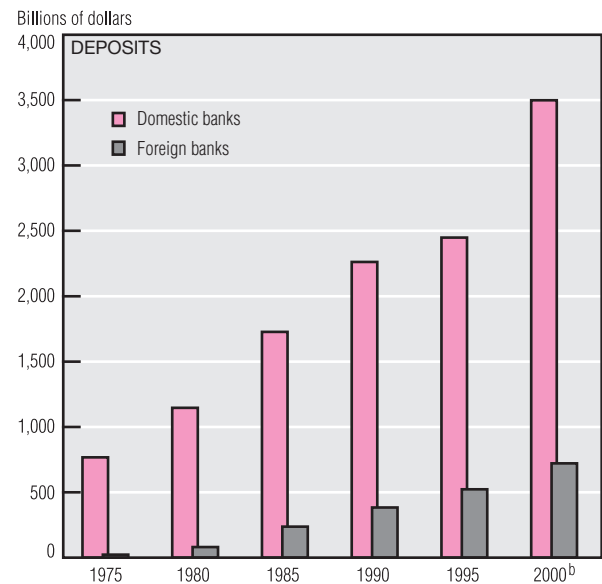
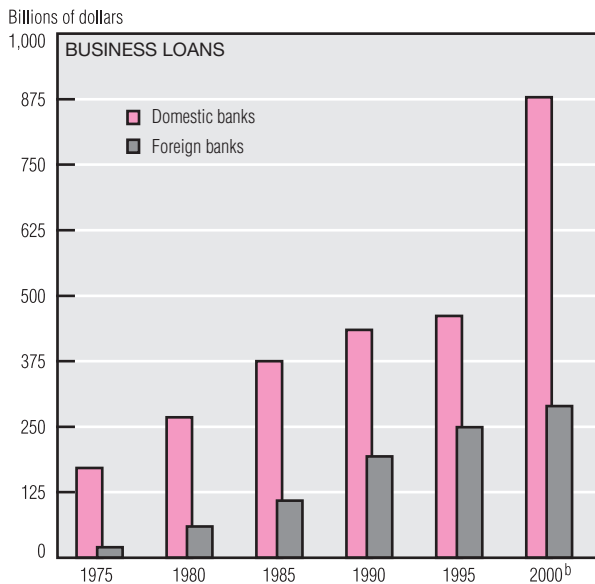
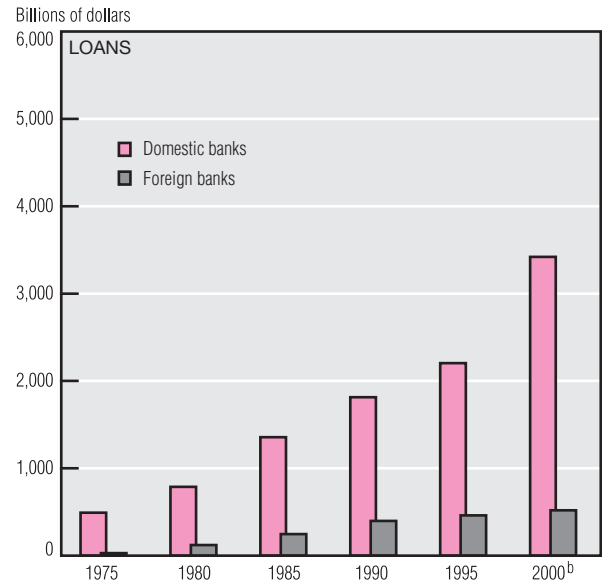
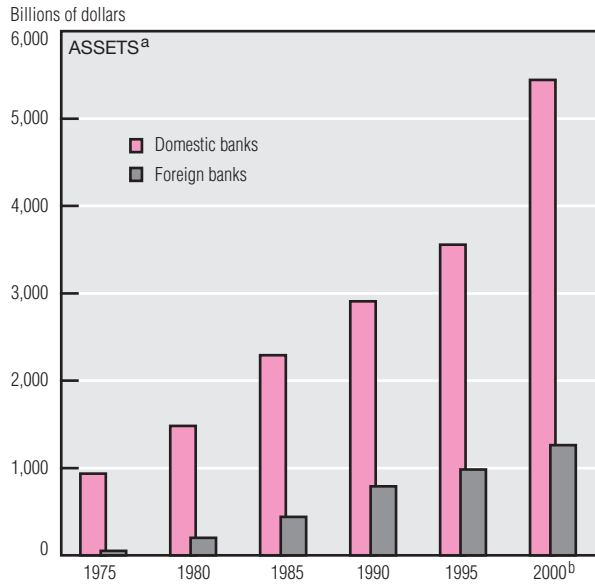


## Foreign Banking Organizations



a. Foreign assets are adjusted to exclude net claims on institutions' own foreign offices.

b. As of June 30, 2000.

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 banks' 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*, October 2000.

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.