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Government Approves Creation Of Five New Banks

by *Carlos Navarro*

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In early September, the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) approved the creation of five new private banks. Establishment of the new financial institutions, which follows four similar approvals issued in June, reflects government attempts to increase competition in the banking sector and reduce interest rates (see SourceMex, 06/09/93). The nine authorizations granted so far this year, plus the 19 banks privatized since July of 1992, bring the total number of private banks now operating in Mexico to 28. The largest of the five new institutions, Banco Inbursa, will provide services nationwide, including short- and medium- term loans to large and medium-sized businesses. The group of owners controlling Banco Inbursa is headed by Carlos Slim Helu, whose Grupo Carso holds controlling interest in Mexico's telephone company, Telefonos de Mexico (Telmex), and in the brokerage firm Inversora Bursatil. Banco Inbursa will count on starting capital of 205 million nuevo pesos (US\$62.3 million). The new Banco Interacciones will have 120 million nuevo pesos (US\$36.5 million) in initial capital. Banco Interacciones will initially concentrate on serving the needs of the automobile and construction industries and public works projects such as ports, water treatment and electricity generation in Mexico's three largest cities: Mexico City, Guadalajara and Monterrey. The bank plans to eventually expand services to cities along the Mexico-US border, such as Ciudad Juarez and Tijuana. The bank will form part of the financial group Interacciones. The principal investors are Carlos Hank Rhon, owner of airline company Transportes Aereos Ejecutivos (TAESA), and David Penaloza, chairman of the construction firm Triturados Basalticos (Tribasa). The three other institutions approved are: * Banco Promotor del Norte, which will be headquartered in Torreon, Coahuila state, and will provide service mainly to the northern areas of the country. The bank will initially be capitalized with US\$38.4 million and will be headed by Manuel Diaz de Rivera, chairman of the brokerage house Valores Bursatiles de Mexico. * Banco Quadrum, which will serve mainly corporate clients in Mexico City, Guadalajara and Monterrey, focusing on the wholesale, retail, industrial, and telecommunications sectors. Banco Quadrum will start with US\$64.1 million in capital. The bank will be led by Grupo Quadrum chairman Ernesto Warnholtz and director John Detmold. * Banco Mifel, which will also focus operations on Mexico's three largest cities, starting with US\$48 million in capital. This bank is led by businessmen Mike Feldman, Arie Beckman, and Daniel Beckman. The bank will provide loans to small- and medium-sized businesses in the automobile, construction, and telecommunications sectors. Guillermo Prieto Fortin, president of the National Banking Commission (Comision Nacional de Bancos, CNB), told El Financiero International weekly business newspaper that the government expects to authorize the creation of another eleven banks by year-end 1993. Preference will be given to requests for banks planning to set up operations outside the areas where banking activity is currently concentrated, such as Mexico City and the states of Nuevo Leon, Jalisco, Veracruz, and Tamaulipas. In other banking sector news, the SHCP granted approval for Grupo Financiero Bancrecer to acquire controlling interest in Banoro bank. Banoro will maintain its status as an independent institution from Bancrecer, but will eventually be incorporated under the parent financial group. Additionally, in early September, Spain's Banco Central Hispanoamericano (BCH), acquired a 10% stake in Mexico's Grupo Financiero Prime for US\$90 million. In turn, Prime acquired a 0.4% share of BCH for about US\$30 million. An agreement signed by the two parties gives BCH

the right to acquire another 10% in Prime, also for US\$90 million. (Sources: La Jornada, 09/03/93, 09/04/93; El Financiero International, 09/06/93, 09/13/93; New York Times, 09/07/93)

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