




Federal Reserve Bank of Atlanta

2014 AMERICAS CENTER

ANNUAL REVIEW







## A Note from Atlanta Fed Vice President **Juan Sanchez**

As the senior officer for the International Supervision and Consumer Compliance department, I am a true believer in the importance of maintaining open dialogue and communications, specifically related to understanding the connection between events and conditions in the Sixth District, the Americas, and our global economy. The Atlanta Fed's Americas Center provides our staff with a unique opportunity to gather information and to collaborate among the various functions within the Atlanta Fed. The goal is to develop well-balanced and more holistic views about current economic, political, and financial conditions throughout the Americas and globally.

The Americas Center had an outstanding year in 2014. This Annual Review provides a summary of some of the center's major outreach activities and accomplishments throughout the year.

Following are examples of the center's activities that impacted the critical emerging policy and regulatory areas of vital interest to our Bank's mission:

- The Retail Payments Office continued to work toward expanding the global reach of the FedACH, through discussions with central banks in the Western hemisphere and also pursuing global partnerships that would provide worldwide access.
- The Sixth District International Cash Unit pursued its goal of leadership in international cash services through significant contributions to System risk management efforts. This was in collaboration with the Federal Reserve Bank of New York, the Board of Governors, and the global banknote dealers.



- The Americas Center pursued economic and monetary research on key hemispheric policy challenges, through workshops on new research in international economics with partner universities.
- The Bank's International Supervision department leveraged thought leadership to increase the effectiveness of supervision of financial institutions. The department hosted an outreach forum at the Miami Branch in conjunction with the Florida International Bankers Association (FIBA) on South Florida International Economy and the Latin America Outlook, and Implementation of the Enhanced Prudential Standards–Section 165 of the Dodd-Frank Act.

In 2014, the Americas Center worked with the Atlanta Fed, the Federal Reserve System, and public and private stakeholders and external partners to provide leadership in key supervisory, financial, and economic matters related to the Americas and Spain. In 2015, the Americas Center will continue to build on this foundation. ■



## THE AMERICAS CENTER'S PURPOSE

The Americas Center, launched in 2005, is a cooperative initiative among the Federal Reserve System's Retail Payments Office, based in Atlanta, and the Atlanta Fed's Supervision and Regulation, Research, and Operations and Administrative Services divisions. The center provides a framework for collaboration among Bank staff whose responsibilities relate to the Americas and Spain. This collaboration enables the Bank more effectively to leverage its strengths and integrate its resources to serve internal and external constituencies through a wide variety of initiatives. These efforts include sponsoring policy conferences, analyzing key regional banking and economic trends in the area, participating in exchange programs, furnishing technical assistance, and conducting public outreach and educational activities.

Our vision: To contribute to informed policies and practices that respond to the changing dynamics in Latin American, Caribbean, and Spanish financial institutions and markets. The center will bring thought leadership to the critical emerging policy and regulatory areas that are of vital interest to our Bank's mission.

## 2014 HIGHLIGHTS



Caribbean Group of Banking Supervision and the Federal Reserve System Risk Management and Internal Controls Seminar

### **Sixth District cash operations**

The Miami Branch of the Atlanta Fed serves as one of two primary Fed offices that help satisfy global demand for U.S. banknotes and coins, making payments to and accepting deposits from financial institutions that have included several central banks throughout Latin America and the Caribbean. In 2014, the Miami Branch provided cash services to more than 40 countries in the region, including the dollarized nations of Panama, Ecuador, and El Salvador. International cash services comprise half of the Miami Branch's total cash activity.

In January, Miami International Cash, in collaboration with the New York Fed's Central Bank and International Account Services (CBIAS), hosted several market intelligence conference calls with the central banks of Ecuador and Panama, as well as De Nederlandsche Bank, which services the Dutch Antilles Islands. The new quarterly initiative engages central bank cash operations officials in operational, customer service, and

market intelligence dialogue. The initial calls were well received and will serve as a benchmark for future outreach calls.

Miami International Cash participated in several outreach activities, including hosting an international delegation from Ecuador. For the third year in a row, the Miami Branch of the Federal Reserve Bank of Atlanta hosted delegates of the Cash Cycle Seminar, formerly ICCOS Americas. Representatives from more than 70 countries attended, including vendors, armored carriers, and commercial and central bankers.

