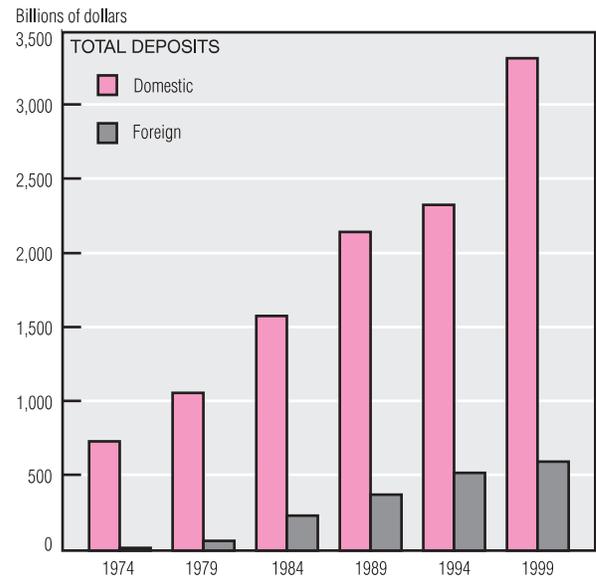
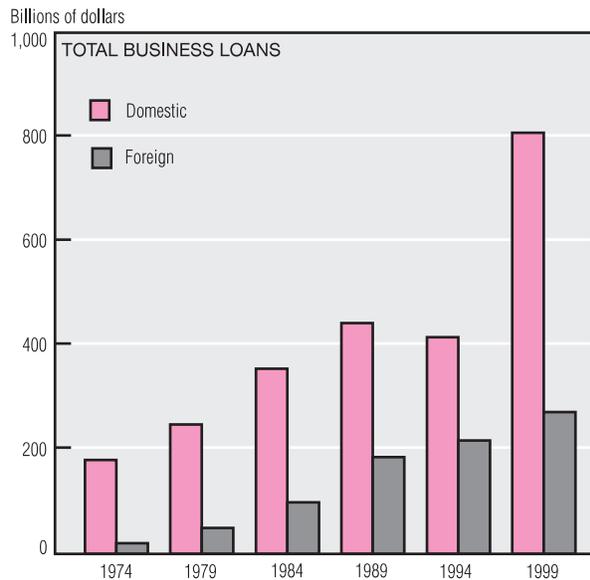
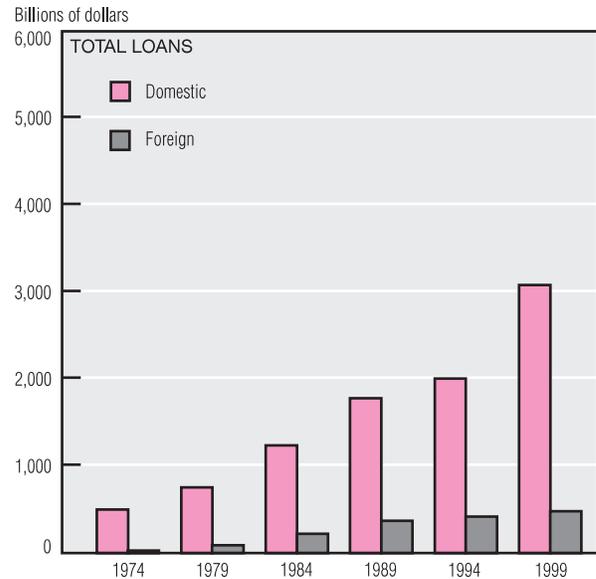
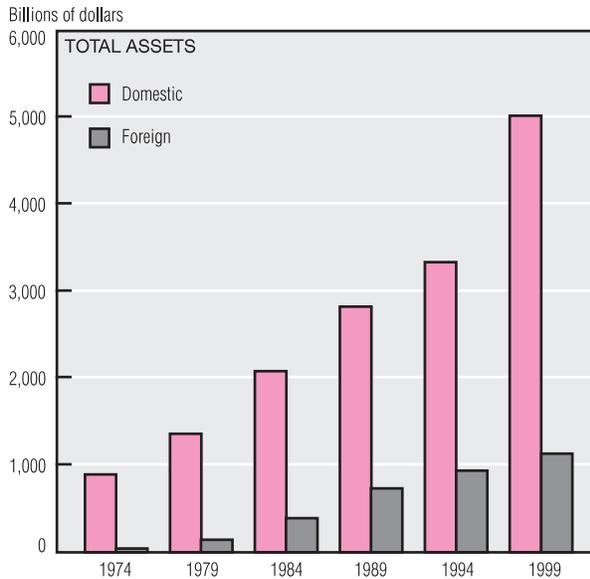


Foreign Banking Organizations



NOTE: Domestic banks exclude commercial banks in which foreign banks have more than 25% ownership but include international banking facilities as well as banks owned by nonbank foreigners. The data exclude Edge Act and agreement corporations, U.S. offices of banks in Puerto Rico, the U.S. Virgin Islands, and other U.S.-affiliated island areas, and foreign bank offices in U.S.-affiliated island areas. Foreign banks are those owned by institutions located outside the U.S. and its affiliated island areas.

SOURCE: Board of Governors of the Federal Reserve System, "Structure and Share Data for U.S. Offices of Foreign Banks," *Federal Reserve Statistical Releases*, September 1999.

Nowhere is the impact of the increasing globalization of financial markets more evident than in the U.S. banking industry. The numbers clearly show the importance of foreign banks, whose total assets have risen steadily from \$46 billion in 1974 to nearly \$1,137 billion at mid-1999. This represents an increase from 4.88% to 18.45% in the share of assets held by foreign banking organizations.

A similar pattern emerges when

we look at foreign banking organizations' market share of loans and deposits. The increase in these organizations' holdings of total loans—from \$27 billion in 1974 to \$477.8 billion in 1999—amounts to an increase in the share of total loans from 5.15% to 13.43%, a much slower growth rate than for total assets.

On the other hand, foreign banking organizations increased their holdings of business loans from \$18.8 billion in 1974 to \$272 billion

in 1999, representing an increase in share from 9.46% to 25.21%. Foreign banking organizations' larger share of business loans relative to their share of total loans and total assets reflects these organizations' focus on commercial lending.

Finally, the \$595 billion in deposits they hold (a 15.19% deposit share) suggests that foreign banking organizations will remain important competitors in the U.S. banking system.