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Citigroup In...

### Mexico

With its \$12.5 billion acquisition of Banamex, Citi now controls 18% of the country's loans and 20% of its deposits; it also has a 30% share of credit card business. Mexico kicked in \$1.7 billion in profits last year.

To keep the pesos flowing, Citi is reaching further down the economic ladder to lower-income workers. In thinly populated and poorer areas, where it can't justify the cost of opening and running a branch, Citi has cut deals with 550 convenience stores and pharmacies to hang up Banamex signs and offer basic banking services. Last year it launched a credit card to people earning as little as \$500 per annum. Another new product: a binational credit card issued in twos--one for Mexicans living in the U.S., who are responsible for payments, and one for their relatives back home. It's a way for Citi to get a piece of the lucrative remittances market and introduce those **without bank accounts to banking.**

One dark cloud: The constant threat of Mexico's central bank cutting banking fees. Regulatory crackdowns elsewhere have hurt Citi. When Japan cut the top interest rate charged by personal loan shops from 40% to 29% and then eased bankruptcy laws, Citi had to shutter many loan shops. Colombia has capped interest rates. And in Brazil Citi, whose charges are below market rates, is hunkering down for a possible crackdown.