OXFAM AMERICA
RESEARCH BACKGROUNDER

Global Reach of the US Financial Sector

Stephanie Fontana

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CONTENTS

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Series editor: Kimberly Pfeifer

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AUTHOR INFORMATION AND ACKNOWLEDGMENTS

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Please use the following format when citing this paper:

Fontana, Stephanie, “Global Reach of the US Financial Sector,” Oxfam America Research Backgrounder series (2015): [link].

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ACRONYMS AND ABBREVIATIONS

BEA	US Department of Commerce Bureau of Economic Analysis
BIS	Bank for International Settlements
CTJ	Citizens for Tax Justice
DAC	Development Assistance Committee
FDIC	Federal Deposit Insurance Corporation
FHC	Financial holding company
GDP	Gross domestic product
IMF	International Monetary Fund
MNE	Multinational enterprise
ODA	Official development assistance
OECD	Organisation for Economic Cooperation and Development
SEC	US Securities and Exchange Commission
TNC	Transnational corporation
UNCTAD	United Nations Conference on Trade and Development

INTRODUCTION

The global financial sector wields significant political and economic power both within the countries where financial institutions operate and on the international level. The finance and insurance industry accounted for 7.2 percent—$1.26 trillion—of US GDP in 2014,[1] and the US exported $87.3 billion in financial services.[2] A small number of massive banks dominate the US financial sector, with the five largest banks collectively holding $6.9 trillion in assets—44.6 percent of total US bank assets.

The size and global reach of the US financial sector suggest that it has significant influence abroad, including in developing countries. Financial markets are considered critical to overall development; yet, major financial institutions employ policies and practices that undermine equitable growth and drive inequality. Financial institutions play a significant role in tax avoidance and evasion and the facilitation of illicit financial flows, reducing resources for critical public services.[3] More than $1 trillion in illicit capital were transferred out of developing countries in 2013,[4] exacerbating problems of corruption, causing inequitable tax burdens, and weakening incentives for legitimate private enterprise and investment.[5]

In addition to facilitating the flow of resources from people in poverty to tax haven jurisdictions, financial institutions can have other negative social, political, and economic impacts on developing countries. Financial institutions diminish financial inclusion by regularly offering financial products and services to women and minorities at less advantageous terms. These groups are disproportionately represented in unbanked populations worldwide. This lack of access to financial services inhibits economic growth and deepens gender and racial inequality.[6]

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[1] US Department of Commerce, Bureau of Economic Analysis, Gross-Domestic-Product-(GDP)-by-Industry Data, available at http://www.bea.gov/industry/gdpbyind_data.htm.
[2] US Department of Commerce, Bureau of Economic Analysis, Table 3.1. US International Trade in Services, available at http://www.bea.gov/iTable/iTable.cfm?ReqID=62&step=1#reqid=62&step=6&isuri=1&6210=1&6200=51.
[3] Dev Kar, et al., *The Absorption of Illicit Financial Flows from Developing Countries: 2002-2006*, GFI Report (2010), available at http://www.gfintegrity.org/report/report-absorption-of-illicit-flows/.
[4] Dev Kar & Joseph Spanjers, *Illicit Financial Flows from Developing Countries: 2004-2013*, GFI Report (2015), available at http://www.gfintegrity.org/press-release/new-study-illicit-financial-flows-hit-us1-1-trillion-in-2013/.
[5] Mick Moore, *The Practical Political Economy of Illicit Flows*, in DRAINING DEVELOPMENT?: THE SOURCES CONSEQUENCES, AND CONTROL OF FLOWS OF ILLICIT FUNDS FROM DEVELOPING COUNTRIES 457, 457 (Peter Reuter ed., 2012).
[6] See e.g., MELVIN L. OLIVER & THOMAS M. SHAPIRO, BLACK WEALTH, WHITE WEALTH: A NEW PERSPECTIVE ON RACIAL INEQUALITY (2006); Reyes Aterido, et al., *Access to Finance*

The financial sector is very opaque as banks–and many other actors involved in wealth management–cloak their economic activity and the economic activity of their clients in secrecy. This lack of transparency makes it difficult to link specific actors in the US financial sector to problems in developing countries.

This concept paper seeks to measure the presence and operations of US banks worldwide, with a particular focus on developing countries. This first section identifies the major actors in the US financial sector, looking to the number of institutions and the concentration of assets. The next section looks to investment impact and tries to assess what percentage of global investment can be attributed to the US financial sector. The third section evaluates the extent to which the US financial sector has a presence in developing countries in terms of foreign ownership of banks, bank branches and subsidiaries, and foreign operations. Finally, the fourth section looks to the interconnectivity of transnational corporations and highlights the influence the financial sector can exert through this network.

Across these metrics, significant takeaways include:

- **US financial sector assets:**
  - The total assets of the biggest five US banks was $6,898,435 million ($6.9 trillion) as of September 30, 2015, up from $462,391 million in 1992—a nearly fifteen fold increase. The US banking industry as a whole hold $15,800,219 million ($15.8 trillion) in assets, meaning the big five banks hold 43.7 percent of the industry total. The big five banks held just 10.2 percent of industry assets in 1992.
  - As the amount of assets (in real dollars) controlled by the banking sector increased from 1966 to today, the number of banking institutions sharply declined since the late 1980s. There were 17,901 commercial banks and savings institutions in the US in 1984. Today, there are only 6,270 commercial banks and savings institutions. In contrast, the value of assets held by US commercial banks and savings institutions increased by over 400 percent from 1984 to 2015. In 1984, commercial bank and savings institution assets were $3,653,117 million ($3.7 trillion), and today commercial bank and savings institution assets are $15,800,219 million ($15.8 trillion).

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in Sub-Saharan Africa: Is There a Gender Gap?, 47 WORLD DEV. 102 (2010); Diana Fletschner & Lisa Kenney, *Rural Women's Access to Financial Services: Credit, Savings, and Insurance*, *in* GENDER IN AGRICULTURE at 187 (2014).

- **Global investment:**
  - The total resource flow from the US to Official Development Assistance (ODA) recipients was $148,184 million ($148.2 billion) in 2013—34.0 percent of total resources flows from DAC counties to ODA recipients. Of this resource flow from the US, private flows at market terms were $93,299 million ($93.3 billion)—63.0 percent of total financial flows from the US to ODA recipient countries and 35.4 percent of all private flows at market terms from DAC countries to ODA.
  - The US's levels of direct investment stock abroad is the highest of any country at $6,318,640 million ($6.3 trillion)—32.8 percent of the total for developed countries and 25.7 percent of the world total. The United Kingdom is in second place with $1,584,147 million ($1.6 trillion)—6.4 percent of the world total.
  - Of private foreign direct investment assets from US industries, the finance and banking industries held $834,118 million ($834 billion) in assets—17.0 percent of the total for all industries. 90.0 percent of US finance sector direct investment assets are in secrecy jurisdictions.
- **Foreign presence of banks:**
  - For the global banking sector as whole, there was a sharp increase in foreign bank ownership from 1995 to 2013. In OECD countries, 24 percent of the banks are foreign-owned, and the foreign banks only hold 10 percent of the total banking assets across OECD countries. In developing countries, 47 percent of the banks are foreign, and these foreign banks hold 25 percent of the total bank assets in developing countries.
  - Foreign banks are, to a large extent, concentrated in non-OECD countries while their parent banks tend to be headquartered in OECD countries. Foreign banks with OECD parents make up 89 percent of foreign bank assets globally, down from 94 percent of all foreign-controlled assets in 2007.
  - The big four US financial holding companies (FHCs) all have over one thousand subsidiaries, which, in total, are 37.5 percent foreign. Of the big four US FHC's foreign subsidiaries, 53.4 percent are in low and middle income countries and 89.0 percent are in secrecy jurisdictions.
  - Of local lending by foreign banks world-wide, $5,490,660 million ($5.5 trillion)—87.4 percent—comes from OECD home country banks. Of the $130,240 million ($130 billion) of local lending by foreign banks in developing countries, $80,010 million ($80 billion)—61.4 percent—is from OECD home country banks.

    - The three banks with the highest percentage of revenues from outside of the US were Citibank (66 percent), Bank of NY (38 percent), and JP Morgan (26percent).

- **Interconnectivity:**

    - Financial institutions in the US and UK represent the majority of top control holders in the global network of transnational corporations (TNCs). The top 737 TNCs have the potential to collectively control 80 percent of the value of all TNCs worldwide through their ownership networks.

    - Control exerted through this network of ownership is much more unequally distributed than wealth. The top ranked actors hold a control ten times bigger than what could be expected based on their wealth.

    - A core of 15 Bank for International Settlement (BIS)[7] reporting economies—including the US—account, on average, for 96 percent of total bank-intermediated flows in all BIS reporting countries. The aggregate flow lent by core economies on average was $302,600 million ($302.6 billion) in 2007, an eightfold increase from the $37,600 million ($37.6 billion) total in 1980.

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[7] The Bank for International Settlements is an organization of central banks with 60 member central banks. About BIS, Bank for International Settlements, https://www.bis.org/about/index.htm.

SECTION ONE: OVERVIEW OF THE US FINANCIAL SECTOR

How concentrated is the US financial sector? Who are the most powerful actors?

The US finance and insurance sector is enormous, holding $27,889,742 million ($27.9 trillion) in assets in 2013—47.5 percent of the total for US multinational enterprises across all industries.[8] Within the US financial sector, the five largest financial institutions control nearly half of all industry assets. This sector is a complicated web of many different institution types, including banking, asset management, investment funds, insurance, and venture capital institutions. This section will first clarify the distinction between financial holding companies and banking institutions, identifying the largest actors in each category. Next, it will calculate asset totals for the largest institutions and compare these totals to the industry as a whole. It then looks to the growth of these assets overtime. This increase in assets is tied to a trend of decreasing numbers of commercial banks and savings institutions, leading to increased concentration overtime.

Content:

- Financial holding companies v. banking institutions
- Assets of the biggest US financial holding companies
    - Total assets of the big 4-6 financial holding companies
    - Percent change in their assets from 2008 to 2013
    - Comparison to total industry assets in US
    - Comparison to US GDP
- Assets of the biggest US banking institutions
    - Total assets of the big 5 banking institutions
    - Percent change in their assets from 1992 to 2014
    - Comparison to total industry assets in US

[8] US Department of Commerce, Bureau of Economic Analysis, US Direct Investment Abroad (USDIA), Activities of US Multinational Enterprises (MNEs), available at http://www.bea.gov/international/di1usdop.htm (Last modified Aug. 14, 2015).

- Decline in number of banks in the US as banking industry assets increased

DEFINING INSTITUTION TYPES

As a preliminary point, it is important to distinguish financial holding companies ("FHC", equivalent to bank holding companies), which we generally refer to as banks, from commercial banks or savings institutions. As FHCs, corporations—such as Bank of America Corporation, Citigroup Inc., and JP Morgan Chase & Co.—own many different institution types, including commercial banks, savings banks, cooperative banks, credit unions, insurance companies, securities brokers/agents/underwriters, other holding companies, and other entity types. For example, JP Morgan Chase & Co. is the parent company that owns JP Morgan Chase Bank. It is JP Morgan Chase Bank that is a banking institution. The main banking institutions owned by these FHCs make up a significant portion of total assets

Table 1. Assets held by the largest US FHCs and their main banking institutions.[9]

Financial Holding Company	Assets*	Banking Institution	Assets*	Percent
JP Morgan Chase & Co.	2,417,121			
		JP Morgan Chase Bank	1,954,125	80.8%
Bank of America Corporation	2,153,006			
		Bank of America, N.A.	1,616,426	75.1%
Citigroup Inc.	1,808,356			
		Citibank N.A.	1,337,821	74.0%
Wells Fargo & Co.	1,751,265			
		Wells Fargo Bank, N.A.	1,579,174	90.2%
Goldman Sachs	880,559			
		Goldman Sachs Bank USA	N/A[1]	14.5%
Morgan Stanley	834,113			
		Morgan Stanley Bank	N/A[1]	12.4%
US Bancorp	N/A[1]			
		US Bank, N.A.	410,889	98.8%
Total for the top 4:	8,129,748	**Total for the top 4:**	6,487,546	
Total for the top 5:	9,010,307	**Total for the top 5:**	6,898,435	
Total for the top 6:	9,844,420			

*In millions USD, 6/30/2015
[1] Not in the top rankings
Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

FINANCIAL HOLDING COMPANIES

To start, we can look at the assets held by the top FHCs. As of September 2015, the four biggest US FHCs—JPMorgan Chase & Co., Bank of America Corporation, Citigroup Inc., and Wells Fargo & Co.—have $8,129,748 million ($8.1 trillion) in assets,[10] up from $6,400,000 million ($6.4 trillion) at the time of the crisis in 2008.[11] The six biggest financial holding companies, a group that now

[9] The bank holding companies (e.g., JP Morgan Chase & Co.) may hold other banking institutions in addition to their main banking institutions (e.g., JP Morgan Bank, N.A.). These other banking institutions are not included in the bank specific asset totals,
[10] National Information Center, Holding Companies with Assets Greater Than $10 Billion, https://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx.
[11] *5 Years After The Crisis, Big Banks Are Bigger Than Ever*, HUFFINGTON POST, Sept. 10, 2013, available at http://www.huffingtonpost.com/2013/09/10/biggest-banks-even-bigger_n_3900363.html.

includes Goldman Sachs and Morgan Stanley, have $9,844,420 million ($9.8 trillion) in assets.[12]

Figure 1. Percent change in assets for the big four US FHCs from 2008 to 2013.

JPMorgan Chase	▲	37.1%
Bank of America	▲	23.3%
Citigroup	▼	-10.5%
Wells Fargo	▲	136.1%

Source*: 5 Years After The Crisis, Big Banks Are Bigger Than Ever*, Huffington Post, Sept. 10, 2013, available at http://www.huffingtonpost.com/2013/09/10/biggest-banks-even-bigger_n_3900363.html.

