The increasing globalization of financial markets has made its impact on the U.S. The numbers leave no doubt that foreign banks are an increasingly important part of the nation’s banking system. Total assets held by foreign banks in the U.S. have risen steadily from $52.4 billion in 1975 to $1,260.3 billion by mid-2000. This means that the share of assets held by foreign banking organizations more than tripled (from 5.3% to 18.8%) over that period.

Foreign banking organizations show similar market-share patterns for both loans and deposits. Their loan holdings increased from $29.9 billion in 1975 to $519.7 billion in 2000, which more than doubled their share of total loans (from 5.73% to 13.19%). Given the nature of the lending process and the importance of established bank–customer relationships, it is not surprising that foreign banking organizations’ loan share has grown much more slowly than their share of assets.

On the other hand, foreign banking organizations’ business-loan holdings rose from $19.9 billion in 1975 to $289.1 billion in 2000, so that their share jumped from 10.42% to 24.76%. Because they focus on commercial lending, their share of business loans exceeds their share of both total loans and total assets.

Finally, their $721.2 billion in deposits, representing a 17.09% share, confirms that foreign banking organizations are important competitors in the U.S. banking system.