



Federal Financial Analytics, Inc.

Petrou Parses Strategic Challenges for Foreign Banks

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Washington, DC - In a speech today before the Institute of International bankers, the managing partner of Federal Financial Analytics, Karen Shaw Petrou, laid out the regulatory framework facing foreign banks seeking to do business in the U.S. Reflecting industry fears, she pointed to the challenges posed by a pending Federal Reserve rule, as well as to several other U.S. standards that many fear will spark new rounds of protectionism and retaliation. Petrou does note some recent foreign-bank developments that rightly worry the FRB, and she urges foreign banks to take these into account as they craft a balanced response to U.S. regulators that reflects prudential concerns, as well as market-access fears.

“There is one strategic conclusion I think common across your sector,” Petrou said. “It’s the rules are so substantive that victory will go to the bank with the courage to adopt a first-mover strategy. “The talk details complexities – e.g., new capital, liquidity and line-of-business standards – but argues that bank analysis can often be so process-driven that strategic risks and opportunities are overlooked until first-mover advantage is sacrificed to more adroit competitors. “Tough rules and profitable banking aren’t mutually exclusive,” she concluded.

The text of Petrou's prepared remarks is attached. Please reply by return e-mail or call 202-589-0880 for additional comment or to direct questions to Ms. Petrou.

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