

A Spanish Bank Becomes a Billion-Dollar Benefactor for Latin American Campuses

Santander's investments in higher education have paid off in new customers, critics say

By **MARION LLOYD**

LAST MAY nearly 1,000 university presidents from Latin America, Spain, and Portugal gathered in Mexico to discuss how to further collaboration across countries. The event might never have happened if it weren't for the deep pockets of its corporate sponsor, the Spanish bank Santander.

Over the past 15 years, Santander has invested more than \$1-billion in promoting internationalization among Ibero-American universities, and more recently, with their counterparts in Britain, China, Russia, Germany, Singapore, and the United States. The bank has pledged another 600 million euros (\$872-million) between 2011 and 2015 through its flagship corporate-responsibility program, Santander Universidades, which is Spanish for Santander Universities.

The program is by far the largest philanthropic investment in higher education in Latin America. It includes thousands of grants each year to promote student and faculty ex-

changes, a regional university-news Web site, several academic journals, academic and cultural events—and even a student job-placement service.

Higher-education experts credit the bank's longtime president, Emilio Botín, with seizing on universities in Spain and Latin America as a largely untapped sector for corporate philanthropy. Since launching Santander Universidades in 1996, Mr. Botín has personally overseen the program, elevating it to the status of a global bank division in 2006.

Such corporate largess does not come for free, however. Both critics and supporters agree that behind Santander's investment in higher education is an unabashed strategy to capture millions of new clients within the upwardly mobile university community.

"What Santander understood really well is the possibility of generating new products and the very interesting option of generating clientele among students, because they will be permanent clients and will be future members of the middle- and up-



KEITH DANNEMILLER FOR THE CHRONICLE

Santander operates a bank branch on the campus of La Salle U., in Mexico City, one of hundreds of campus branches in Latin America that offer special services for students and faculty.

per-classes," said Roberto Rodríguez Gómez, a higher-education researcher at the National Autonomous University of Mexico, or UNAM. "They make legitimate donations to institutions with the understanding that 'you give me your money [to invest] and I give you a library or a computer lab.'"

He cites the more than 4.3 million electronic student ID's that the bank has subsidized at its partner institutions, which double as debit cards for Santander checking accounts. The bank also operates hundreds of branches on campuses throughout the region that offer special services for students and faculty. In recent years, it has started managing supplemental university pension funds for both private and public institutions, including between 30 and 50 agreements with universities in Mexico, said Alejandro Carriedo, director of Santander Universidades in the country.

For example, the public Autonomous University of Baja California signed an agreement with the bank in 2004 to invest a starting sum of \$6-million in retirement funds for university administrators and staff, according to a copy of the contract available online. The bank also provides low-interest loans for infrastructure projects and processes payroll accounts and student tuitions at some universities, Mr. Carriedo said.

Santander is not the only international bank focusing on the university market in Ibero-America. The Spanish bank BBVA handles payrolls for universities in the region, including UNAM, the region's largest institution of higher education, and manages pension funds, including one at the public University of Guadalajara. However, Santander may be unique in the sheer volume of services it offers to universities, both in terms of corporate donations

and in commercial services.

Bank officials say that the main goal of Santander Universidades is not to benefit the bank financially. But they are unapologetic about the potential economic payoffs of maintaining bilateral agreements with 933 universities worldwide.

"If the bank earns money down the road, that's great, but it's not the primary intention," said Arturo Cherbowski, executive director of Santander Universidades and director general of Universia, the online affiliate, in Mexico. The country was the second-largest recipient of Santander's student grants in Latin America with 1,660 grants—most of which, at the request of Mexican university presidents, went to students who wanted to spend a semester at a different university in Mexico.

Santander Universidad officials deny that there is a quid pro quo in their dealings with universities. They note that they provide grants and other donations to universities in countries where the bank does not have financial operations, such as in Bolivia and Ecuador.

University presidents in Mexico said that at no point did they feel pressured by Santander representatives to enter into financial arrangements with the bank.

