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## **Eighteen Institutions Receive Provisional Permits to Manage Worker Pensions**

*by LADB Staff*

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In early December, the national retirement savings commission (Comision Nacional del Sistema de Ahorro para el Retiro, CONSAR) awarded provisional permits to 18 financial institutions to manage worker retirement accounts. The AFORE program, which had originally been scheduled to begin in January 1997, has been delayed until July of the same year (see SourceMex, 10/16/96 and 11/13/96). However, President Ernesto Zedillo's administration has taken preliminary steps to launch the program by announcing the list of institutions that will be eligible to create an AFORE.

According to CONSAR president Fernando Solis Soberon, each of the 18 institutions approved for participation in the program has until the end of February to present a formal plan regarding its AFORE operations. Solis said CONSAR will review each institution to examine its technical capacity to register a large number of workers. Following these reviews, the provisional permits will either become final or will be rejected. A total of 24 companies had originally submitted applications, but five withdrew before the deadline for preliminary concessions to be announced. Another application submitted by the construction industry chamber (Camara Nacional de la Industria de Construccion) was rejected outright by CONSAR.

A handful of bidders that received permits have formed partnerships with Chilean institutions with years of experience in managing retirement accounts in Chile. For example, the Bancomer-Aetna AFORE was formed in partnership with Chilean company Santa Maria. Similarly, Grupo Serfin's AFORE was formed in conjunction with Chile's Habitat Desarrollo Internacional and Citibank Mexico. Also, the Chilean company Provida is participating in the AFORE program with Grupo Nacional Provincial and Banco Bilbao Vizcaya (BBV). The list of companies that received provisional permits includes a number of Mexican banks, such as Inbursa, Banamex- Accival, Bitel, Banorte, and Promex-Banco del Atlantico.

Among the banks that submitted applications in partnerships with other companies are Bank of Nova Scotia (with Boston AIG Company), Confia (with Principal International), Bancrecer (with Dresdner Pension Fund Holdings-Allianz Mexico), and Banco Mexicano (with Santander Investment). A number of insurance companies also received permits, including Seguros Genesis, Seguros Tepeyac, ING America Insurance Holding, and Zurich Vida. Additionally, Aseguradora Hidalgo formed an AFORE in partnership with the Mexican social security institute (Instituto Mexicano del Seguro Social, IMSS).

According to Solis, the 18 new AFOREs potentially could bring a total of US\$5.8 billion pesos (US \$735 million) in new capital to Mexico. Additionally, he said the new retirement program could create more than 57,000 new jobs in its first year of operation. Meantime, Ralf Peters, director of Bancomer's AFORE, said workers will have the opportunity to enroll on a provisional basis in an AFORE, beginning in February 1997, provided that CONSAR finalizes at least six of the 18

applications by the end of January. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Dec. 11, reported at 7.89 pesos per US\$1.00] (Sources: Reuter, 12/02/96; El Economista, Novedades, 12/03/96; El Universal, 12/02-04/96)

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