



# American University

## Treasury Symposium

Expanding Into Emerging Markets:  
A Higher Ed Perspective

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January 25-28, 2009



Treasury Institute  
for Higher Education

# About AU

- ◆ A private University Chartered by Act of Congress in 1893 located in Washington, DC
- ◆ Enrollment of about 11,000 students
- ◆ A Global Flavor: 10% are International Students
- ◆ A unique niche: Both foreign and native-born students drawn by location in the Nation's Capital
- ◆ Focus on careers in politics, government
- ◆ 60% of all AU students have a study abroad experience during their tenure

# Study Abroad Programs

- A University with a Global Reach
- Over 100 programs in 30 countries, including most world capitals
- Includes programs in emerging markets such as Africa (several), Brazil, China, Cuba, India, and Russia

# General Treasury Challenges

- ◆ **Foreign Bank Accounts**
  - Legal Issues
    - Recognition as a legal entity in foreign countries arduous
  - University policy compliance issues
    - Assigning signatories
  - Oversight of numerous overseas account onerous
  
- ◆ **Managing Foreign Exchange Risk**
  - About \$3.2 million in FC transfers sent in 2008 to support Study Abroad and other University programs primarily in EUR & GBP
  - Hedge risk with forward contracts

# Challenges in Emerging Markets

- ◆ **Funding programs in developing markets presents greater risks**
  - Geopolitical issues/Economic instability
    - AU Center for Global Peace: A need for large quantities of cash in a volatile part of the world
  - Governmental constraints:
    - OFAC – AU Havana program
  - Inadequate Banking Infrastructure
  - Improperly applied or returned funds
  - Difficulties in tracing funds
  - Large cash transfers to overseas accounts
    - Anti-Money Laundering Legislation & Patriot Act considerations

# Solutions

- ◆ **Exchange Agreements**

- Fund and manage programs abroad by employing a legitimate US-based or home country-based 3<sup>rd</sup> party

- ◆ **Declining Balance Cards**

- Issued to AU personnel traveling internationally
- Limitations: limits on access to cash; credit constraints

# Looking Ahead: an Evolving Global Economy

## ◆ Identify & Mitigate Risk

- FX Exposure/Risk: hedge with forward contracts
- Continue to address Geopolitical & global banking infrastructure concerns

## ◆ Process Improvements

- Policies & Procedures
  - Update & document University policies/processes as our global reach continues to evolve

# Treasury Symposium 2009

## Questions?

