According to the National Banking and Insurance Commission, in the 1983-1989 period, the average annual real profit growth rate for the banking industry was 17.95%. Finance Ministry and BMV sources reported that bidders for PROMEX include the Grupo Jalisco, headed by Jorge Martinez Guitron, director of Sydek; Ignacio Aranguren Castillo, BANCOMER board of directors member; Victor Miguel Fernandez; Juan Jose Gomez Sainz; and Sandra Lopez Benavides, chief executive officer for Calzado Canada. Bidders for BANCEN, based in San Luis Potosi, include: Guillermo Barnes Garcia; Juan Jose Gomez Saenz; Enrique Hernandez Pons, board of directors member for BANCOMER, Mudecap, Salinas y Rocha, Seguros la Comercial y Penoles; Oscar Medina Mora and Jose Luis Sanchez Lazcano. Several Canadian institutions, such as the Bank of Montreal, the Bank of Nova Scotia and the Canadian Imperial Bank of Commerce, have expressed interest in the privatization deals. Foreign investors are limited to 10% participation. Feb. 14: The Finance Ministry released a communique stating that the federal government will not assume the inter-bank debt held by banks scheduled for privatization. According to the communique, under a "gentleman's agreement" with creditors, debt service payments will not come due until December 1992. Meanwhile, debt principal is to remain at the February 1990 level. The \$5.41 billion inter-bank debt, and is added to respective banks' liabilities. Consequently, the debt reduces market value. Of the total, BANAMEX owes \$300 million; BANCOMER, \$1.2 billion; SERFIN, \$840 million; COMERMEX, \$720 million; SOMEX, \$600 million. Feb. 18: The SHCP formally announced that BANPAIS, Banca Cremi and Multibanco Mercantil de Mexico will be the first banks to be privatized. The bid deadline is March 11. Sixty-four percent of available shares are to be sold. BANPAIS has 100 offices and 3,100 employees spread across 27 states. Asset value is listed at \$45.4 million. Banca Cremi specializes in metals industry financing, and maintains a close relationship with the mining sector. The largest number of its 4,000 employees and 116 branch offices are located in Jalisco and Mexico City. Current assets are valued at \$77.9 million. A majority of Multibanco Mercantil's 3,500 employees and 92 offices are concentrated in Nuevo Leon, but the banks has a strong presence in Mexico City as well. Market value is placed at \$76.7 million. (Sources: Excelsior, 02/08/91; El Financiero, 02/08/91, 02/11/91, 02/19/91; La Jornada,

02/11/91, 02/15/91, 02/19/91; El Nacional, 02/11/91, 02/19/91; Notimex, 02/14/91; AP, 02/18/91; Agence
France-Presse, 02/18/91)

-- End --