

Florida bankers CEO to advise Export-Import Bank of US

By ERO PARTSAKOULAKI

Florida Bankers Association President and CEO Alex Sanchez has been appointed to serve as a member of the Advisory Committee for the Export-Import Bank of the United States (EXIM). He is one of 17 committee members who represent areas of business, commerce, production, agriculture and labor.

His appointment will assist in promoting Florida's exporting and importing interests as a state heavily involved in such activities. Florida's exports were worth \$57.237 billion in 2018, accounting for 3.4% of the nation's total exporting activity based on US Census data. The state's top three exported commodities are civilian aircrafts and engines, phones for both cellular and wireless networks, and gold. Florida's imports were worth \$80.582 billion in 2018, accounting for 3.2% of the US total imports, according to census data. Vehicles rank first, followed by phones and gold.

Mr. Sanchez told Miami Today that as a member of EXIM's Advisory Committee he will promote the interests of Florida



The appointment of Alex Sanchez is expected to promote the state's exporting and importing interests.

to help both the EXIM Bank and the state benefit from the bank's great work.

"I am very honored and humbled by this appointment," Mr. Sanchez said. "I am proud to represent the third largest state in our country, the great state

of Florida, where the EXIM Bank plays a very important, particularly in South Florida and in Miami."

The EXIM Advisory Committee, as required by Congress, advises EXIM on its programs and in particular on the extent

to which the agency provides competitive financing to support American jobs through exports. The committee, made up of individuals from throughout the US, will be chaired by Stevan Pearce, a small business owner and former member of the US

House of Representatives and the New Mexico House.

The committee's first meeting will be in September, Mr. Sanchez said.

"I look forward to that and I will try to make sure that EXIM bank is strong in Florida," he said. "We have many ports, many airports to import and export from, many small companies who use the bank. Many of our banks [Florida Bankers Association members] use EXIM to help their customers out, so it plays a vital role in South Florida and Miami and I'm going to do everything I can to be an advocate in that regard."

US exports lead to the creation of more American jobs and a robust EXIM can level the global playing field for US exporters and support free and fair trade globally and in the US, Mr. Sanchez said. "Obviously, we want to compete on a level playing field by having free and fair-trade agreements around the world, and the more South Florida and Miami companies export, the more jobs are created, benefitting families, the state, the city of Miami and Miami-Dade County."

County's delinquent accounts nearly double over three years

Miami-Dade County is owed more than \$69 million just in accounts totaling more than \$2,500 that are more than 90 days past due, according to a new report from Mayor Carlos Giménez.

The report, which is through March 31, shows far higher delinquency levels than in recent quarterly past-due reports that the mayor has issued. The figure in the first quarter report in 2016 was \$36 million delinquent.

The largest single category of delinquencies is in the Public Housing and Community Development sector, where the total was just under \$18.3 million. The figure for that department in the 2016 report was

\$8.1 million more than 90 days delinquent. Those accounts, the report says, are either second mortgage assistance loans where the first mortgage lender foreclosed, entities that received economic development loans and no longer exist, or are participants in federal Section 8 housing program who cannot be located.

The second-largest category of delinquencies is more than \$16.6 million in accounts of \$2,500 or more owed to Fire Rescue. Those are all charges for transportation, special events, and life safety inspections.

The \$12.8 million in delinquencies owed to the Water and Sewer operations

is virtually the same as the level in the 2016 report. Those accounts are from retail, wholesale and other government jurisdictions. "The department works with the customers to establish payment arrangements in an effort to not negatively affect the provision of public services and only after all collection efforts are exhausted will it turn off the service," the report from the mayor said.

The fourth largest category of delinquencies is from the Aviation Department. The nearly \$11 million in delinquencies is up from \$10.5 million in the 2016 report. Those aviation receivables are made up of "bankruptcy proceedings,

payment plans and accounts under reconciliation and review with customer," the mayor's report said. The increase between the first and second quarters of this fiscal year, the report explained, "is mostly due to lease disputes that are under review with customers."

The next largest category of delinquencies is almost \$4.6 million in Transportation and Public Works. No other category was as large as \$1.5 million.

The report says county departments by order must transfer these unpaid balances to the Finance Department's Credit and Collections Section or to approved outside collection agencies after 90 days.

Foreign banks hit wave of mergers and acquisitions activity

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David Schwartz said, "We saw one bank with a new license, which we haven't seen in probably 12 years."

Despite the hindrance of regulatory compliance costs and national changes crunching international banking, South Florida and Miami in particular have seen merger and acquisition activity over the last few years, according to President and CEO of the Florida International Bankers Association David Schwartz.

"We saw one bank with a new license, which we haven't seen in probably 12 years," said Mr. Schwartz. "That was a very good sign, and we've also seen merger and acquisition activity with foreign banks purchasing community banks in South Florida."

BAC Florida Bank was purchased by the Brazilian Banco Bradesco in May, and among several acquisitions Chilean bank BCI bought TotalBank in June 2018 after having already purchased City National Bank of Florida. Later in 2018, Spanish bank Abanca, based in Galicia, received approval to launch a branch in Miami, on Brickell, in October.

"The interest is definitely there," said Mr. Schwartz. "South Florida is considered an international banking hub, and with our connection to Latin America the interest is still great".

The 2008 economic crisis had of course an impact in the international banking market,

according to Mr. Schwartz, as it was not just limited to the region. However, it was only part of the reason for the decrease seen over the years in the number of foreign banks in South Florida.

"Much of that has to do with regulation, as the cost of compliance continues to be very high," Mr. Schwartz said. "Compliance and the risk assessment sectors of banks are cost centers, not profit centers, and so it's just become very expensive to conduct certain lines of business."

The very high cost of compliance in maintaining a significant foreign customer base is one of the reasons international banks often leave the market, particularly banks that were very active in private banking and wealth management.

There's been some regulatory reform both at the state and federal level but, according to Mr. Schwartz, there hasn't been a decrease in regulation, which has become more complex.

The US policy toward Venezuela and the sanctions that are being imposed on the country are a perfect example of how international changes may complicate banks' activity when processing transactions related to the country.

"You have to dedicate human resources, which means time, and there's a cost," said Mr. Schwartz.

To promote regulatory reforms, the international bankers group, called FIBA, partnered with the Florida Office of Financial Regulation to streamline some of the processes for banking licensing.

"We've cut down on some of the requirements on some of the timeframes that are required to try to encourage banks to come here to South Florida," Mr. Schwartz said. "That was an important step where we were able to partner with the actual regulator and help reform the international banking act for Florida and make it more competitive."

Miami, as a melting pot of cultures, particularly from all over the region of Latin America, remains a very important hub for business between the US and Latin America. Much of the trade between the US and Latin America comes through South Florida, where many multinational companies have their Latin American headquarters. People come to the city and do business with people from their own culture, who speak their own language, which remains one of the city's greater advantage, according to Mr. Schwartz.

Regulatory compliance may still be a challenge for banks and an important cost that they have to analyze, but FIBA is overall seeing a pickup in international banks' interest in establishing relations with Miami.