As a whole, US multinational enterprises (domestic operations represented by the US parent company and foreign operations represented by the US parent company's foreign affiliates) in the finance and insurance industry held $27,889,742 million ($27.9 trillion) in assets in 2013, nearly half (47.5 percent) of all assets across the entirety of US industries. Excluding the insurance industry, the finance industry held $21,178,511 million ($21.2 trillion) in assets in 2013–36.1 percent of the total US multinational across all industries.[13] Comparing the numbers from 2013, the five biggest US FHCs held $8,839,329 million ($8.8 trillion) in assets—41.7 percent of total finance industry assets. Perhaps even more surprisingly, the assets of the five biggest FHCs made up 15.1 percent of the total assets for US multinational enterprises across all industries.

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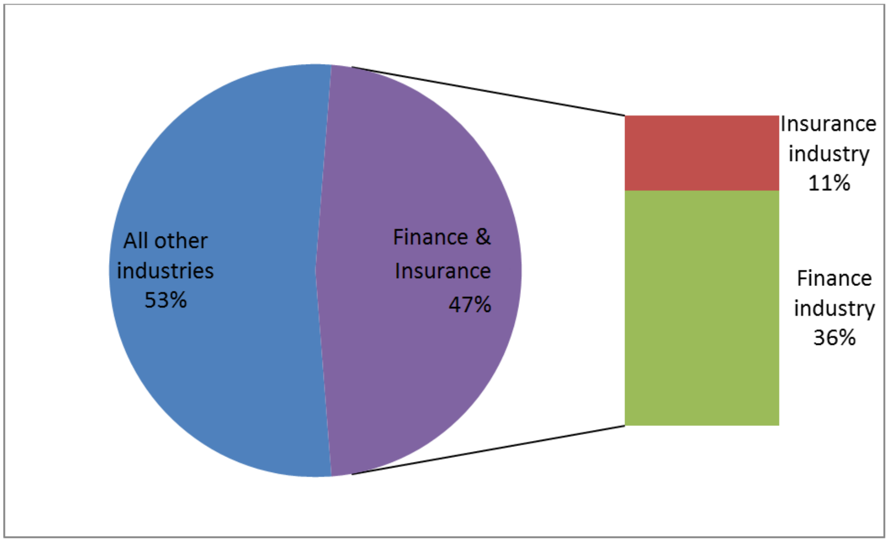
[12] *5 Years After The Crisis, Big Banks Are Bigger Than Ever*, HUFFINGTON POST, Sept. 10, 2013, available at http://www.huffingtonpost.com/2013/09/10/biggest-banks-even-bigger_n_3900363.html.

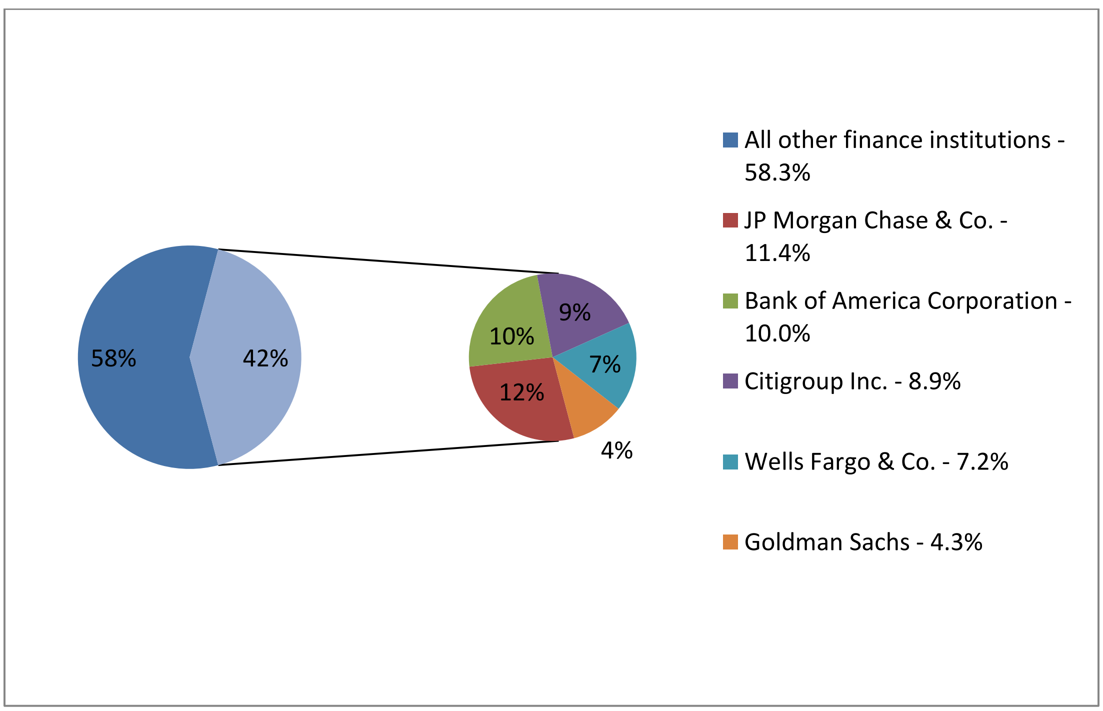
[13] U.S Department of Commerce, Bureau of Economic Analysis, US Direct Investment Abroad (USDIA), Activities of US Multinational Enterprises (MNEs), available at http://www.bea.gov/international/di1usdop.htm.

Figure 2. Assets Held by the US Finance and Insurance Sector.



Source: Author's calculations based on data from the BEA.

Figure 3. Assets Held by the Five Biggest US FHCs, Compared to Other Finance Institutions



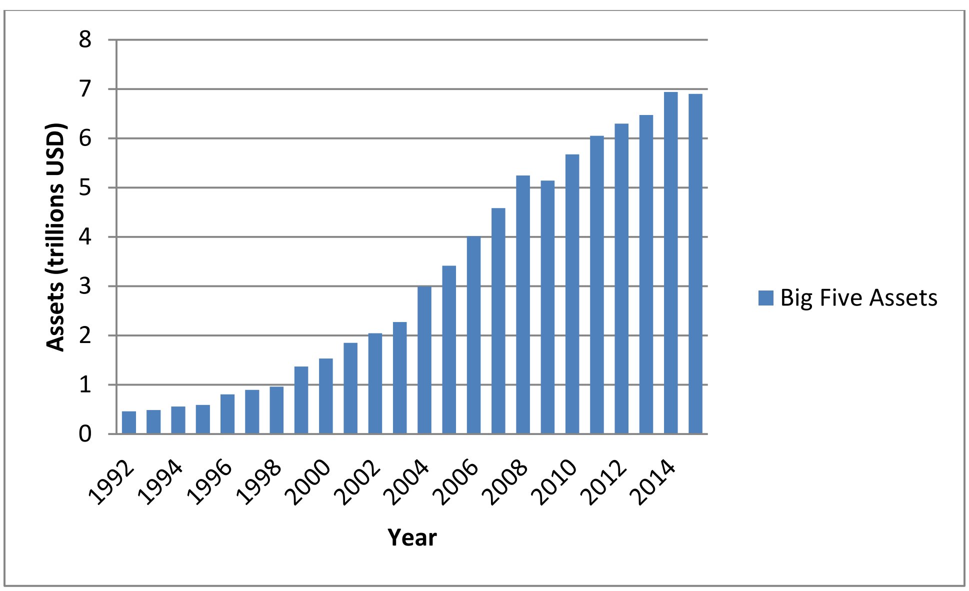
Source: Author's calculations based on data from the BEA.

To put these numbers in a different context, the Huffington Post compared the assets held by the big FHCs to US gross domestic product. Though GDP represents the total dollar value of all goods and services produced by all sectors of the economy (including government) over a specific time period and not the amount of assets held, it may still be useful to demonstrate the enormity of $8,150,036 million ($8.2 trillion, the assets held by the four largest FHCs). Currently, the $8,150,036 million of assets held by the four biggest US FHCs is about 45.5 percent of US GDP.[14] The $9,835,750 million ($9.8 trillion) in assets held by the six biggest US FHCs is 54.9 percent of US GPD.[15]

BANKING INSTITUTIONS

Looking more specifically at banking institutions, the total assets of the biggest five US banks is $6,898,435 million ($6.9 trillion) as of September 30, 2015.[16] This total is up from $462,391 million ($462 billion) in assets for the five largest US banks in 1992.[17] That is a nearly a fifteenfold increase (a 1,492 percent increase).

Figure 4. Assets Held by the Largest US Banks.



[14] U.S Department of Commerce, Bureau of Economic Analysis, Current-Dollar and "Real" Gross Domestic Product, available at http://www.bea.gov/national/.
[15] *Id*.
[16] Bank Find, FDIC, https://research.fdic.gov/bankfind/index.html.
[17] Financial reports from 1992 are the earliest reports posted by the FDIC on https://research.fdic.gov/bankfind/.

Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

Table 2. Percent change in assets for the biggest five US banks and the US banking industry as a whole from 1992 to 2015.

	2015 Assets (millions USD)	% Increase from 2005	% Increase from 1995
JP Morgan	$1,954,125	192.7%	1328.3%
Bank of America	$1,616,426	149.4%	989.3%
Citibank	$1,337,821	184.4%	607.8%
Wells Fargo	$1,579,174	391.6%	3216.8%
US Bank	$410,889	196.7%	4898.1%
Big Five	$6,898,435	202.0%	11.73.0%
Total	$15,800,219	145.2%	295.8%

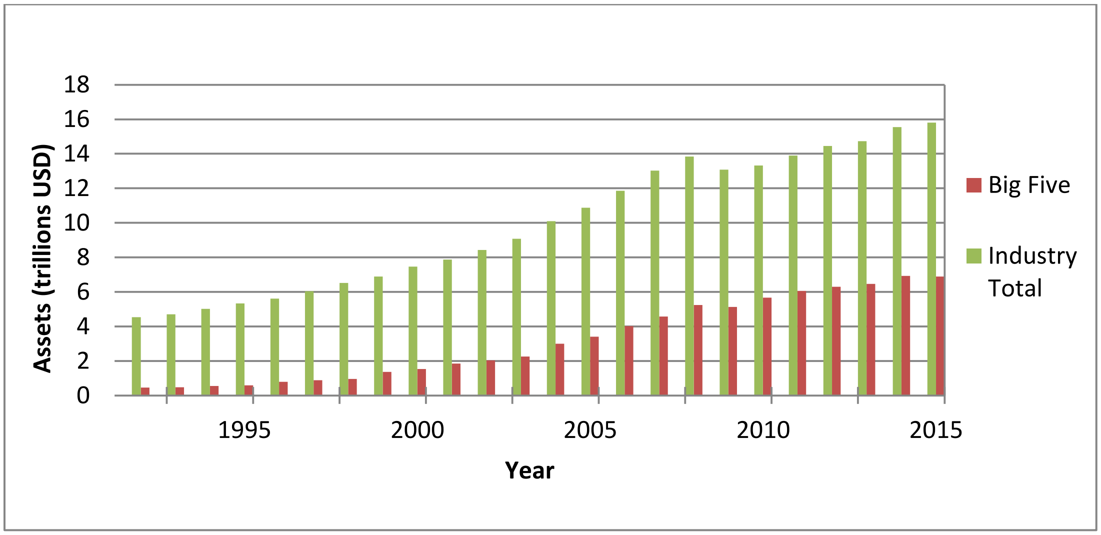
Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

Comparison to US banking industry

As of September 30, 2015, the US banking industry (a subset of the financial industry containing commercial banks and savings institutions) collectively holds $15,800,219 million in assets, and the big five banks hold $6,898,435 million—43.7 percent of the industry total.[18] The concentration of assets in the hands of the big five banks has increased consistently since 1992, when the big five banks held 10.2 percent of banking industry assets. Today, JP Morgan alone holds over 12 percent of the industry total, a greater share than the five biggest banks put together in 1992.

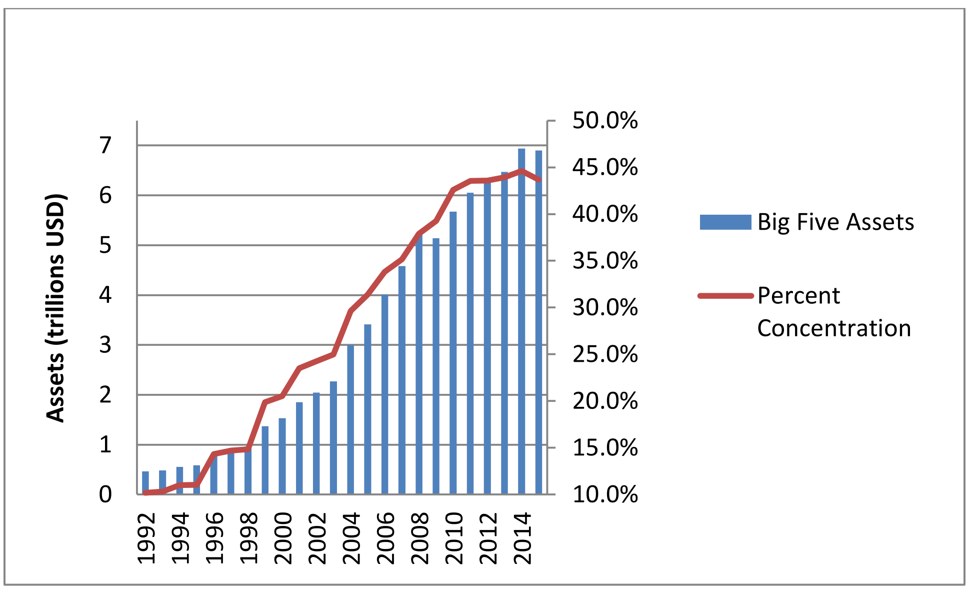
[18] Specific bank data from: Bank Find, https://research.fdic.gov/bankfind/. Industry totals from: Historical Statistics on Banking, FDIC, https://www5.fdic.gov/hsob/index.asp. Findings supported by: Chris Vanderpool, *5 banks hold more than 44% of US industry's assets*, SNL FINANCIAL, Dec. 2, 2014, available at https://www.snl.com/InteractiveX/Article.aspx?cdid=A-30025507-14130. Alternatively, we could look specifically at commercial banks and exclude data on savings institutions. In that case, the big five banks' assets make up 48.4 percent of the industry total for commercial banks.

Figure 5. Industry Assets Compared to the Largest Banks.



Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

Figure 6. Concentration of Banking Assets.



Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

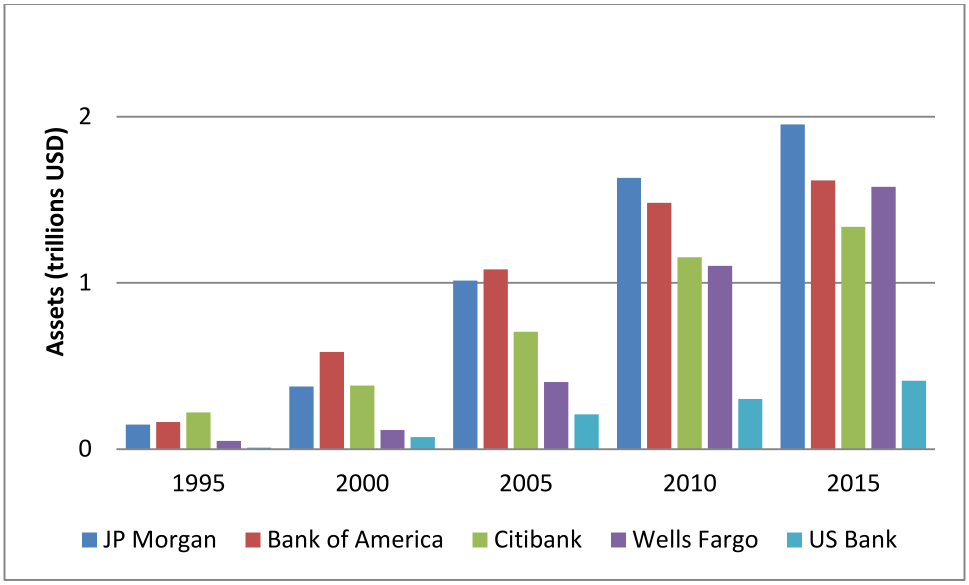
Table 3. Total Assets and Percentage of US Banking Industry Assets Held by the Five Biggest US Banks from 1995 to 2014.

	1995	% of total	2000	% of total	2005	% of total	2010	% of total	2015	% of total
JP Morgan[19]	147,120	2.8%	377,116	5.1%	1,013,985	9.3%	1,631,621	12.3%	1,954,125	12.4%
Bank of America	163,398	3.1%	584,284	7.8%	1,082,250	9.9%	1,482,278	11.1%	1,616,426	10.2%
Citibank	220,110	4.1%	382,106	5.1%	706,497	6.5%	1,154,293	8.7%	1,337,821	8.5%
Wells Fargo	49,092	0.9%	115,539	1.5%	403,258	3.7%	1,102,278	8.3%	1,579,174	10.0%
US Bank	8,389	0.2%	72,594	1.0%	208,867	1.9%	302,260	2.3%	410,889	2.6%
Big Five	588,108	11.0%	1,531,639	20.5%	3,414,858	31.4%	5,672,730	42.6%	6,898,435	43.7%
Total	5,340,917		7,462,898		10,879,267		13,318,934		15,800,219	

Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

[19] Under the name Chemical Bank from 1992 to 1992 and Chase Manhattan Bank from 1996 to 2000.

Figure 7. Assets Held by the Five Largest US Banks from 1995 to 2014.



Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

Comparison to global banking industry

The OECD's Business and Financial Outlook from 2015 estimates that banks and broker-dealers in OECD countries[20] collectively held $90,875,000 million in assets in 2014.[21] The US banking industry, with $15,800,219 million in assets, makes up 17.4 percent of the OECD total. The big five US banks hold $6,898,435 million—7.6 percent of the OECD banking asset total.[22]

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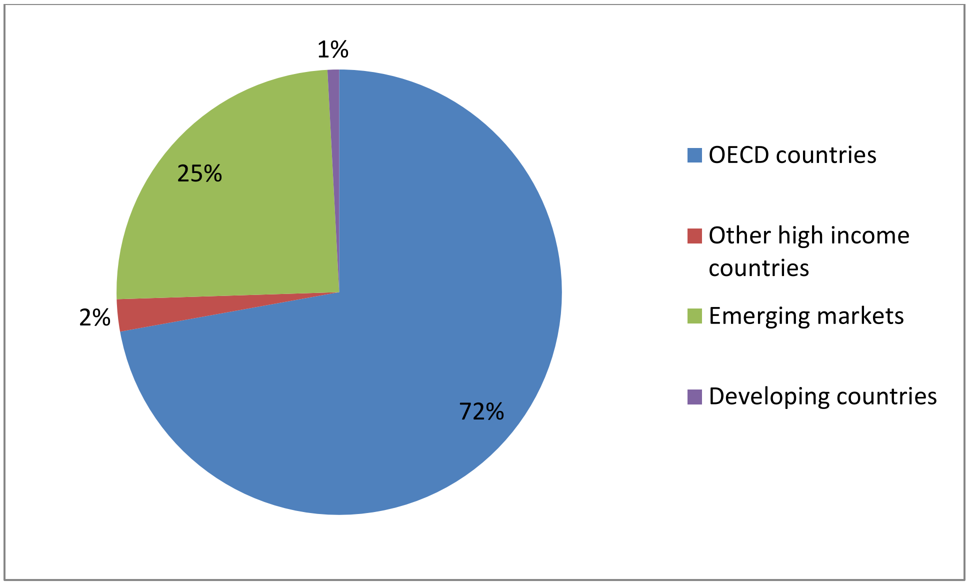
[20] United States, Turkey, Switzerland, Sweden, Spain, Korea, Slovakia, Portugal, Poland, Norway, Mexico, Luxembourg, Japan, Italy, Israel, Ireland, Hungary, Greece, Germany, France, Finland, Denmark, Czech Republic, Chile, Canada, United Kingdom, Belgium, Austria, and Australia (missing: Estonia, Iceland, the Netherlands, New Zealand, and Slovenia).

[21] OECD Business and Financial Outlook (2015). http://www.keepeek.com/Digital-Asset-Management/oecd/finance-and-investment/oecd-business-and-finance-outlook-2015_9789264234291-en#page87.

[22] Specific bank data from: Bank Find, https://research.fdic.gov/bankfind/. Industry totals from: Historical Statistics on Banking, FDIC, https://www5.fdic.gov/hsob/index.asp. Findings supported by: Chris Vanderpool, *5 banks hold more than 44% of US industry's assets*, SNL FINANCIAL, Dec. 2, 2014, available at https://www.snl.com/InteractiveX/Article.aspx?cdid=A-30025507-14130. Alternatively, we could look specifically at commercial banks and exclude data on savings institutions. In that case, the big five banks' assets make up 48.4 percent of the industry total for commercial banks.

An IMF report from 2014 estimates that the total assets held by the global banking industry in 2012 was $131,147,000 million.[23] Domestic and foreign owned banks in OECD countries held 72.2 percent of global banking assets, banks in "other high income" countries held 2.3 percent,[24] banks in emerging market countries held 24.7 percent, and banks in developing countries held 0.8 percent.[25]

Figure 8. Total Bank Assets by Host Country.



Source: Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Other aspects of increased concentration

As the amount of assets (in real dollars) controlled by the US banking sector increased from 1966 to today, the number of banking institutions sharply declined since the late 1980s. The Federal Deposit Insurance Corporation (FDIC) data show that there were 17,901 commercial banks and savings institutions in the US

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[23] Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF, 36 (2014).This IMF Report studied 3,656 banks in 2013 using a database containing ownership information of current and past active commercial banks, saving banks, cooperative banks and bank holding companies that reported financial statements to Bankscope at least one year between 1995 and 2009 in 137 countries. Coverage is very comprehensive with banks included accounting for 90 percent or more of each country's banking system assets. *Id*.

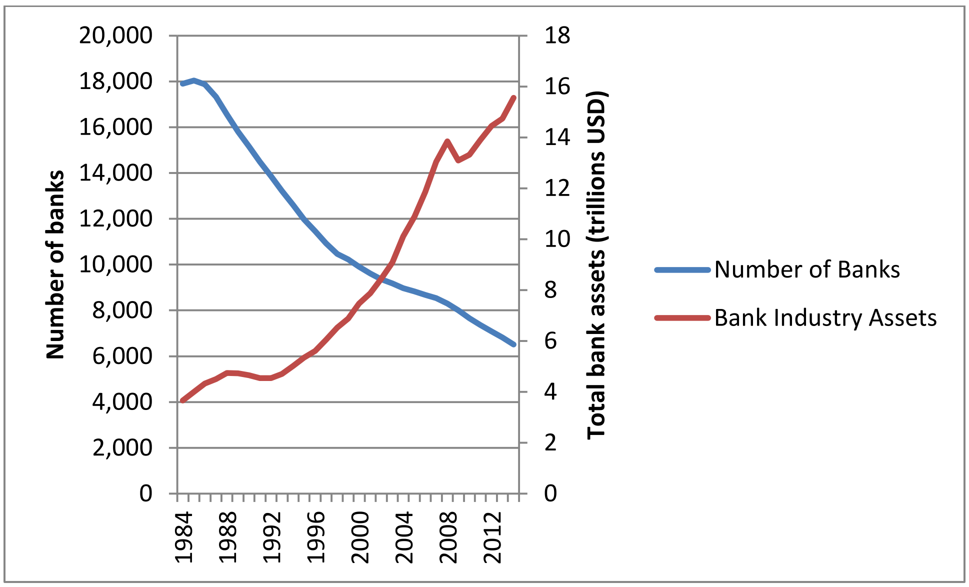
[24] The "other high income" category consists of all countries classified as high-income by the World Bank in 2000 but not belonging to OECD. These countries are Cyprus, Hong Kong, Israel, Kuwait, Qatar, Singapore, Slovenia, Taiwan, and the United Arab Emirates.

[25] Claessens & Van Horen, *supra* note 23.

in 1984. Today, there are only 6,207 commercial banks and savings institutions. In contrast, the value of assets held by US commercial banks and savings institutions increased by over 400 percent from 1984 to 2015. In 1984, commercial bank and savings institution assets were $3,653,117 million, and today commercial bank and savings institution assets are $15,800,219 million.[26]

Figure 9 shows the trend of increasing financial assets contrasted with the trend of decreasing numbers of institutions.

Figure 9. Concentration of Bank Assets.



Source: Author's calculations based on regulatory disclosures as of September 30, 2015 published by the FDIC.

This trend of increased concentration of banking assets in a smaller number of banks stems from regulatory changes favoring the financial sector and beginning mainly in the 1980s. After a decade characterized by slow growth and high inflation in the 1970s, large corporations exerted their political power to push for less regulation of the financial sector.[27] Private sector efforts were complimented by a shift in the discourse among academics. The newly dominant "neoclassical market consensus" shifted away from support for governmental management of the economy to a free market approach.[28] This period saw the removal of regulations preventing banking activity across state lines and requiring the separation of deposit-taking, insurance, and investment banking in different legal

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[26] Statistics on Depository Institutions Report, FDIC, https://www5.fdic.gov/sdi/main.asp.
[27] Donald Tomaskovic-Devey & Ken-Hou Lin, *Financialization: Causes, Inequality Consequences, and Policy Implications*, 18 N.C. BANKING INST. 167, 170-72 (2013).
[28] *Id.*, at 171.

entities were removed, among many others.[29] The changes led to unprecedented consolidation of the financial sector with single institutions operating across the industry to provide household and commercial banking, insurance, and investment services.[30] "During the 1980s and 1990s both the Federal Reserve and the Securities and Exchange Commission pulled back from their regulatory role and became cheerleaders for new financial instruments, allowing new organizational arrangements to flourish without regulatory oversight."[31]

This concentration of assets "eventually generated the systemic (i.e., concentrated densely networked) risk associated with the financial collapse of the later 2000s."[32]

CONCLUSION

The US finance and insurance sector holds nearly half of all US multinational enterprise assets, and this massive industry is dominated by a few major institutions. Whether looking at FHCs or banking institutions, the big four or five institutions hold more than 40 percent of the total assets for their industry. This concentration is the result of a consistent trend over the past several decades as the number of assets held by the finance industry increased and the number of financial institutions deceased.

Takeaways:

- As of September 2015, the four biggest US FHCs—JPMorgan Chase & Co., Bank of America Corporation, Citigroup Inc., and Wells Fargo & Co.—hold $8,129,748 million in assets, up from $6,400,000 million at the time of the crisis in 2008.

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[29] *Id*., at 172. "In 1978 the Supreme Court ruled that credit card companies could charge the allowable interest rate in the state in which they were "located." Most credit card companies quickly incorporated in South Dakota or Delaware, states without usury laws. The Depository Institutions Deregulation and Monetary Control Act of 198016 removed regulatory caps on interest paid on savings accounts, allowed credit unions and savings and loans to offer interest on checking accounts, and preempted many state usury caps on interest rates charged by depository institutions. In 1985, the Federal Reserve began to allow bank holding companies to own banks in multiple states.' The 1994 Riegle-Neal Interstate Banking and Branching Act repealed the final prohibitions on interstate banking." *Id*.
[30] Tomaskovic-Devey & Lin, *supra* note 27, at 173.
[31] *Id*.
[32] *Id*.

- In 2013, the five biggest US FHCs held $9,010,307 million in assets—41.7 percent of total finance industry assets and 15.1 percent of the total assets for US multinational enterprises across all industries.

- The total assets of the biggest five US banks was $6,898,435 million ($6.9 trillion) as of September 30, 2015, up from $462,391 million in 1992—a nearly fifteen fold increase. The US banking industry as a whole hold $15,800,219 million in assets, meaning the big five banks hold 43.7 percent of the industry total. The big five banks held just 10.2 percent of industry assets in 1992.

- As the amount of assets (in real dollars) controlled by the banking sector increased from 1966 to today, the number of banking institutions sharply declined since the late 1980s. There were 17,901 commercial banks and savings institutions in the US in 1984. Today, there are only 6,270 commercial banks and savings institutions. In contrast, the value of assets held by US commercial banks and savings institutions increased by over 400 percent from 1984 to 2015. In 1984, commercial bank and savings institution assets were $3,653,117 million, and today commercial bank and savings institution assets are $15,800,219 million.

SECTION TWO: INVESTMENT IMPACT

What percentage of global investment can be attributed to the US financial sector? What percentage to the largest US banks? Can we identify sectors and destination countries?

