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Petrou Lays Out Next-Gen Strategy for Foreign Banks in U.S.

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CONTACT: Tish Thomas (202) 589-0880

WASHINGTON, D.C. March 2, 2014 -- Karen Petrou, managing partner of Federal Financial Analytics, today [addressed](#) the Institute of International Bankers on ways foreign banking organizations in the U.S. can successfully adapt to the current, challenging environment and even expand their U.S. activities. Many foreign banks are considering significant reductions in their U.S. operations, fearful of the current enforcement framework. However, Ms. Petrou said that, “Foreign banks should take this high-risk regime as a given and then determine which activities are not only still viable, but also profitable in the U.S.” There are, she said, many remaining opportunities that advance the bank’s goals and increase competition in the U.S.

The key to expanding in the U.S. is, she said, disciplined, forward-looking analysis across each major business line and on a consolidated basis identifying where policy drivers like all the new rules do not adversely affect long-term return. Several foreign banks are in fact expanding in the U.S., especially in asset and wealth management. Policy drivers are particularly critical here, Ms. Petrou advises, because of

significant work under way in the U.S. that could limit the ability of banks to link these services with many others.

The U.S. is, she said, a market in which policy-driver analytics are particularly critical because non-banks play a far larger role in the financial system here than in any other major financial center. She concludes, “It’s easy to hunker down, keep to business as once it was, and try to out-compete on the basis of price or risk-tolerance, not careful analytics that spot emerging opportunities and dodge coming risk. But, the easy course is, I fear, the losing one.” Ms. Petrou’s speech may be found at

http://fedfin.com/images/stories/press_center/speeches/How%20FBOs%20Can%20Still%20Do%20Well%20In%20the%20U%20S%20-%20IIB%20Remarks_speech.pdf

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