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## Two California Banks Expand Operations in Mexican Financial Markets

by LADB Staff

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In mid-May, two California-based banks took formal steps toward initiating full-service operations in the Mexican financial market. The two banks Bank of America and Wells Fargo were among the 18 foreign financial institutions that received permits from the Finance Secretariat (SHCP) in October 1994 to offer full-service banking in Mexico. Bank of America, which invested about 306 million nuevo pesos (US\$52 million) in its new banking operation in Mexico, will initially serve corporate clients. One operation, a full-service bank, will provide businesses with such services as commercial banking and capital market services in both pesos and dollars. The bank also plans to offer clients services dealing with trading of securities and foreign exchange.

According to Bank of America officials, even though the focus of the Mexico operation will initially be on corporate clients, commercial banking services will also be available to the general public. In addition to the banking operation, in mid-May Bank of America also announced the opening of a new leasing services subsidiary, Arrendadora BankAmerica S.A.. Company officials said Bank of America invested 40 million nuevo pesos (US\$6.77 million) in this operation, which will offer leasing and capital equipment financing services.

A second California-based bank that expanded operations in Mexico in May was Wells Fargo, which announced a strategic alliance with Mexico's largest bank, Banamex. The Wells Fargo-Banamex partnership is also expected to provide services principally to corporate clients in both the US and Mexico, although most of the new operations will be targeted toward the Mexican market. Under the agreement, the two banks will exchange information, link their operation systems, and share technology.

Additionally, the two banks will work together on developing financial products and instruments for their corporate clients. The Wells Fargo-Banamex partnership will join together two of the largest financial institutions in the two countries. Banamex operates more than 700 branch offices throughout Mexico. Similarly, Wells Fargo has more than 600 offices in the western US. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on May 23, reported at 5.91 pesos per US\$1.00] (Sources: Associated Press, 05/17/95; Wall Street Journal, 05/15/95, Agence France- Presse, 05/15/95)

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