Measuring global investment levels is one way of demonstrating the extent to which the US financial sector has a presence abroad. High levels of investment in a given country could represent a mechanism for influence.

Information on the location and types of investments made by the US financial sector is limited. Most datasets on global investment disaggregate either by the home country of the investor or the host country of the investment. It would be more helpful to have data disaggregated by both home and host country to see the levels of investment from a specific country to a specific country. It is also difficult to find data disaggregated by industry, though it does exist for some measures of investment. Individual bank's financial disclosures can shed some light on their global investment practices, but, again, more disaggregation of the information would be helpful.

This section will begin by first looking at international capital flow levels. These flows are broken down by investment type, by public v. private flows, and by developed v. developing country destinations. This subsection then focuses specifically on foreign direct investment. After discussing international capital flows, the section expands its focus to look at the amount of total assets held by US financial institutions abroad.

Content:

- Global capital flows
    - Global capital flows broken down by type
    - US capital stock abroad by type
    - US capital flows to ODA recipients broken down by public v. private
    - Global foreign direct investment stock
        - Global FDI from the US
        - FDI industry totals within the US

- Global portfolio investment stock
  - Portfolio investment from the US
- Foreign assets of the biggest 4-6 US banks

DEFINING INVESTMENT

Depending on the context, the term "investment" can have different meanings. When looking on an international level, investment is treated as the functional equivalent of international capital flows. According to the IMF, "'capital flows' refers to cross-border financial transactions recorded in economies' external financial accounts."[33]

The five functional categories of investment (or capital flows) distinguished in international accounts are:[34]

(a) direct investments, which cover investments where the investor is able to exercise control or a significant degree of influence over another entity;[35]

(b) portfolio investments, which generally covers debt or equity securities equal to less than 10 percent ownership of a firm;[36]

(c) financial derivatives (other than reserves) and employee stock options, which covers investments with a risk transfer rather than supply of funds or other resource;[37]

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[33] John Bluedorn, et al., *Capital Flows are Fickle: Anytime, Anywhere*, IMF Working Paper, at 7 (2011).
[34] IMF, Balance of Payments and International Investment Position Manual, at 99 (6th ed., 2009).
[35] "Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. As well as the equity that gives rise to control or influence, direct investment also includes investment associated with that relationship, including investment in indirectly influenced or controlled enterprises, investment in fellow enterprises, debt, and reverse investment." *Id*. at 100. In addition to financial capital, "the direct investor may also supply other types of finance, as well as knowhow. Direct investment tends to involve a lasting relationship, although it may be a short-term relationship in some cases." *Id*. at 101.
[36] "Portfolio investment is defined as cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets." *Id*. at 110. This category is generally considered to cover holdings of bonds and equity equal to less than 10 percent of ownership of a firm. "Portfolio investment is distinctive because of the nature of the funds raised, the largely anonymous relationship between the issuers and holders, and the degree of trading liquidity in the instruments." *Id*. "Equity not in the form of securities (e.g., in unincorporated enterprises) is not included in portfolio investment; it is included in direct or other investment." *Id*.

(d) other investment, which covers investments not captured by the other four categories, including loans;[38] and

(e) reserve assets, which covers foreign currency assets.[39]

INTERNATIONAL CAPITAL FLOWS

The information on global capital flows does not shed much light on the activities of US financial institutions in developing countries. Most of the data are on the country level and are not aggregated by industry. However, the breakdown of global capital flows sheds light on which types of flows are most important and how they fit into the overall picture.

Since the financial crisis, global capital flows have decreased and "relative to the size of the global economy, all major types of capital flows are now smaller than they were in 2007."[40] The level of "other investment" fell from an average of 5 percent of global GPD from 2000 to 2007 to an average of 0.4 percent of global GDP from 2008 to 2012.[41] This decline reflects a fall in cross-border lending by banks, likely accounted for by a fall in interbank lending.[42] Figure 10 shows the decline in cross-border bank lending, broken down by interbank lending and lending to non-banks.

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[37] "This category is identified separately from the other categories because it relates to risk transfer, rather than supply of funds or other resources. Unlike other functional categories, no primary income accrues on financial derivatives. Any amounts accruing under the contract are classified as revaluations and are included in the other changes in assets and liabilities accounts." *Id*. at 110.

[38] "Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options, and reserve assets. To the extent that the following classes of financial assets and liabilities are not included under direct investment or reserve assets, other investment includes: other equity; currency and deposits; loans (including use of IMF credit and loans from the IMF); nonlife insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees; trade credit and advances; other accounts receivable/payable; and SDR allocations (SDR holdings are included in reserve assets)." *Id*. at 111.

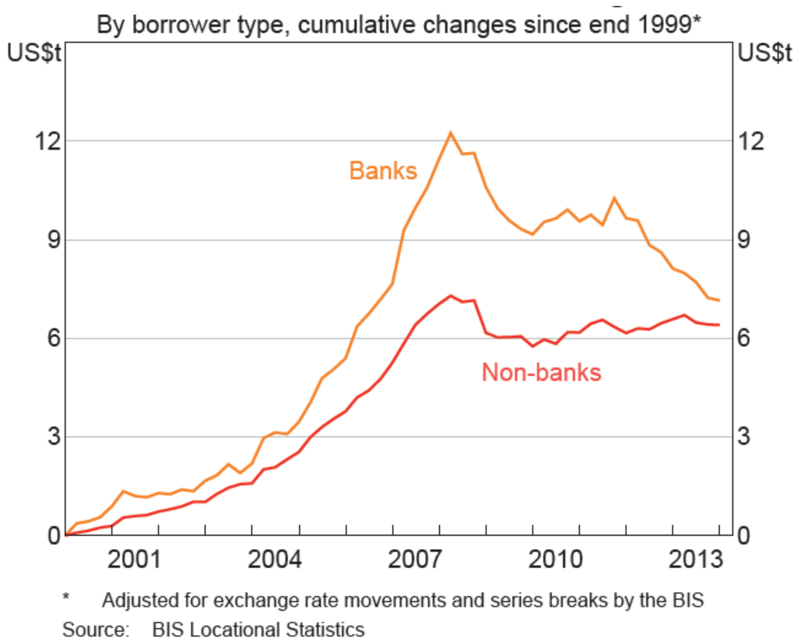
[39] "Reserves assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing). Reserve assets must be foreign currency assets and assets that actually exist. Underlying the concept of reserve assets are the notions of "control," and "availability for use," by the monetary authorities." *Id*. at 111.

[40] Elliott James, et al., *Cross-border Capital Flows since the Global Financial Crisis*, Reserve Bank of Australia, at 65 (2014), available at http://www.rba.gov.au/publications/bulletin/2014/jun/pdf/bu-0614-8.pdf.

[41] *Id*. at 66.

[42] *Id*.

Figure 10. Cross-border Bank Lending from 2001 to 2013.

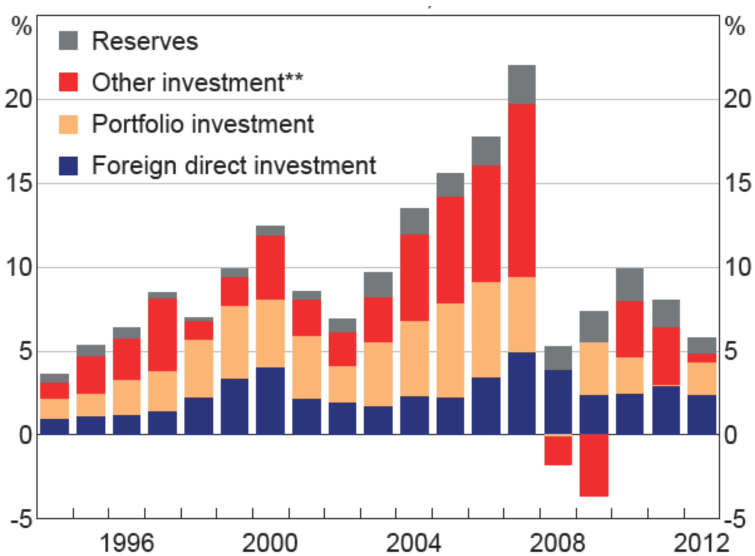


Source: Elliott James, et al., *Cross-border Capital Flows since the Global Financial Crisis*, Reserve Bank of Australia, at 66 (2014), available at http://www.rba.gov.au/publications/bulletin/2014/jun/pdf/bu-0614-8.pdf.

Portfolio investments also fell: declining from an average of 4.2 percent of global GPD from 2000 to 2007 to an average of 1.4 percent of global GDP from 2008 to 2012.[43] Foreign direct investment and reserve assets remained relatively stable. Figure 11 shows the breakdown of global capital flows by type from 1994 to 2012, and Figure 12 shows the breakdown of private capital flows to emerging and developing countries from 1980 to 2010.

[43] *Id*.

Figure 11. Global Capital Flows.

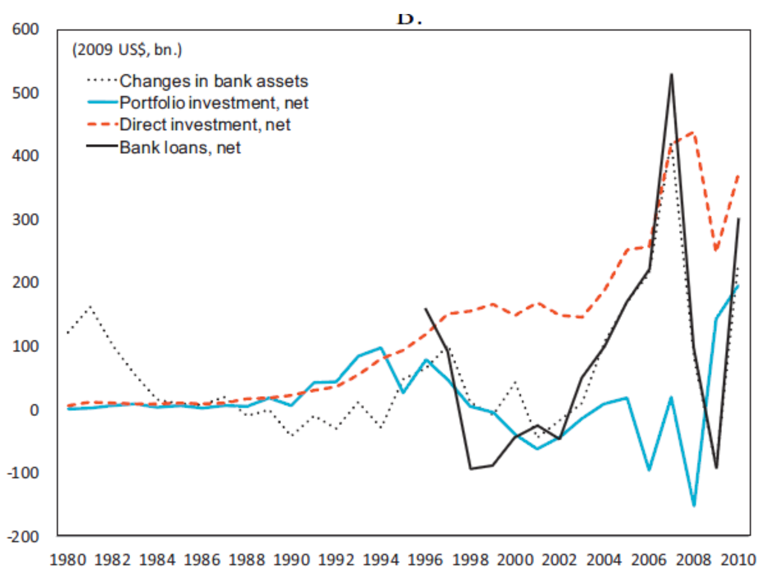


* Gross capital outflows; excluding financial derivatives; 2012 data are latest available

** Includes flows related to international banking transactions

Source: Elliott James, et al., *Cross-border Capital Flows since the Global Financial Crisis*, Reserve Bank of Australia, at 65 (2014), available at http://www.rba.gov.au/publications/bulletin/2014/jun/pdf/bu-0614-8.pdf.

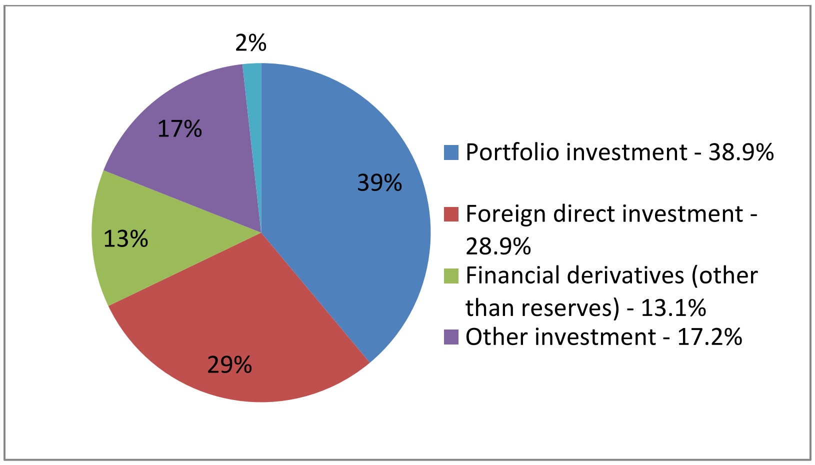
Figure 12. Private Capital Flows to Emerging and Developing Countries.



Source: Camelia Minoiu & Javier A. Reyes, *A Network Analysis of Global Banking: 1978-2010*, 9 J. Fin. Stability 168, 171 (2013).

For the United States, the value of US financial assets abroad in 2014 was $24,595,547 million.[44] $7,124,034 million ($7.2 trillion) (29.0 percent) was direct investment assets, $9,572,539 million ($9.58 trillion) (38.9 percent) was portfolio investment assets, $3,224,535 million ($3.2 trillion) (13.1 percent) was financial derivatives other than reserves, $4,240,188 million ($4.2 trillion) (17.2 percent) was other investment assets, and $434,251 million ($434 billion) (1.8 percent) was reserve assets.[45]

Figure 13. US Financial Assets Abroad.



Source: Author's calculations based on BEA data.

Looking specifically at resource flows to countries on the Development Assistance Committee (DAC) list of Official Development Assistance (ODA) recipients (an imperfect proxy for developing countries),[46] the total resource flow

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[44] BEA, International Economic Accounts, Table: International Investment Position, http://www.bea.gov/scb/pdf/2015/10%20October/1015_international_investment_position_tables.pdf.

[45] *Id*. The US international investment position provides information of the stock of US financial assets abroad, in contrast to the flow of capital (i.e., the change in stock). The international investment position was calculated on an asset/liability basis as opposed to a directional basis. Positions on an asset/liability basis are organized according to whether the positions are assets or liabilities. Assets include US parent and US affiliate claims, and liabilities include US affiliate and US parent liabilities. Positions on a directional basis are organized according to whether the positions are for outward investment (US direct investment abroad) or inward investment (foreign direct investment in the United States). The outward direct investment position includes US parent claims less US parent liabilities. The inward direct investment position includes US affiliate liabilities less US affiliate claims. http://www.bea.gov/iTable/iTable.cfm?ReqID=62&step=1#reqid=62&step=6&isuri=1&6210=5&6200=148.