### **Developing effective national and regional consolidated supervision best practices**

In 2014, the Atlanta Fed's International Supervision/Country Risk & Foreign Banking Organization (FBO) Analysis staff participated in two supervisory colleges for global foreign banking organizations with a significant presence in the Sixth District. The colleges were organized by the home country supervisors of

## International Supervision Outreach

International Supervision continues to play a key role in coordinating Americas Center outreach events geared toward the interests of our international and foreign banking organization constituents located in South Florida. On October 7, 2014, International Supervision, in conjunction with the Florida International Bankers Association, hosted a morning outreach forum at the Miami Branch on two current topics of interest to FIBA's membership: South Florida International Economy and the Latin America Outlook, and Implementation of the Enhanced Prudential Standards—Section 165 of the Dodd Frank Act (DFA). The event was well attended by FIBA's membership, largely consisting of foreign bank representatives with a U.S. operations presence in Miami. ■

the countries of Spain and Brazil. The staff also visited Chile to meet with various head office FBOs and supervisory/regulatory counterparts. These colleges and visits continue to support International Supervision's core responsibilities under the Foreign Bank Supervision Program and evolving Dodd-Frank Act implementation in the United States. Of particular note, the Bank of Spain's supervisory college included representatives from the newly cre-

ated supervisory regime, the Single Supervisory Mechanism, under the auspices of the European Central Bank. A major objective of supervisory colleges is to improve communication among host supervisors from countries where global banks have a presence.

International and FBO supervision staff also hosted a meeting at the Miami Branch with the visiting examination team from the Banking Superintendency of Peru. These ongoing opportunities to meet with supervisory counterparts continue to support the Americas Center's mission to build solid working relationships across the region and get a more in-depth understanding of home country supervisory programs and evolving risks and trends.

International Supervision once again supported the Federal Reserve System's global foreign technical assistance initiatives in 2014. Atlanta Fed supervision staff, representing diverse areas of technical expertise, served as instructors at programs hosted by foreign regulatory agencies and multilateral organizations held in Peru, Mexico, Panama, the British Virgin Islands, and Thailand.

Last year marked the 17th consecutive year that George Holguin, International Supervision and Regulation country manager/senior examiner, participated as an instructor at the Bank Analysis and Examination School in Lima, Peru. This one-week school is part of a three-month course for Peruvian graduate





Dennis Lockhart moderating a discussion among the ambassadors from the Visegrad Group countries at a World Affairs Council of Atlanta event

students and bank examiners from throughout the Americas. The course is organized by the Peruvian Banking Superintendency and sponsored by the Association of Supervisors of Banks of the Americas located in Mexico City. The class, taught in Spanish, included students from Peru, Argentina, Guatemala, Nicaragua, Costa Rica, Honduras, Bolivia, Chile, Colombia, Uruguay, Paraguay, Ecuador, El Salvador, and Haiti. Domestically, Atlanta Fed supervision staff also served as instructors at schools held in Washington, D.C., and San Francisco for examination staff representing various foreign regulatory agencies from around the world.

### **Leadership in supporting international payments**

The Retail Payments Office (RPO) continued its role in providing international payment services in the Americas and other jurisdictions. The Federal Reserve's FedGlobal ACH services currently reach 35 countries, including 13 in

the Americas. In 2014, the RPO participated in a number of outreach efforts in partnership with various Latin American entities.

The RPO partnered with the Central Bank of Mexico, the Institute for Mexicans Abroad, NACHA, and U.S. regional payments associations to increase awareness and promote the FedGlobal ACH offerings, including the Directo a México services. The RPO also collaborated with the Mexican Ministry of Foreign Affairs to facilitate banking opportunities for underbanked and underserved communities.

In February, RPO staff, along with Federal Reserve Financial Services sales staff from the Seventh District, partnered with the Chicago Mexican Consulate in hosting a FedGlobal ACH user group forum. In March, RPO staff participated in the Mexican Financial Education week hosted by the Mexican Consulate in New York. Ambassador Sandra Fuentes of the New York Consulate of Mexico, leaders from

## Spanish and Portuguese Translations Catch On

The Americas Center seeks to reach audiences throughout the hemisphere through its many translations of original Atlanta Fed content that are featured on its website. In fact, each year, the most widely viewed *EconSouth* magazine articles are those translated into Spanish and Portuguese. The most popular article for the past several years is a Portuguese translation of an article on China's economic growth. The Americas Center site also features translations of supervisory documents and blog posts on international payments. The Americas Center website also features podcasts in both English and Spanish. ■

the Institute for Mexicans Abroad, and the Office for the Defense of Consumers spoke on financial inclusion and praised the FedGlobal ACH Directo a México service as a cross-border remittance offering aiding in the facilitation of financial inclusion for Mexican migrants.

