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In London and Berlin, “expats” join embassies as a growing market for Riggs’ international services

Imagine that your U.S. employer has assigned you to the London office for a few years. Your paycheck is in dollars, but you need British pounds to pay for local expenses. And you still have financial obligations to take care of at home – perhaps a child’s college tuition, a mortgage, taxes.

Let’s complicate the picture even more. You’re a diplomat at a foreign embassy in Berlin, with a paycheck in Swiss francs. But you need euros to pay your local bills, and you want an account in U.S. dollars for extra security.

For some expatriates and embassy employees, these scenarios mean dealing with multiple banks in different countries to transfer funds from one account to another – a juggling act that makes money management back home look like child’s play.

But for customers of Riggs Bank Europe, Ltd., banking is a piece of tea cake – or strudel, if you prefer. They can deposit their pay at Riggs’ London or Berlin branches, transfer funds anytime from a dollar account to a local currency account, and write checks or draw out cash in that currency. When they visit Stateside or need to pay U.S. bills, they simply write checks on the dollar-denominated account.

“One of our biggest advantages is that we can offer U.S. dollar services through Riggs in Washington,” explains Geri Schweider, head of International Embassy and Expatriate Banking. “Other than that, we offer virtually all the accounts and services available in our U.S. branches, as well as letters of credit, foreign exchange, and other international services.”

It's a market that's completely in sync with Riggs' commitment to high-value customers. "We've been told by diplomats that countries send their best and brightest to Washington," says Ray Lund, head of Riggs International Banking. "For English-speaking diplomats, the next most important location is London. And Berlin is becoming a significant center of political influence for Europe."

As for expatriate employees, Lund adds, "In most companies of size, I believe that the truly effective leaders will have spent some time in an expatriate role. Experience abroad will become as essential as an MBA." Noting the many D.C.-area law firms, defense contractors, and government agencies doing business in the U.K., he says, "We're very well positioned to serve individuals or institutions that have a presence both in Washington and London."

International embassy banking sprang from Riggs' success in Washington, where we serve 95% of foreign embassies. "An introduction from a nation's Washington-based embassy can open the door for us in London or Berlin," Schweider says, "but each embassy decides where it's going to bank." The process typically starts with opening individual Riggs accounts for embassy employees. After trust is established, the embassy often expands the relationship to include its official business.

With the increasing globalization of American business, expatriate banking has also become a major focus for Riggs. Schweider notes, "It's a very lucrative market – typically people who are building wealth or are already wealthy, such as investment bankers, accountants, and managing directors of law firms." Anticipating that these expatriates will remain good customers when they return home, Private Banking provides referrals from Washington firms who are sending people abroad. "In many ways," Lund says, "what we're doing in London and Berlin helps protect and strengthen our Washington business."

How did we get there from here?

Riggs' international expansion began in 1988 with the purchase of a branch near the U.S. Embassy. Originally open for walk-in business, this branch is now exclusively devoted to banking services for the embassy.

In 1997, Riggs opened the St. James's branch near a concentration of foreign embassies. Competitors have been at a disadvantage. "There aren't really any other banks in London specializing in embassy business," Schweider says.

After five years, the embassies of 55 countries bank with Riggs, an estimated 45% of the market.

The U.S. embassy was Riggs' lead client when Riggs opened its Berlin branch in 1999, following the relocation of Germany's capital from Bonn. Modeled after the St. James's branch, Riggs' office is located just outside the fabled Brandenburg Gate, long a symbol of Berlin's postwar split into East and West. In fact, the U.S., which had an embassy on each side of the Berlin Wall, is just now consolidating to a single location. "It's a sea of cranes out there," Schweider says of the area where other nations' embassies are sprouting up.

Riggs is still in the process of establishing brand recognition in Berlin, a more competitive embassy banking market than London, says Schweider. In two years, Riggs has established 15 embassy relationships, about a 13% market share, as well as serving 100% of the U.S. embassy staff through personal accounts. She adds, however, that local banks can't offer the expertise or the service levels that Riggs does. "They don't understand American pay packages – the fact that compensation may include a housing allowance, for example. We have a tremendous advantage in knowing how all that works. And no matter what currency a company pays its employees in, we can do the payroll services for them."

So what's next for Riggs Bank Europe? One initiative is a focus on African embassies, aided by the recent hiring of a Swahili-speaking account officer. Schweider and her staff plan to introduce cash management services later in the year, and are studying the feasibility of offering insurance services to expatriates. Riggs also contemplates branching out into other embassy-rich quarters of London, such as South Kensington and Cavendish Square.

As for expanding into other countries, "We're quite content and happy with what we've built," Lund says. However, he and Schweider don't rule out expanding to other European capitals with an embassy presence similar to that of London and Berlin.

In the meantime, Riggs Europe isn't resting on its laurels. "Everybody is working hard to take our business away," Lund points out. "But we always want to be out in front, with others chasing."

He adds, "As I see it, our size is an advantage that none of the others have. Ambassadors like to be able to say, 'I know the chairman of Riggs; I've been to the bank; the CEO comes to see me from time to time.' We have a very

high profile in the embassy banking community. None of our competitors can say that.”

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Riggs Bank Europe’s 3 competitive strengths.

1. Simple movement of money. If you want to move money from your account at a competitive bank in the U.S. to your account at the same bank abroad, it means a wire transfer, with a fee. But if you walk into Riggs’ London or Berlin branch, the teller or CSR can call up your dollar account and initiate a 24-hour transfer of funds into your local currency account, with no wire fee. “Affluent people don’t want to be nickel-and-dimed with fees,” says Ray Lund. “This is a simple thing we do that our clients really value.”

2. Specialized services. Buying a residence in Britain can be difficult for expatriates. Any down payment brought into the country is taxed, while local lenders shy away from borrowers with no European credit record.

Through our access to U.S. credit reports, Riggs is able to approve expatriate borrowers for mortgages and other types of loans. Last year, we introduced a unique mortgage that allows expatriates to buy a foreign residence without bringing money into the U.K. “We couldn’t be more pleased with the growing pipeline of [mortgage] business we’re seeing,” Lund says.

3. A focus on pleasing the customer. If you’re an American expatriate, forget about dropping by your local Barclays or Deutsche Bank branch on your lunch hour to open an account. They’ll probably turn you away.

“The service quality that’s standard to us is not standard over here,” observes Geri Schweider, who moved from Washington to London in 1998. “You’re required to have an introduction to the bank through your company.” She adds with a laugh, “Riggs had to write a letter vouching for me before I could even get a telephone.”

Seeing an opportunity in this restrictive approach to serving customers, Schweider has actively fostered a high level of service in our overseas branches. People are noticing. “Opening a bank account at one of the British banks is a nightmare,” lamented one foreign diplomat in a survey reported in the November/December *London Diplomat*. “Only Riggs Bank provided outstanding service.”

“We were very pleased to see that,” says Schweider.
“To us, that’s what embassy banking is all about.”
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Sprechen Sie banking?

All Riggs employees at the St. James’s (London) and Berlin offices speak at least two languages. Many know four or five. “To penetrate this market, we do have to be able to speak the languages,” says Geri Schweider, head of International Embassy and Expatriate Banking.

So if you’re thinking of transferring your expertise to one of these polyglot spots, remember: you can’t just walk the walk. You also have to talk the talk.

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