[46] DAC List of ODA Recipients, http://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf.

from the US was $148,184 million ($148 billion) in 2013—34 percent of total resources flows from DAC counties to ODA recipients.[47] To breakdown the resource flow from the US to ODA recipients, $30,879 million ($30.9 billion) (20.8 percent) was ODA and $1,427 million ($1.4 billion) (1.0 percent) was other official flows.[48] $22,579 million ($22.6 billion) (15.2 percent) was grants by private voluntary agencies. Private flows at market terms were $93,299 million ($93.3 billion) in 2013—63.0 percent of total financial flows from the US to ODA recipient countries. The total for private flows at market terms from all DAC countries to ODA recipients was $263,460 million ($263.5 billion), meaning the private flows from the US made up 35.4 percent of the total.[49] Figure 14 shows the breakdown of private capital flows at market terms from the US to ODA recipients.

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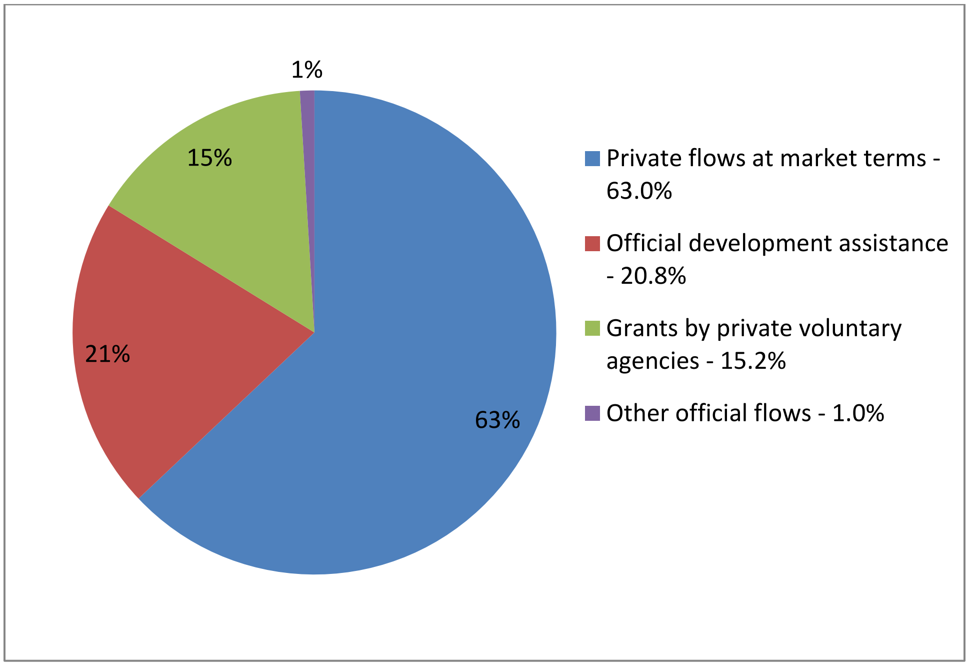
[47] OECD, Statistics on resource flows to developing countries, Table 2 - Total Net Flows from DAC Countries by Type of Flow, http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm.The OECD measures financial flows from Development Assistance Committee (DAC) members to the DAC list of ODA recipients. DAC List of ODA Recipients, http://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf.

[48] OECD, Statistics on resource flows to developing countries, Table 2 - Total Net Flows from DAC Countries by Type of Flow, http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm. Private flows are defined as financial flows at market terms financed out of private sector resources (changes in holdings of private, long-term assets held by residents of the reporting country) and private grants (grants by non-government organizations, net of subsidies received from the official sector). Private capital flows can be divided into: foreign direct investment; portfolio equity (the buying and selling of stocks and shares); remittances sent home by migrants; and private sector borrowing. This indicator is measured in million USD constant prices, using 2012 base year. OECD (2015), Private flows (indicator). doi: 10.1787/4d31a9d6-en (Accessed on 02 October 2015).

[49] OECD, Statistics on resource flows to developing countries, Table 2 - Total Net Flows from DAC Countries by Type of Flow, http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm. Private flows are defined as financial flows at market terms financed out of private sector resources (changes in holdings of private, long-term assets held by residents of the reporting country) and private grants (grants by non-government organizations, net of subsidies received from the official sector). Private capital flows can be divided into: foreign direct investment; portfolio equity (the buying and selling of stocks and shares); remittances sent home by migrants; and private sector borrowing. This indicator is measured in million USD constant prices, using 2012 base year.

Figure 14. Resource Flows from the US to ODA Recipients

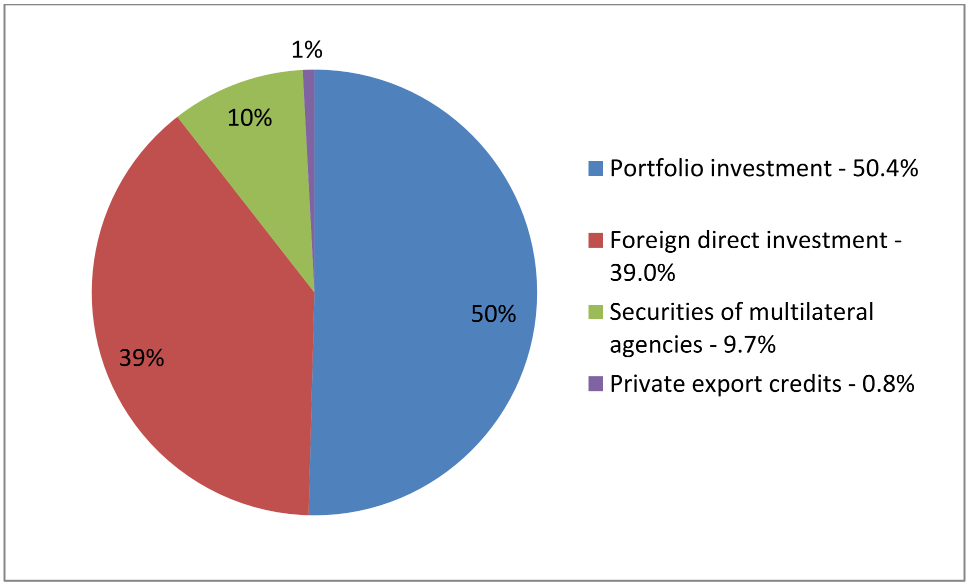


Source: Author's calculations based on OECD data.

Of the private flows from the US to ODA recipients, $36,418 million ($36.4 billion) (39.0 percent) was direct investment, $787 million (0.8 percent) was private export credits, $47,036 million ($47 billion) (50.4 percent) was bilateral portfolio investment, and $9,058 million ($9 billion) (9.7 percent) was securities of multilateral agencies.[50]

[50] OECD, Statistics on resource flows to developing countries, Table 2 - Total Net Flows from DAC Countries by Type of Flow, http://www.oecd.org/dac/stats/statisticsonresourceflowstodevelopingcountries.htm. Note: 1) We do not know the share of private flows attributable to the financial sector. 2) Remittances are not included in this dataset.

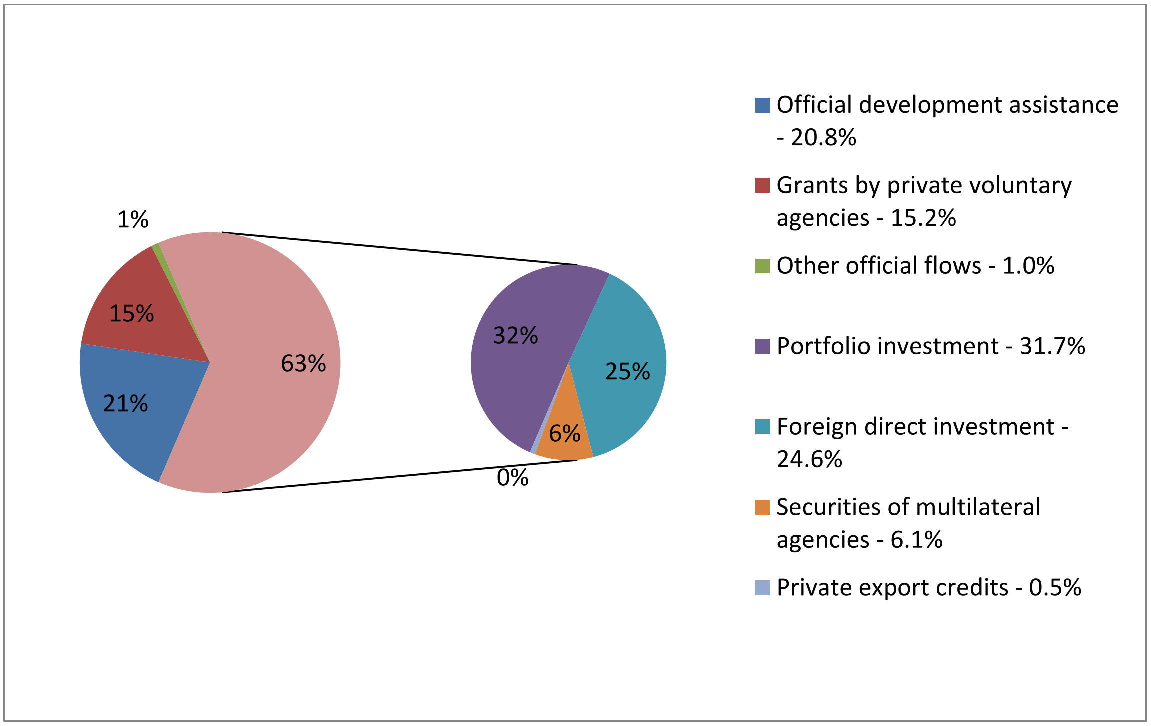
Figure 15. US Private Flows at Market Terms to ODA Recipients.



Source: Author's calculations based on OECD data.

Figure 16 shows the private market flow category (63.0 percent of the total) broken down by type (portfolio investment, foreign direct investment, securities of multilateral agencies, and private export credits) in the context of all capital flows from the US to ODA recipients.

Figure 16. Resource Flows from the US to ODA Recipients.



Source: Author's calculations based on OECD data.

Foreign Direct Investment

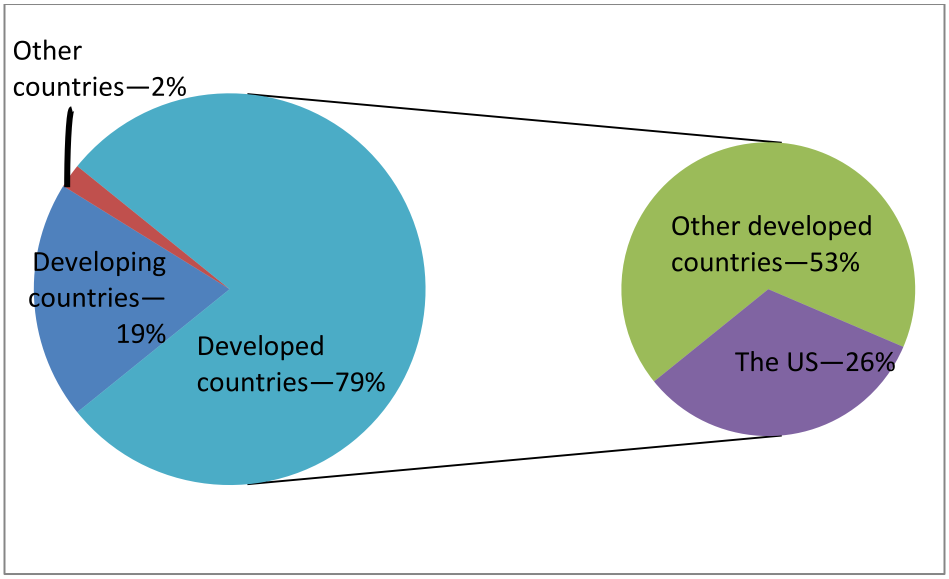
Of international capital, levels of foreign direct investment seem to be the most measured and studied. Direct investment, as defined above, captures investments that give a resident in one economy control or a significant degree of influence over the management of an enterprise that is resident in another economy. As well as equity (which is associated with voting power), the direct investor may also supply other types of finance (e.g., knowhow). Direct investment tends to involve a lasting relationship, although it may be a short-term relationship in some cases. Given the lasting relationship and degree of control, direct investments could indicate significant influence by the investor in the host country.

According to the UN Conference on Trade and Development (UNCTAD), the world total for foreign direct investment stock in 2014 was $24,602,826 million ($24.6 trillion).[51] Developing countries held $4,833,045 million ($4.8 trillion) of these assets—19.6 percent of the world total. In contrast, developed countries

[51] UNCTADStat, Foreign direct investment: Inward and outward flows and stock, annual, 1980-2014, http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx. UNCTAD reports US FDI stock at $6,349,512 million and the world total at $26,312,624 million for 2013.

held $19,282,888 million ($19.3 trillion) in FDI stock—78.4 percent of the world total.[52] The total foreign direct investment stock for the US was $6,318,640 ($6.3 trillion)—32.8 percent of the total for developed countries and 25.7 percent of the world total.[53] The US's levels of direct investment stock abroad is the highest of any country. The United Kingdom had the second highest, with $1,584,147 ($1.6 trillion)—6.4 percent of the world total.

Figure 17. FDI Stock.



Source: Author's calculations based on UNCTAD data.

