Banking Challenges and Opportunities in an Era of Global Crisis:
Prospects for South Florida and Latin America

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International Banking and Wealth Management Prospects

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RECENT EVOLUTIONS

- The international banking and wealth management industries have been significantly and durably impacted by the 2008 global financial crisis as well as the 2011 European sovereign debt crisis.

- In parallel to the real estate market rebound experienced since early 2011, South Florida has strengthened its position within the global wealth management map and is now ranked among the top ten wealth management centers worldwide.

- This recent evolution is essentially linked to 2 main factors:
  - the strong repositioning of asset management businesses within most banks (low capital consumption, fee based business, increased risk controls, high ROE)
  - the renewed attraction of South Florida for real estate investments, for its proximity and its ease of access, and more generally the US for its stability and reserve currency.

- South Florida is gaining market share in Wealth Management in comparison to other centers. Most business, originated from Latin America, is related to the need of wealthy Latin American individuals to diversify their savings in a strong currency in order to hedge their country and currency risks.
OPPORTUNITIES

- **A competitive market**: South Florida is a very competitive market for Wealth Management players with highly differentiating factors such as the geographical location and ease of access (Airport hub and time zone), its operating costs (Compensation level, cost of living, labor flexibility) and the overall attraction of the US (Currency, Stability).

- **An exposure to a region with high potential**: Solid growth recorded in the Latin America Wealth Management sector in recent years is expected to continue over the next three to five years, driven mostly by Brazil and Mexico with an emphasis on foreign investments (Expectations for Brazil only are 2/3 of the future wealth created to be invested outside the country).

- **Potential Business Diversification**: The business ownership in Latin America remains mainly private which gives opportunities for US based players to offer products and services at every level including wealth management but also investment banking, private equity and real estate investments. South Florida is becoming a true alternative center for corporate and structured finance activities in Latin America.

- **A well established banking center**: South Florida has a strong base of local and international players with strong reputation, brand image, financial and capital strength.
CHALLENGES

- Increased pressure on margins due to an overall weak macro economic environment, changes in client needs, overall increased regulations and inflation related to talent shortage.

- Scale is critical in a consolidation era. Future consolidation may reshape the banking landscape in South Florida.

- Globalization of the clients needs and relationships – Necessity for a player’s global footprint and global products and services offering. Providing solutions Vs products.

- Increased competition of local primary players and independent advisors.

- Generational changes and technological evolution. Difficulties to adapt operating models to new technology requirements and a more self-directed younger customer base.