The U.S. banking industry shows the impact of financial markets' increasing globalization. Despite some loss of market share since 1994, foreign banks remain important competitors in the U.S. Total assets held by foreign banking organizations have risen steadily since 1974, more than trebling their share of U.S. banking assets from 4.9% to 18.1% but still down from their peak of 22% at the end of 1994.

Similar patterns are apparent in foreign banking organizations' market share of both loans and deposits. Their holdings of total loans rose from $27.0 billion in 1974 to $503.4 billion at the end of 2004, doubling their share. Foreign banks' 10.5% share of U.S. loans at the end of 2004 marks a 39% decline in their market share from its 1994 peak of 17.3%. Much like their total loans, foreign banks’ 1994 peak business loan market share has been eroded by more than a third. On the other hand, foreign banks increased their holdings of business loans from $18.8 billion in 1974 to $198.5 billion by December 31, 2004, doubling their share of U.S. business loans. Given the nature of the lending process and the importance of established relationships with customers, it is not surprising that foreign banking organizations’ loan share has grown much more slowly than their share of total assets.

Finally, foreign banking organizations’ 15.32% share of deposits confirms that they are important competitors in the U.S., but recent trends suggest that the domestic industry is equal to the challenge posed by foreign competition.