Using a slightly different valuation and classification method,[54] the US Department of Commerce Bureau of Economic Analysis (BEA) reported US

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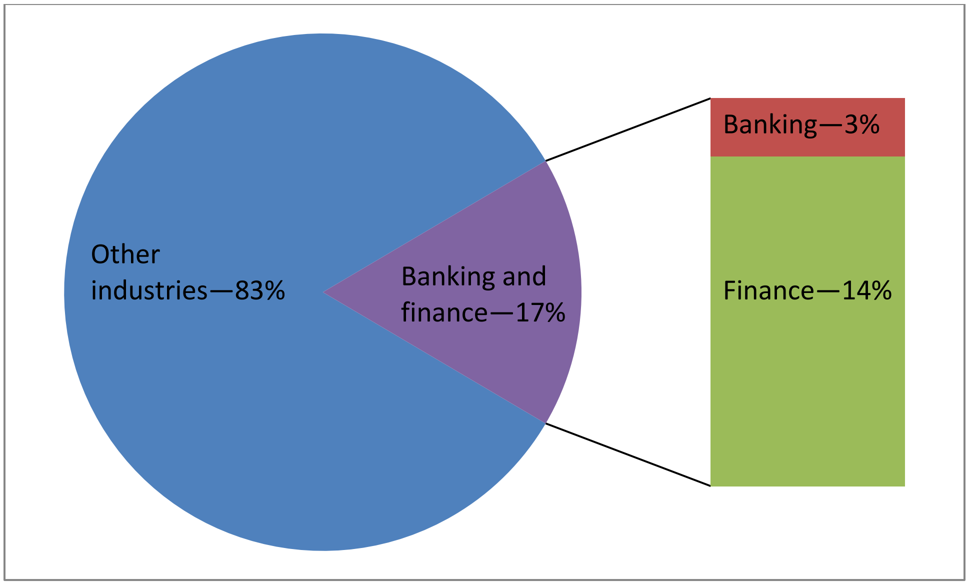
[52] *Id.*
[53] *Id.*
[54] The US BEA data is presented on a historical-cost basis. "Detailed statistics on the positions of US direct investment abroad and foreign direct investment in the United States by country and industry are reported only on a historical-cost basis, so they largely reflect the price levels of earlier periods. Statistics are also reported on current-cost and market-value bases, but only at a global level, not by country or industry."
presentation on a gross asset and liability basis as well as according to the directional principle)
On a directional basis, direct investment claims and liabilities are classified according to whether the direct investor is a US resident or a foreign resident. On this basis, outward investment occurs between a US parent company and its foreign affiliates, and inward direct investment occurs between a foreign company and its US affiliates. In each case, the position measures the parent's net financial claims on its affiliates.
Historical-cost statistics are not usually adjusted to reflect changes in the current costs or the replacement costs of tangible assets or in the stock market valuations of firms. Over time, the current costs of tangible assets and the stock market valuations of firms tend to

private foreign direct investment assets across all industries as $4,920,653 million ($4.9 trillion) in 2014.[55] Of this, the finance and banking industries held $834,118 million ($834 billion) in assets—17.0 percent of the total for all industries. Banking institutions specifically held $125,169 million ($125 billion)—2.5 percent of the total - and the finance industry held $708,949 million ($709 billion)—14.4 percent of the total.[56]

Figure 18. US Foreign Direct Investment Assets by Industry in 2014.



Source: Author's calculations based on BEA data.

The BEA also disaggregates the $708,949 million ($709 billion) of foreign direct investment assets held by the finance industry by country.

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increase. As a result, historical-cost statistics tend to be lower than the current-cost and market-value statistics for the same positions.
Balance of payments transactions (and associated positions) between parents and affiliates are recorded against the country of the foreign affiliate with which the US parent had a direct transaction, even if the transaction may reflect indirect claims on, liabilities to, or income from indirectly held affiliates in third countries.

[55] Direct Investment and MNE, BEA.

[56] BEA, International Data, Balance of Payments and Direct Investment Position Data, http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=10&isuri=1&202=1&203=30&204=1&205=1&200=1&201=1&207=49&208=207&209=1.

Table 4. Top ten host countries for US Finance Industry Direct Investment.[57]

Country	FDI Assets (millions USD)
United Kingdom	$152,424
United Kingdom Islands	$107,096
Japan	$54,001
Canada	$49,802
Bermuda	$39,156
Australia	$35,724
Netherlands	$35,106
Luxembourg	$30,809
Germany	$19,371
Singapore	$18,751

Source: Author's calculations based on BEA data.

US finance sector direct investment assets in secrecy jurisdictions totaled $635,923 million ($635.9 billion)—90.0 percent of all finance industry direct investment assets.[58] US finance sector direct investment assets in low and middle income countries totaled $30,813 million ($30.1 billion)—4.3 percent of the total.[59]

Portfolio Investment

In 2013, the IMF reported the world total for acquisition of portfolio investment assets at $1,616,249 million ($1.6 trillion).[60] Of this, $476,238 million ($476 billion) (29.5 percent) was from the US.

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[57] International Data, Direct Investment and MNE, BEA, http://www.bea.gov/iTable/iTable.cfm?ReqID=2&step=1#reqid=2&step=10&isuri=1&202=1&203=30&204=1&205=1&200=1&201=1&207=49&208=207&209=1.

[58] The secrecy jurisdiction classifications comes from the Tax Justice Network's Financial Secrecy Index, which ranks jurisdictions according to their secrecy and the scale of their offshore financial activities. Countries are classified as a "secrecy jurisdiction" if they ranked in the top fifty world-wide.

[59] The low and middle income classification is calculated by the World Bank based on estimates of gross national income. Low & middle income, http://data.worldbank.org/income-level/LMY. "As of 1 July 2015, low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,045 or less in 2014; middle-income economies are those with a GNI per capita of more than $1,045 but less than $12,736; high-income economies are those with a GNI per capita of $12,736 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of $4,125." New Country Classifications, http://data.worldbank.org/news/new-country-classifications-2015.

[60] IMF, Coordinated Portfolio Investment Survey (CPIS), http://data.imf.org/?sk=B981B4E3-4E58-467E-9B90-9DE0C3367363.

SPECIFIC FINANCIAL INSTITUTIONS—FOREIGN ASSETS

The previous section looked at figures on global capital flows and stock, which includes only *financial* assets.[61] Figures looking to the total amount of assets—both financial and nonfinancial—held by financial institutions can also provide a lot of information about the international presence of US banks and are more readily available than information on financial assets and capital flows specifically. Though assets capture more than “investment,” figures on the amount of assets held can provide a complementary measure. Assets include all tangible or intangible economic resources that are capable of being owned or controlled to produce value. Cash and other resources whose value of ownership can be converted into cash are assets.

Using Bank of America’s 10K Balance Sheet as an example, the three largest categories of assets are: 1) loans and leases = $866,972 million ($867 billion) (41.2 percent of total assets), 2) debt securities = $380,461 million ($380 billion) (18.1 percent), and 3) cash and cash equivalents = $138,589 million ($138.6 billion) (6.6 percent). These three categories are all financial assets that would be included in the IMF’s investment measurement.[62]

The Biggest US Banks

Of the assets held by the biggest US banking institutions, the vast majority of these assets were “domestic.” However, some of the banks had more significant percentages of foreign assets. To classify assets as domestic or foreign, the banks look to the business unit structure used to manage the capital or expense deployed in the region. As Bank of America acknowledged in its 2014 10K, the allocation of assets by geographic area requires certain judgments.[63]

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[61] The international investment position (IIP)—a statement that shows at a point in time the value of: financial assets of residents of an economy that are claims on nonresidents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to nonresidents. IMF, Balance of Payments and International Investment Position Manual (6th ed., 2009).

[62] Loans and leases are “other investment”, debt securities are likely portfolio investments, and cash and cash equivalents are also “other investment.”

[63] Bank of America Form 10-K, Fiscal Year ended Dec. 31, 2014, at 264.

Table 5. Domestic v. Foreign Assets for Specific US Banking Institutions.[64]

Bank	Consolidated assets (Mil $)	Domestic assets (Mil $)	Foreign assets (Mil $)	Percent foreign assets (%)
JP Morgan Chase Bank	2,096,114	1,528,986	567,128	27.1
Bank of America, N.A.	1,599,746	1,517,375	82,371	5.1
Wells Fargo Bank, N.A.	1,571,389	1,532,131	39,258	2.5
Citibank N.A.	1,335,871	741,466	594,405	44.5
US Bank, N.A.	405,363	404,591	772	0.2
PNC Bank, N.A.	340,231	336,828	3,403	1.0
Bank of NY Mellon	316,699	212,257	104,442	33.0

Source: Author's calculations based on regulatory disclosures published by the Federal Reserve.

CONCLUSION

The US is a major actor in international investment. In terms of both capital flows from DAC countries to ODA recipients and foreign direct investment stock, the US is the world leader. Though most publicly available data on global investments is only available at the country level, the private sector, and the financial sector specifically, plays a large role in global capital flows. This information on global investment levels is one way of demonstrating the extent to which the US financial sector has a presence abroad.

Takeaways:

- The total resource flow from the US to Official Development Assistance (ODA) recipients was $148,184 million ($148 billion) in 2013—34.0 percent of total resources flows from DAC counties to ODA recipients. Of this resource flow from the US, private flows at market terms were $93,299 million ($93 billion)—63.0 percent of total financial flows from the US to ODA recipient countries and 35.4 percent of all private flows at market terms from DAC countries to ODA.

- The US's levels of direct investment stock abroad is the highest of any country at $6,318,640 million ($6.3 trillion)—32.8 percent of the total for developed countries and 25.7 percent of the world total. The United Kingdom is in second place with $1,584,147 million ($1.6 trillion)—6.4 percent of the world total.

- Of private foreign direct investment assets from US industries, the finance and banking industries holds $834,118 million ($834 billion) in assets—17.0

[64] Large Commercial Banks, Federal Reserve Statistic Release, http://www.federalreserve.gov/releases/lbr/current/default.htm (as of March 31, 2015).

percent of the total for all industries. 90.0 percent of US finance sector direct investment assets are in secrecy jurisdictions.

SECTION THREE: FOREIGN BANK PRESENCE

To what extent do US banks have a presence in developing countries? What are their primary activities (e.g., consumer banking, investments, etc.)?

The presence of US banks in developing countries and tax havens could be a strong indicator of significant influence in that country. Foreign presence can be represented by holding assets, owning subsidiaries, or opening branches outside of the US. A bank's global lending practices and a geographical breakdown of its revenues also shed light on operations abroad that indicate foreign presence. Establishing the presence and operations of banking institutions abroad is necessary before examining whether these institutions are implicated in pervasive banking practices in those countries, including the facilitation of tax evasion and illicit financial flows.

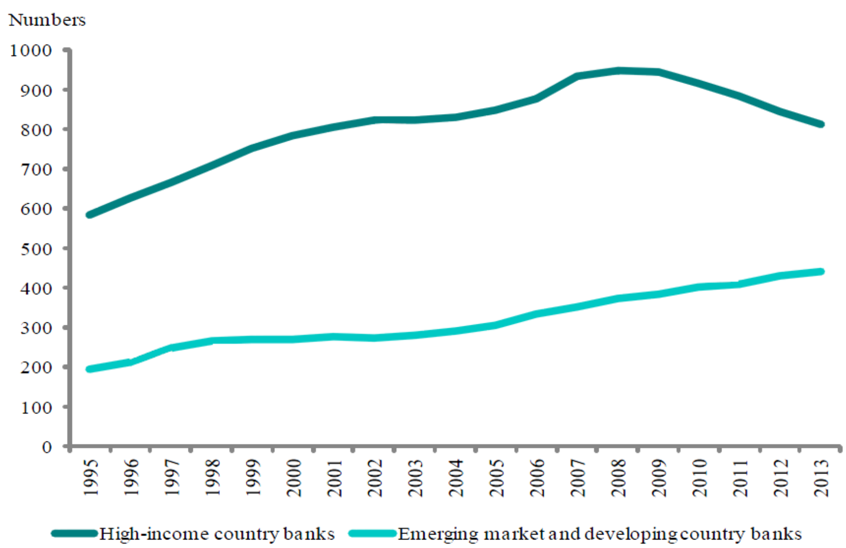
Content:

- Foreign banks
  - Broken down by host country income group
  - Percentages for all 137 reporting countries
  - Ownership of foreign banks by home country income group
- Specific US FHCs
  - Foreign v. domestic branches
  - Foreign v. domestic subsidiaries, broken down by country, income groups and secrecy scores
- Foreign and cross-border lending
  - Broken down by host and home country income group
  - Revenues for the largest US banks by geographical segment

FOREIGN OWNERSHIP OF BANKS

For the global banking sector as whole,[65] there was a sharp increase in foreign bank ownership from 1995 leading up to the crisis in 2008. The trend of increasing foreign bank ownership affected a large number of countries. This 15 year period saw a steady increase in the number of foreign banks, from 784 in 1995 to 1,301 in 2007.[66] A bank is classified as foreign owned when 50 percent or more of its shares are held by foreigners. The country where the bank is headquartered is considered the host country, and the country with the highest percentage of shares is considered the home country.

Figure 19. Number of foreign banks by home country income group, 1995—2013.



Note: High-income country banks includes foreign banks from all core OECD home countries and all other high-income home countries. Emerging market and developing country banks includes all banks from emerging market and developing country home countries. For exact country classification see main text.

Source: Claessens & Van Horen, The Impact of the Global Financial Crisis on Banking Globalization, IMF, at 31 (2014).

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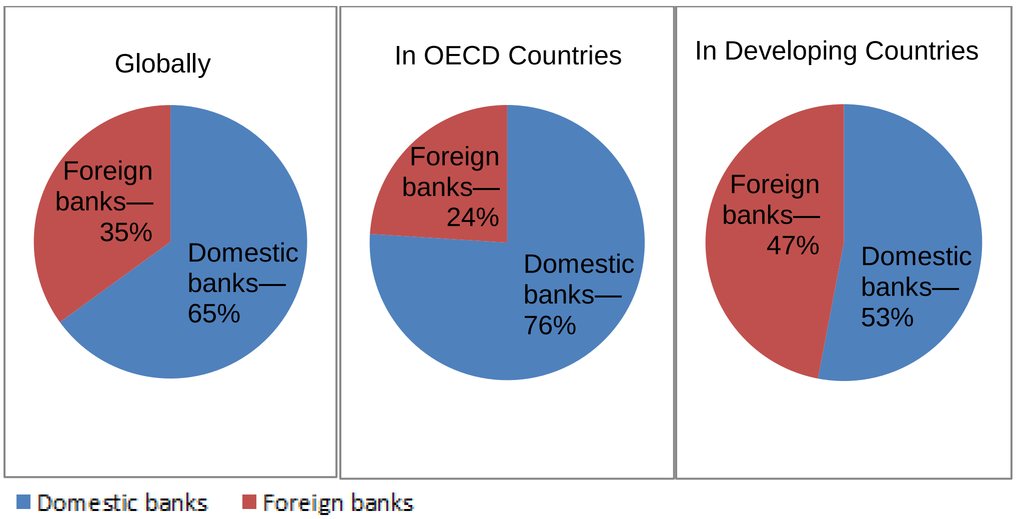
[65] IMF Report studied 3,656 banks in 2013. The database contains ownership information of current and past active commercial banks, saving banks, cooperative banks and bank holding companies that reported financial statements to Bankscope at least one year between 1995 and 2009 in 137 countries. Coverage is very comprehensive with banks included accounting for 90 percent or more of each country's banking system assets. Claessens & Van Horen, *supra* note 23.

