uncertain global conditions that affected its operations. However, it will keep its wholesale banking unit and global shared services operations in the country.

John Paolo R. Rivera, Asian Institute of Management economist, said that foreign retail banks exiting the country is most likely a strategic decision.

"There are more productive (profit-generating) ventures that these banks can take using the resources allocated for Philippine operations by simply leaving. These ventures can cover the costs of leaving and its accompanying opportunity costs," Mr. Rivera said in an e-mail.

These exits mean less competition, more mergers and acquisition of operations, change in user experience for clients who are left behind and who choose to stay, he said.

"There will be less exposure of the Philippine banking sector to changes in foreign banks downside risks, more transactions and opportunities for market growth for locally based banks," Mr. Rivera said.

UNIONBANK BUYS CITI'S RETAIL ARM

The global banking giant came to an agreement to sell its consumer banking arm to UnionBank of the Philippines. The acquisition will cover Citi's local credit card, unsecured lending, deposit, and investment businesses, as well as Citicorp Financial Services and Insurance Brokerage Philippines, Inc.

The Philippine Competition Commission approved the P55-billion takeover in April this year, while the Bangko Sentral ng Pilipinas gave its green light in July.

Beginning Aug. 1, Citi said that it successfully completed its sale of its consumer business to UnionBank.

This transaction is expected to result in capital benefit of approximately $700 million for Citi.

The largest foreign bank in the Philippines, Citi has set up its bank in the country way back in 1902. Its corporate and investment banking platform helped propel growth for institutional clients in the country and across the globe.

Citi is recognized as the pioneer in business process outsourcing (BPO), providing customer sales and service, and other client-based support services to various Citi operations.

"We now rank in the top three in terms of credit card spending or usage. More importantly, it has provided us with one of the most diversified loan portfolios in the banking industry," UnionBank of the Philippines Senior Vice-President and Head of Corporate Planning and Investor Relations Carlo I. Eñanosa said in an e-mail.

Consumer-to-total loans portfolio of the bank increased to 49%, more than double the industry average, he said. Mr. Eñanosa added that the acquired consumer portfolio is very profitable and further improves our net interest margin.

"We will also increase our retail customer base by almost one million new-to-bank customers, which are mostly in the middle- to upper-income segment and expect to generate additional value from the synergies across the merged consumer business," Mr. Eñanosa said.

He also highlighted that this meant continuity of business operations and deeper leadership bench within the organization.