"They try to enter into a commercial relationship," said José Morales Orozco, rector of the private Ibero-American University, in Mexico City. "But if the university says 'no, I'm not interested' or 'I can't,' that in no way prevents you from receiving all the benefits."

DEEP POCKETS, BROAD GOALS

Santander's involvement in higher education is both extensive and tailor-made for each university. In addition to handing out more than 13,000 grants to students and faculty members around the world last year, the bank has financed some 200

computer labs and 140 lecture series on four continents. It helps sponsor a master's program in international banking and finance at three universities—in Spain, Morocco, and Mexico City—and has plans to open a fourth program in Brazil.

Its Universia Web site serves as the main clearinghouse for university news in 23 countries in the region. Universia also publishes six peer-reviewed scholarly journals, operates the student job-placement service, and organizes events, including the meeting of university presidents in Guadalajara last year. In addition, it is a major sponsor of the OpenCourseWare Consortium, whose more than 100 university affiliates are working to make their classes freely available to the public online. Since the Massachusetts Institute of Technology began its pioneering OpenCourseWare project in 2001, Universia has translated more than 100 MIT courses into Spanish and Portuguese, as well as another 150 online courses for other universities.

The site is jointly owned by its more than 1,200 members, all Ibero-American universities who will benefit financially if Universia ever turns a profit. (So far, the bank has invested 170 million euros (\$247-million) in the site, and Santander officials expect the project to break even within several years.)

Santander also supports the Miguel de Cervantes Virtual Library, which provides free online access to 130,000 books in Spanish, primarily history and literature. The site was started in 1999 in conjunction with the University of Alicante, in Spain.

"I can assure you, there is no bank in the world that runs something comparable," said Jamil Han-nouche, director general of Santander Universidades in Brazil, which re-

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Santander's gifts have included support for a computer laboratory for visually impaired students at La Salle U., a private institution in Mexico City.

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ceives the largest share of Santander donations in Latin America.

In Brazil the bank created three separate divisions catering toward the federal, state, and private universities, with 355 branches on university campuses nationwide, Mr. Hanouche said. The strategy paid off; 500,000 of the country's 600,000 university professors and 1.4 million of the six million university students in Brazil have Santander accounts, he said.

In the United States, Santander Universidades began making inroads in 2007 through its partner, Sovereign Bank. It has since signed 16 agreements with some of the country's top universities, including Harvard, Yale, MIT and Brown. Examples of those partnerships include the Brown International Advanced

Research Institutes, which sponsor 200 visiting researchers a year from throughout the world, according to Santander officials. At Babson College, the bank finances programs for young entrepreneurs from Latin America.

UNTHINKABLE TO AGREEABLE

While corporate donations to universities are nothing new in United States, they are a novelty in Latin America, which has a proud tradition of free public higher education.

"Fifteen years ago in the Latin American context, this was totally unthinkable," said Francisco Marmolejo, executive director of the Consortium for North American Higher Education Collaboration, at the University of Arizona (and a *Chronicle* blogger).

He said that when Santander first



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Santander provides some campuses with student ID cards that double as ATM cards.

began its higher-education philanthropy in 1996, many faculty members and administrators were skeptical or even openly hostile to what they perceived as the private sector meddling in university affairs. "Now there isn't a university that doesn't say how great it is that we have scholarships from Santander," said Mr. Marmolejo, a former vice president for administration and finance at the private University of the Americas in Mexico City. "It's one of those organizations where you say, OK, you have two options, you criticize it or you live with it. My impression is that the majority have opted for the second course."

Indeed, presidents of public and private universities in Mexico said they saw no ethical conflict in accepting corporate donations from Santander.

"Do they have commercial goals? Of course," said Mario García Valdez, president of the public Autonomous University of San Luis Potosí. "I don't have any problem if the bank obviously wants a market, but it gives additional benefits to the users. It's a win-win situation."