[66] *Id*., at 8.

Location of foreign banks

By 2013, 65 percent of worldwide banks were domestic and 35 percent were foreign.[67] Globally, the domestic banks held 89 percent of the assets, and foreign banks held 11 percent.[68] In OECD countries 24 percent of the banks were foreign-owned, and the foreign banks only held 10 percent of the assets.[69] In developing countries 47 percent of the banks were foreign, and these foreign banks held 25 percent of the assets.[70]

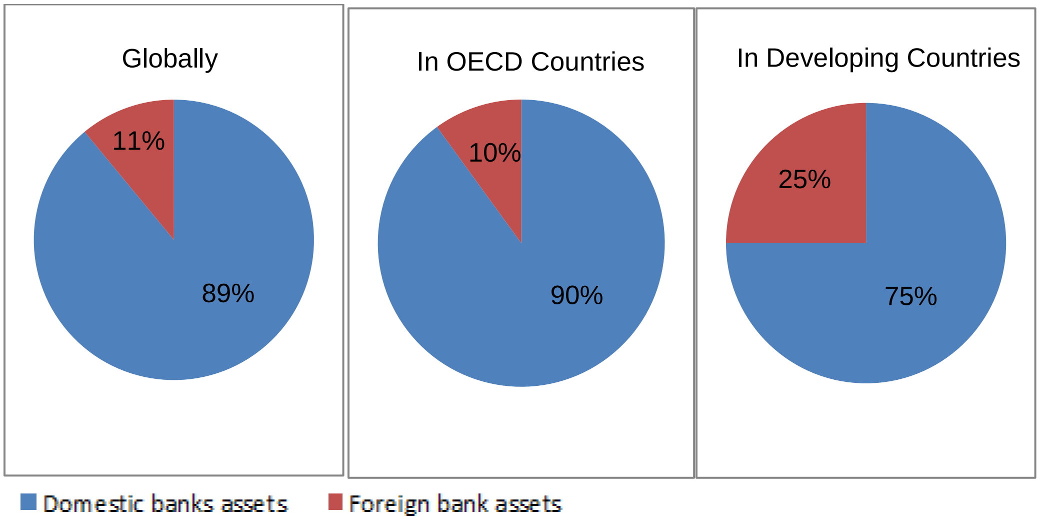
Figure 20. Number of Domestic v. Foreign Banks.



Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

[67] Claessens & Van Horen, *supra* note 23, at 36.
[68] *Id.*
[69] *Id.*
[70] *Id.*

Figure 21. Domestic v. Foreign Bank Assets.



Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

The IMF Report also provides the percentage of foreign banks by number and by assets, broken down by country for 2005-2013.[71] The information, provided below, could be used to select low-income countries with a high foreign bank presence or to chart foreign bank presence across regions. To first highlight some interesting findings:

- Estonia, Barbados and Madagascar had 100 percent foreign banks in 2013.
- Benin, Botswana, Cote d'Ivoire, Croatia, Hong Kong, Kyrgyzstan, Lithuania, Luxembourg, Mozambique, Slovakia, Tanzania, and Uruguay all had over 90 percent foreign ownership of bank assets in 2013.

[71] Claessens & Van Horen, *supra* note 23, at 43-48.

Table 6. Percentages of Foreign Banks by Asset Totals in East Asia Pacific from 2005 to 2013:

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cambodia[12]	36	36	36	36	36	36	36	36	36
China[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Indonesia[3]	23	23	23	23	23	23	23	23	23
Korea (South)	16	16	16	16	16	16	16	16	16
Malaysia[34]	17	17	17	17	17	17	17	17	17
Mongolia[3]	10	10	10	10	10	10	10	10	10
Philippines[34]	1	1	1	1	1	1	1	1	1
Thailand[3]	3	3	3	3	3	3	3	3	3
Vietnam[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EAP Average	4	4	4	4	4	4	4	4	4

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author’s calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 7. Percentages of Foreign Banks by Asset Totals in Europe and Central Asia from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Armenia[3]	56	56	56	56	56	56	56	56	56
Azerbaijan[3]	1	1	1	1	1	1	1	1	1
Belarus[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bosnia-Herzegovina[3]	87	87	87	87	87	87	87	87	87
Bulgaria[3]	76	76	76	76	76	76	76	76	76
Croatia	92	92	92	92	92	92	92	92	92
Czech Republic	83	83	83	83	83	83	83	83	83
Estonia	100	100	100	100	100	100	100	100	100
Georgia[3]	32	32	32	32	32	32	32	32	32
Hungary	67	67	67	67	67	67	67	67	67
Kazakhstan[3]	4	4	4	4	4	4	4	4	4
Kyrgyzstan[3]	91	91	91	91	91	91	91	91	91
Latvia	57	57	57	57	57	57	57	57	57
Lithuania	92	92	92	92	92	92	92	92	92
Macedonia[34]	54	54	54	54	54	54	54	54	54
Moldova[3]	23	23	23	23	23	23	23	23	23
Montenegro[34]	23	23	23	23	23	23	23	23	23
Romania[3]	58	58	58	58	58	58	58	58	58
Russia	7	7	7	7	7	7	7	7	7
Poland	76	76	76	76	76	76	76	76	76
Serbia[3]	75	75	75	75	75	75	75	75	75
Slovakia	91	91	91	91	91	91	91	91	91
Turkey[34]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ukraine[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Uzbekistan[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ECA Average	42	42	42	42	42	42	42	42	42

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 8. Percentages of Foreign Banks by Asset Totals in Latin America and the Caribbean from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Antigua & Barbuda[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Argentina	27	26	27	28	28	24	29	27	N/A
Barbados[4]	100	100	100	100	100	100	100	100	100
Bolivia[3,4]	37	18	18	16	16	15	13	13	16
Brazil[3]	23	25	24	22	18	17	17	16	N/A
Chile	N/A	N/A	N/A	42	37	37	35	33	20
Colombia[3]	20	17	14	12	11	11	10	13	15
Costa Rica[3]	24	25	37	37	34	31	31	29	28
Cuba[3]	0	0	0	0	0	0	0	0	0
Dominican Republic[3,4]	9	8	8	7	7	7	7	7	8
Ecuador[3]	11	10	11	11	14	13	12	12	19
El Salvador[3]	50	80	97	97	97	96	95	95	100
Guatemala[3,4]	11	12	13	32	32	32	30	31	30
Haiti[1,2]	0	0	0	0	0	0	0	0	0
Honduras[3]	29	26	44	46	42	42	42	43	67
Jamaica[3]	89	89	N/A	N/A	92	93	94	91	95
Mexico[3]	83	81	78	75	73	73	74	71	70
Nicaragua[3]	N/A	45	N/A	57	67	65	65	67	N/A
Panama[3,4]	38	47	52	55	64	71	71	67	N/A
Paraguay[3,4]	63	60	55	62	48	51	52	49	51
Peru[3]	49	48	49	51	49	49	51	49	51
Trinidad & Tobago	13	12	13	59	56	56	57	N/A	N/A
Uruguay[4]	75	87	47	48	55	57	55	54	92
Venezuela[4]	42	29	25	27		15	14	16	16
LAC Average	38	36	34	35	29	28	27	26	25

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 9. Percentages of Foreign Banks by Asset Totals in the Middle East and North Africa from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Algeria[3]	7	7	7	7	7	7	7	7	7
Bahrain[4]	67	67	67	67	67	67	67	67	67
Egypt[3]	12	12	12	12	12	12	12	12	12
Iran[3]	0	0	0	0	0	0	0	0	0
Jordan[3]	14	14	14	14	14	14	14	14	14
Lebanon[34]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Libya[3]	0	0	0	0	0	0	0	0	0
Morocco[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Oman	0	0	0	0	0	0	0	0	0
Saudi Arabia[4]	0	0	0	0	0	0	0	0	0
Tunisia[3]	29	29	29	29	29	29	29	29	29
Yemen[13]	0	0	0	0	0	0	0	0	0
MENA Average	15	15	15	15	15	15	15	15	15

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 10. Percentages of Foreign Banks by Asset Totals in the Organisation for Economic Co-operation and Development (OECD) from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Australia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Austria	23	23	23	23	23	23	23	23	23
Belgium	13	13	13	13	13	13	13	13	13
Canada	4	4	4	4	4	4	4	4	4
Denmark	20	20	20	20	20	20	20	20	20
Finland	72	72	72	72	72	72	72	72	72
France	5	5	5	5	5	5	5	5	5
Germany	24	24	24	24	24	24	24	24	24
Greece	4	4	4	4	4	4	4	4	4
Iceland	0	0	0	0	0	0	0	0	0
Ireland	38	38	38	38	38	38	38	38	38
Italy	1	1	1	1	1	1	1	1	1
Japan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Luxembourg	99	99	99	99	99	99	99	99	99
Netherlands	7	7	7	7	7	7	7	7	7
New Zealand	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Norway	42	42	42	42	42	42	42	42	42
Portugal	16	16	16	16	16	16	16	16	16
Spain	2	2	2	2	2	2	2	2	2
Sweden	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Switzerland[4]	4	4	4	4	4	4	4	4	4
United Kingdom	12	12	12	12	12	12	12	12	12
United States[4]	21	21	21	21	21	21	21	21	21
OECD Average	11	11	11	11	11	11	11	11	11

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 11. Percentages of Foreign Banks by Asset Totals in Other High Income Countries from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cyprus	22	22	22	22	22	22	22	22	22
Hong Kong[4]	92	92	92	92	92	92	92	92	92
Israel	0	0	0	0	0	0	0	0	0
Kuwait	12	12	12	12	12	12	12	12	12
Qatar	0	0	0	0	0	0	0	0	0
Singapore[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Slovenia	25	25	25	25	25	25	25	25	25
Taiwan[4]	0	0	0	0	0	0	0	0	0
UAE[4]	3	3	3	3	3	3	3	3	3
OHI Average	48	48	48	48	48	48	48	48	48

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 12. Percentages of Foreign Banks by Asset Totals in South Asia from 2005 to 2013.

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bangladesh[13]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
India[3]	4	4	4	4	4	4	4	4	4
Nepal[12]	14	14	14	14	14	14	14	14	14
Pakistan[3]	21	21	21	21	21	21	21	21	21
Sri Lanka[3]	0	0	0	0	0	0	0	0	0
SA Average	5	5	5	5	5	5	5	5	5

[1]UN Least Developed Country
[2]Low Income Country
[3]Middle Income Country
[4]Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Table 13. Percentages of Foreign Banks by Asset Totals in Sub-Saharan Africa from 2005 to 2013.

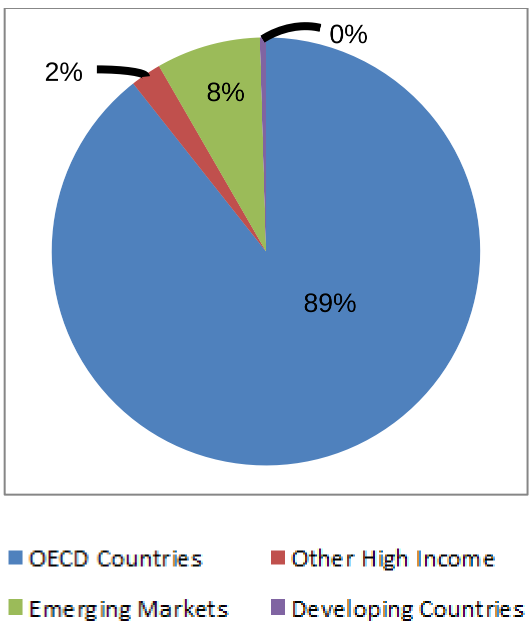
Country	2005	2006	2007	2008	2009	2010	2011	2012	2013
Angola[1,3]	48	48	48	48	48	48	48	48	48
Benin[1,2]	90	90	90	90	90	90	90	90	90
Botswana[3,4]	94	94	94	94	94	94	94	94	94
Burkina Faso[1,2]	79	79	79	79	79	79	79	79	79
Burundi[1,2]	36	36	36	36	36	36	36	36	36
Cameroon[3]	71	71	71	71	71	71	71	71	71
Congo[1,2]	44	44	44	44	44	44	44	44	44
Cote d'Ivoire[3]	90	90	90	90	90	90	90	90	90
Ethiopia[1,2]	0	0	0	0	0	0	0	0	0
Ghana[3,4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kenya[3]	46	46	46	46	46	46	46	46	46
Madagascar[1,2]	100	100	100	100	100	100	100	100	100
Malawi[1,2]	31	31	31	31	31	31	31	31	31
Mali[1,2]	28	28	28	28	28	28	28	28	28
Mauritania[1,3]	3	3	3	3	3	3	3	3	3
Mauritius[3,4]	46	46	46	46	46	46	46	46	46
Mozambique[1,2]	99	99	99	99	99	99	99	99	99
Namibia[3]	74	74	74	74	74	74	74	74	74
Niger[1,3]	72	72	72	72	72	72	72	72	72
Nigeria[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rwanda[1,2]	53	53	53	53	53	53	53	53	53
Senegal[1,3]	62	62	62	62	62	62	62	62	62
Seychelles[4]	52	52	52	52	52	52	52	52	52
South Africa[3]	25	25	25	25	25	25	25	25	25
Sudan[1,3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Swaziland[3]	80	80	80	80	80	80	80	80	80
Tanzania[1,2,4]	93	93	93	93	93	93	93	93	93
Togo[1,2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Uganda[1,2]	89	89	89	89	89	89	89	89	89
Zambia[1,3]	69	69	69	69	69	69	69	69	69
Zimbabwe[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SSA Average	28	28	28	28	28	28	28	28	28

[1] UN Least Developed Country
[2] Low Income Country
[3] Middle Income Country
[4] Secrecy Jurisdiction
Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Ownership of foreign banks

Foreign banks are, to a large extent, concentrated in non-OECD countries, while their parent banks tend to be headquartered in OECD countries.[72] Foreign banks with OECD parents made up 89 percent of foreign bank assets globally, down from 94 percent of all foreign-controlled assets in 2007.[73] A growing number of foreign banks come from emerging markets and developing countries since 2007, but these banks tend to be very small. Emerging market banks represented 26 percent of foreign banks in terms of numbers but only 8 percent of all foreign bank assets as of 2013. Banks owned in developing countries represented 9 percent of foreign banks in terms of numbers but 0 percent of foreign bank assets globally.

