

By Ken Parks

(Bloomberg) -- Switzerland's Banque Heritage SA wants to expand its private-banking operations in Uruguay by capturing a portion of the billions of dollars held by wealthy Uruguayans at home and abroad. Elections in Argentina might also spur more investors there to seek a safe haven in Uruguay, though it's difficult to know just how much money might arrive, said Graciela Reybaud, chief executive officer of the Swiss firm's bank in Uruguay.

"We are going to continue capturing Argentine clients, but our focus is basically resident clients," Reybaud said in an interview at the bank's local headquarters in Montevideo's old city.

Reybaud wants to add as many as 1,200 new corporate and private-banking clients. The goal is to lift deposits and assets under management to as much as \$820 million by the end of 2021 from about \$600 million now, she said. Uruguayan companies and individuals held more than \$17 billion in offshore deposits, financial assets and loans in the first quarter, according to data compiled by the Central Bank of Uruguay and the Bank of International Settlements. Offshore money is starting to crop up on the radar of local politicians.

In an interview with Radiomundo 1170 am, former President Jose Mujica said Uruguay should create incentives to invest that money at home in the real economy.

The proliferation of stricter financial regulations worldwide has diminished the benefits of keeping money parked abroad, Reybaud said.

Going Local

Wealth managers such as Banque Heritage and locally owned Nobilis Corredor de Bolsa SA have focused on Uruguayan clients to survive the decline in the country's once storied offshore banking industry. Reybaud thinks her bank's growth plan will dilute the weighting of foreign clients to about 20% from about 90% when she took over as CEO in 2010.

Uruguay's move to tighten oversight of a financial system that for generations catered to rich Latin Americans and cost cutting in the global wealth-management industry led international firms such as Raymond James Financial Inc. and Credit Suisse Group AG to leave in recent years. Foreigners, mainly Argentines, now own just 9% of deposits in the banking system, down from 41% right before a devastating financial crisis crushed banks in Argentina and Uruguay in 2002.

Even so, Argentines and Brazilians will continue to keep some of their wealth in Uruguay thanks to the country's stability and for geographic diversification, Reybaud said.