In May, an RPO staff member moderated a panel at the SWIFT Latin American Regional Conference in Mexico City. The session was on regional payment Infrastructure in the Western hemisphere, with panel participants representing CEMLA and the Central Bank of Mexico.

## Building a better understanding of the economy

In November and December, the Americas Center hosted three workshops devoted to understanding new research on a range of economic topics. In the Hispanic Economic Issues meeting, cohosted with the American Society of Hispanic Economists, economists explored a range of innovative new research on a broad set of economic issues important not only to Hispanic populations in the United States, but also to the nation as a whole. Highlights included Luisa Blanco's presentation of her coauthored paper "Access to Financial Services and the Well Being of Middle-Aged and Older African Americans and Hispanics," and Tiffany Green's coauthored paper "Impact of Medicaid Policy Environment on Prenatal Care Utilization and Birth Outcomes among Immigrants." The keynote speaker was Mark Hugo Lopez, the director of Hispanic research at the Pew Research Center, who spoke about emerging trends in the Hispanic community.

In the Workshop on International Economics, cosponsored with New York University, economists presented leading-edge research on monetary policy, sovereign debt, and firms in the open economy. Highlights include the papers "The Growth of Emerging Economies and Global Macroeconomic Stability" by Vincenzo Quadri and "Firm-to-Firm Trade: Imports, Exports, and the Labor Market,"







Fulton County Chairman John Eaves, World Affairs Council Executive Vice President Cedric Suzman, and Stephen Kay at a Brazilian American Chamber of Commerce panel on Brazil's economy

presented by Jonathan Eaton. At the Southeastern International Development Economics workshop, cosponsored with the Georgia Institute of Technology's Economics Department, economists from regional universities presented new research on a range of topics related to economic development. Highlights included "A Bridge to (In)Equality: The Distributional Effects of Investing in Infrastructure," by John Gibson and Felix Rioja, and a keynote speech on economic developments in Central and Eastern Europe by former Atlanta Fed Research director Sheila Tschinkel.

Throughout the year, Atlanta Fed economists developed new research on a range of topics related to the Americas, including immigration, remittances, and pensions. Stephen Kay coauthored two articles with Milko Matijascic on pension reform and social policy in Brazil that were published in the *International Social Security Review*. Federico Mandelman presented "Labor Market Polarization and International

Macroeconomic Dynamics" at the ITAM-University of Pennsylvania Macro Meetings in Mexico City and "Offshoring, Low-Skilled Immigration, and Labor Market Polarization" at the NBER Summer Institute in Boston.

**Dissertation internship program**

Each year, the Americas Center invites doctoral candidates who are writing dissertations in the field of economics to apply for a summer dissertation internship. Typical dissertation topics directly relate to economics in Latin America and the Caribbean. The students are expected to make significant progress on their dissertation during their stay, and are asked to make two presentations of their research and be available for consultation with staff. In 2014, Pablo Cuba of the University of Maryland was selected. Pablo's dissertation is titled "The Effect of the ZLB on Investment Dynamics during the Great Recession." ■



# AMERICAS CENTER ANNUAL REVIEW STRUCTURE

## **Americas Center Director**

Stephen J. Kay  
Senior Economist  
Research Department

## **Liaisons**

Laurel Graefe  
Director, Regional Economic  
Information Network  
Research Department

George Holguin  
Country Manager/Senior FBO Analyst  
International Banking Supervision

Nancy Jaimes  
Director, Country Risk and FBO Analysis Unit  
International Banking Supervision  
Miami Branch

David Jimenez  
FBO Analyst  
International Banking Supervision  
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Jorge Jimenez  
RPO Product Development Director  
FedGlobal ACH

Sandy Juárez  
Director, Project Management  
District Cash Function Office  
Operations and Administrative Services  
New Orleans Branch

Roxana Maneiro  
Country Manager/Sr. FBO Analyst  
International Banking Supervision  
Miami Branch

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Office of Minority and Women Inclusion

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Public Affairs

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Vice President and Senior Economist  
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Molly Willison  
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