

CRISIS FALLOUT FELT IN NEW YORK - K&L GATE

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Xavier Ruiz

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New York remains a favoured destination for banking, insurance and finance companies heading to the US, the recent financial upheaval in Spain is being closely followed including a large number of leading Iberian institutions, says Xavier Ruiz, Partner with K&L Gates in the city.

Sabadell is among the latest arrivals in Manhattan, following a trend by banks including Santander and BBVA, which have both built strong investment banking operations, and with reports of further Iberian openings likely to include CaixaBank.

"The perception among the international finance community is that New York is a focal point for any serious player wanting to develop a credible US and even regional presence operation," says Ruiz. "It is where the leading talent, know-how and corporate clients are all located."

New York's regulatory environment is also perceived as more finance institution-friendly than elsewhere in the US, says Ruiz, albeit the "Made in Spain" brand is not what it once was and Iberian

operators may now attract greater scrutiny by local banking authorities. The recent closure of Banesto's local operation, for example, is recognised as a prelude to the bank's absorption by Santander.

"We have seen the consolidation process experienced in Spain replicated in Manhattan and Miami with some local operations slimmed down, absorbed by other banks or closed; but for any operators the local banking regulators want to ensure solvency and that their capital and anti-money laundering protections are in place."

A growing number of wealth management and corporate finance institutions are now entering the US, including the leading Andorran banks, but such a focus means that not all are placing a sole emphasis on New York.

"Most foreign entrants have the goal of building a domestic clientele, but a number of boutiques targeting wealthy Latin Americans see Miami as a major centre," he says. So while New York remains the major draw for most major financial institutions, their private banking divisions may, however, be located in other centres.