Area’s loss from Barclays pullout put at $105 million a year

BY FRANK NORTON

Barclays Bank’s March announcement that it would pull the bulk of its Latin America operations out of Miami sent small ripples throughout the city's job and office leasing markets, but none to the tune of $105 million. That figure is a new estimate by a state banking expert in an effort to quantify Barclays Bank’s annual economic contribution to the area as of December 2001.

More importantly, it puts the specter of additional bank pullouts from this region to others in the context of how much money they are actually contributing here – particularly as many banks re-evaluate the cost of doing business in Miami due to weaker global momentum.

"The economic impact of a firm’s presence goes well beyond just rent and payroll expenses," says E.N. Roussakis, chairman of the Florida International Bankers Association.

"You have to consider the various effects it will have in terms of payroll, rent, visitation by clients, use of local services and other expenses," said Dr. Roussakis, a department chairman in the College of Business at Florida International University.

The model Dr. Roussakis said he used to roughly estimate Barclays’ contribution to Miami was taken from a study that he conducted two years ago, "International Banking & its Economic Impact for Florida." It was commissioned by the Florida International Bankers Association.

Applied to Barclays, the multiplier-effect model estimates the firm’s local economic contribution by adding up expense items listed on the income statement and multiplying the sum by 3.125 – the Roussakis’ multiplier for roughly calculating secondary income ripples generated by a firm’s presence.

Barclays Bank, which locally had amassed more than $6 billion in assets as of March, will complete the transfer of its investment banking division, Barclays Capital, from Miami to Manhattan by the end of August. The company will downsize its Miami staff by 90%, maintaining here only its trade finance and treasury divisions, a company spokesperson in New York said.

As for the future of international banking in Miami, Dr. Roussakis and other analysts said the short-term look is bleak, though in the long-term Miami is still the best financial center for servicing Latin America.

"Now is the phase of re-trenchment," Dr. Roussakis said, "before business in Miami again picks up international momentum."