In addition to providing 15 student mobility grants for his university, in north-central Mexico, the bank covered the \$500,000-cost of the electronic "smart" ID's for its 25,000 students, he said. The cards enable university officials to keep track of who is on campus—a key security measure amid the soaring drug violence plaguing the country.

Other recipients of Santander support praised the bank for its hands-off approach.

"Santander hasn't interfered in the least in our activities, and we are thankful for that," said Clara E. Lida, an Argentine historian at the prestigious College of Mexico, who coordinates a Santander-sponsored program that invites prominent scholars to lecture on the relationship between Spain and Mexico. "We wouldn't have accepted a situation of dependence that would have affected our intellectual freedom."

So why the change of heart among Latin American academics?

It's part timing, part savvy salesmanship on the part of Santander.

"We're very conscious of the issues," said Mr. Cherbowski, who holds a Ph.D. in political science from Yale. "The project has been very well received by the rectors, but there are always voices, particularly within the public universities, that say that this is the beginning of the privatization of the public university. We are very conscious and sensitive to those concerns and we respond with an emphatic 'no.'"

THE ONLY OPTION

With the exponential growth of private universities over the past two decades and dwindling public support for higher education, university administrators are increasingly forced to seek out alternative sources of money. Since most universities in the region lack endowments, corporate donors such as Santander are often the only option.

"Latin America has no capacity, they're desperate, they'll take whatever they can get," said Sheila Slaughter, a professor of higher education at the University of Georgia and author of the book *Academic Capitalism and the New Economy*.

She cautions that universities in the region are at risk of relying too heavily on Santander to manage their financial services. "I would think people might want to put some regulations and constraints on it, particularly considering the instability of financial institutions in this day and age," she said.

Mr. Rodríguez, the UNAM researcher, agreed. He noted that it is not new for Mexican universities, which generally lack their own pension plans, to turn either to the government or to a private bank to manage their funds. But, he argued, "it's not the same thing to have a national bank handling your finances as it

is to entrust them to a transnational bank like Santander."

Mr. Carriedo, the Santander Mexico official, dismissed such concerns, arguing that the financial sector in Mexico is well regulated and that the bank only handles additional pension funds as part of benefit packages. Under such agreements, he said, the universities themselves decide whether the bank can invest the money in the stock market and in other higher-risk areas.

After decades of state control over the financial sector, Mexico and other Latin American countries opened the way for international banks to set up operations in the 1990s. Santander and its Spanish rival BBVA were among the first to seize the opportunity, in many cases forging partnerships with local banks or buying them outright. However, Mr. Rodríguez says, Santander has been the most aggressive in pursuing the university market.

He said that behind the bank's support for internationalization was a long-term plan to become the main financial intermediary in an eventual Ibero-American higher-education space, in which the bank would serve as a clearinghouse for grant money from governments and universities in the region. In the absence of a regional governmental body to oversee the process—such as the European Commission—Latin American universities would be at the mercy of the bank's commercial strategies, he warned.

Santander officials deny they have such a goal in mind.

"Santander is committed to the creation of an Ibero-American knowledge space as part of its policy of social action," José Manuel Moreno Alegre, global director for corporate projects at Santander Universidades, wrote in an e-mail response from Spain. "There are no mercantile goals in this policy, but rather a practice of sustainable business development."

He and other officials cite the bank's awards for socially responsible student entrepreneurs. Among recipients were a group of engineering students from Mexico City, who won \$42,000 in seed money from Santander last year for their proposal to provide low-cost solar-powered lighting systems to poor, rural communities.

"It's incredibly important that there are businesses as big as Santander that have a vision for helping poor countries like Mexico progress through support of their young people," said Gerardo Ruiz de Teresa, a recent graduate of the private Ibero-American University in Mexico City and co-director of Ilumexico. Since founding the solar-energy company with Santander support, he and his partners have installed 40 lighting systems with micro-credits of \$150 per family, and they are now working to reach the estimated 400,000 Mexicans who lack electricity.

"I don't see anything wrong with it," he said of Santander's combining business and philanthropy. "On the contrary, there should be more companies doing this." ■

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