Figure 26. Ownership of Foreign Banks (by asset total).



Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

Although foreign banks with OECD parents dominate the share of foreign banks, banks owned in the US, Canada and Mexico only represented 14 percent of foreign bank assets. On the other hand, banks owned in OECD countries in Western Europe represent 70 percent of foreign bank assets.[74] Banks owned in Japan, Australia, and New Zealand made up 5 percent of foreign bank assets. Therefore, institutions and individuals in Western Europe own the vast majority of

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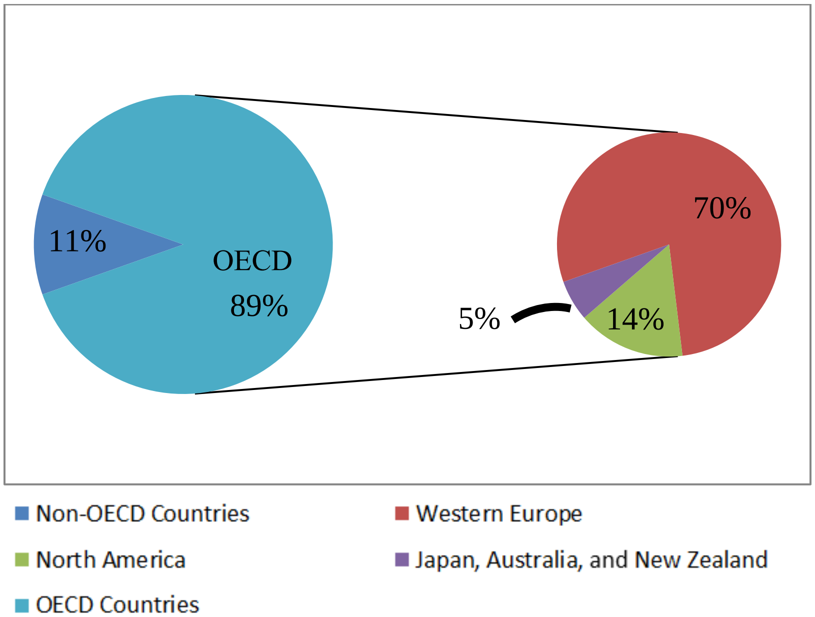
[72] Claessens & Van Horen, *supra* note 23, at 9.
[73] *Id*., at 1, 37.
[74] Claessens & Van Horen, *supra* note 23, at 37.

foreign bank assets worldwide while institutions and individuals in the US represent some percentage below 14 percent.

Figure 27. Ownership of foreign banks, OECD breakdown (by asset total).



Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF (2014).

SPECIFIC US FINANCIAL INSTITUTIONS—BRANCHES AND SUBSIDIARIES

Branches

Most of the largest US banks have thousands of branches, mainly in the US but also internationally. The Federal Reserve provides information on the total number of branches per bank and their breakdown by domestic v. foreign branches. Of the seven largest US banks, Bank of NY Mellon and Citibank had the highest percentages of foreign branches. 81.3 percent of Bank of NY Mellon's branches are located abroad and 25.4 percent of Citibank's branches are located abroad. Unfortunately, the Federal Reserve—nor any other identified source - does not provide information on the location of these foreign branches.

Table 14. Foreign and Domestic Branches by Bank.

Bank	Domestic branches	Foreign branches	Percent Foreign
JP Morgan Chase Bank	5,576	30	0.5%
Bank of America, N.A.	4,894	33	0.7%
Wells Fargo Bank, N.A.	6,225	9	0.1%
Citibank N.A.	802	273	25.4%
US Bank, N.A.	3,230	1	0.0%
PNC Bank, N.A.	2,792	2	0.0%
Bank of NY Mellon	3	13	81.3%

Source: Author's calculations based on regulatory disclosures published by the Federal Reserve.

Subsidiaries

The big four financial holding companies in the US—JP Morgan Chase & Co., Bank of America Corporation, Citigroup Inc. and Wells Fargo & Co. —own an enormous amount of subsidiaries. They all have over 1,000 subsidiaries, including their main banking institutions. Though, as public companies, these FHCs are required to report some of their subsidiaries in their annual 10-K report, these filings only capture a fraction of the total amount of subsidiaries. The Federal Reserve requires fuller disclosure on the subsidiaries of large financial institutions, made available by the National Information Center. [75] Combined, the big four FHCs only report 17 percent of their subsidiaries on their 10Ks. The average is mostly boosted by Wells Fargo's 70 percent disclosure. JP Morgan and Bank of America both reported less than 10 percent. This difference between subsidiary disclosures made to the Federal Reserve and disclosures in 10-K filings is striking, especially as the 10K is designed to enhance transparency and public knowledge, accountability and investor protection.

Table 15. 10K Subsidiary Disclosures v. Federal Reserve Subsidiary Disclosures.

	Federal Reserve	2014 10K	Percent disclosed on 10K
Bank of America Corporation	1518	103	6.8%
Citigroup	1620	279	17.2%
JP Morgan Chase & Co.	5516	49	0.9%
Wells Fargo & Co.	2034	1427	70.2%
TOTAL	**10688**	**1858**	**17.4%**

Source: Author's calculations based on regulatory disclosures published by the National Information Center and the financial institutions' 2014 10K filings.

[75] Understanding the Organization Hierarchy Report, National Information Center, https://www.ffiec.gov/nicpubweb/content/help/OrganizationHierarchyReports.htm.

As a group, 37.5 percent of their subsidiaries are foreign.[76] Citigroup has the highest percentage of foreign subsidiaries with 54.9 percent.[77] JP Morgan is a close second with 48.5 percent foreign subsidiaries.[78] Overall, JP Morgan has the highest number of both domestic and foreign subsidiaries, with 2,843 domestic subsidiaries and 2,673 foreign subsidiaries.[79]

Table 16. Overview of the Subsidiaries Held by the Big Four US FHCs companies.

	Total Subsidiaries	All Foreign Subsidiaries
Bank of America Corporation	1,518	308 (20.3%)
Citigroup	1,620	890 (54.9%)
JP Morgan Chase & Co.	5,516	2673 (48.5%)
Wells Fargo & Co.	2,034	136 (6.7%)
TOTAL	**10,688**	**4,007 (37.5%)**

Source: Author's calculations based on regulatory disclosures published by the National Information Center.

Of the big four FHC's foreign subsidiaries, 89.0 percent are in secrecy jurisdictions. The secrecy jurisdiction classification comes from the Tax Justice Network's Financial Secrecy Index, which ranks jurisdictions according to their secrecy and the scale of their offshore financial activities.[80] Countries are classified as a "secrecy jurisdiction" if their FSI value was in the top fifty world-wide.

[76] Understanding the Organization Hierarchy Report, National Information Center, https://www.ffiec.gov/nicpubweb/content/help/OrganizationHierarchyReports.htm.
[77] *Id*.
[78] *Id*.
[79] *Id*.
[80] Financial Secrecy Index - 2015 Results, Tax Justice Network, http://www.financialsecrecyindex.com/introduction/fsi-2015-results.

Table 17. Big Four FHC Subsidiaries in Tax Havens and Low and Middle Income Countries.

	All Foreign Subsidiaries	In Tax Havens	In Low and Middle Income Countries
Bank of America Corporation	308	260 (84.4%)	50 (19.2%)
Citigroup	890	583 (65.5%)	379 (65.0%)
JP Morgan Chase & Co.	2673	2588 (96.8%)	1685 (65.1%)
Wells Fargo & Co.	136	135 (99.3%)	24 (17.8%)
TOTAL	**4007**	**3566 (89.0%)**	**2138 (60.0%)**

Source: Author's calculations based on regulatory disclosures published by the National Information Center.

According to a Citizens for Tax Justice (CTJ) report from October 2015, the largest 500 U.S. companies use subsidiaries in these low tax liability jurisdictions to avoid paying an estimated $620 billion in U.S. taxes.[81] For example, CTJ found that Citigroup reported holding $43.8 billion in cash offshore, giving it the 12th highest ranking for the amount of cash offshore and allowing it to avoid paying $11.6 billion in taxes.[82] The CTJ report, however, significantly undercounted the number of subsidiaries in tax havens by relying solely on the 10K subsidiary disclosures. CTJ reported that the big six finance institutions disclosed a combined 412 subsidiaries in tax havens, capturing less than 12 percent of the actual number. CTJ's already significant findings could compound dramatically if working with a more accurate disclosure of subsidiary holdings.

Of the big four FHC's foreign subsidiaries, 53.4 percent are in low and middle income countries. The low- and middle-income classification is calculated by the World Bank based on estimates of gross national income.[83] The subsidiary disclosures required by the Federal Reserve provide the organizational structure and location of the FHCs' subsidiaries, making it possible to link the big U.S. FHCs with the activities of their subsidiaries in developing countries.

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[81] ROBERT S. MCINTYRE, ET AL., OFFSHORE SHELL GAMES 2015: THE USE OF OFFSHORE TAX HAVENS BY FORTUNE 500 COMPANIES, at 2 (Citizens for Tax Justice, 2015), available at http://ctj.org/pdf/offshoreshell2015.pdf.
[82] *Id*. at 17.
[83] Low & middle income, http://data.worldbank.org/income-level/LMY. "As of 1 July 2015, low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,045 or less in 2014; middle-income economies are those with a GNI per capita of more than $1,045 but less than $12,736; high-income economies are those with a GNI per capita of $12,736 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of $4,125." New Country Classifications, http://data.worldbank.org/news/new-country-classifications-2015.

Table 18. Low and Middle Income Countries with the Highest Number of US FHC Subsidiaries.

Country	Subsidiaries
Brazil[84]	1571
Mexico	223
Mauritius	93
India	44
China	31
Colombia	22
Philippines	22
Malaysia	15
El Salvador	14
Guatemala	11
Costa Rica	10
Thailand	10

Source: Author's calculations based on regulatory disclosures published by the National Information Center.

INTERNATIONAL OPERATIONS

Global non-domestic lending

On a global level, local lending by foreign banks and cross-border lending was $15,423,740 million in 2012, down from $16,446,000 million in 2007.[85] Lending falls within the "local lending by foreign banks" category when 50 percent or more of a bank's shares are held by foreigners and the bank is conducting lending in the country where it is located (e.g., a bank headquartered in Colombia, conducting lending in Colombia, wholly-owned by a US FHC). The country where the bank is headquartered is considered the host country, and the country with the highest percentage of shares is considered the home country. Table 18 provides the breakdown of local lending by foreign banks and cross-border lending by host country income group.

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[84] Largely due to JP Morgan's 1,514 subsidiaries in Brazil.
[85] Claessens & Van Horen, *supra* note 23, at 40. This IMF Report studied 3,656 banks in 2013 using a database containing ownership information of current and past active commercial banks, saving banks, cooperative banks and bank holding companies that reported financial statements to Bankscope at least one year between 1995 and 2009 in 137 countries. Coverage is very comprehensive with banks included accounting for 90 percent or more of each country's banking system assets.

Table 19. Local v. Cross-border Lending in 2012.

(millions USD)	Local lending by foreign banks	Cross-border lending	Total lending by non-domestic banks	Percent of total
OECD	$3,867,160	$7,557,140	$11,424,300	74.1%
Other high-income	$688,040	$154,980	$843,020	5.5%
Emerging markets	$1,459,260	$1,203,600	$2,662,860	17.3%
Developing countries	$130,240	$60,840	$191,080	1.2%
All countries	$6,284,520	$9,139,220	$15,423,740	100%

Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF, at 40 (2014).

Looking specifically at local lending by foreign banks (excluding cross-border lending), the global total was $6,284,520 million ($6.3 trillion) in 2012. Of this, $5,490,660 million ($5.5 trillion)—87.4 percent—came from OECD home country banks. Table 19 provides the breakdown of local lending by foreign banks by host country income group and home country for foreign banks.

Table 20. Local Lending by Foreign Banks in 2012.

(millions USD)	Local lending by foreign banks	By foreign banks with OECD home countries	Percent OECD home countries
OECD	$3,867,160	$3,725,580	96.3%
Other high-income	$688,040	$399,350	58.0%
Emerging markets	$1,459,260	$1,198,400	82.1%
Developing countries	$130,240	$80,010	61.4%
All countries	$6,284,520	$5,490,660	87.4%

Source: Author's calculations based on data from Claessens & Van Horen, *The Impact of the Global Financial Crisis on Banking Globalization*, IMF, at 40 (2014).

In developing countries, there was $191,080 million USD in local lending by foreign banks and cross-border lending. Of the $130,240 million of local lending by foreign banks, $80,010 million - 61.4 percent was from OECD home country banks.[86]

US financial services abroad

To get banking information on specific countries, the Bank for International Settlements (BIS) data are extremely helpful. The previous subsection dealt with region-level data on local lending by foreign banks and cross-border lending. In contrast, the BIS data are available on the country-level. Instead of looking solely at lending, the BIS data capture a broader variety of banks' activities, including information on:

- Deposits and balances placed with banks
- Loans and advances
- Trade-related credits
- Holdings of securities, including certificates of deposit, promissory notes, collateralized debt obligations and asset-backed securities
- Holdings of notes and coins
- Loan or other claim positions funded with claims under sale and repurchase agreements, and
- Participations, including equity holdings in non-bank subsidiaries

Unfortunately, the BIS does not publicly disaggregate the data by type of financial assets or provide information specifically on loans and deposits.

BIS reporting banks include all deposit-taking corporations/institutions located in a BIS reporting country. There are 44 BIS reporting countries, including the US.[87] The statistics capture the consolidated financial positions of banks' worldwide offices, including the positions of banks' foreign subsidiaries and branches. The data for each reporting country vis-à-vis another country is confidential.

The statistics are compiled in two different ways: by immediate counterparty and by ultimate risk. The immediate counterparty is the entity with whom the bank contracts to lend or borrow. Ultimate risk takes account of credit risk mitigating factors, such as collateral, guarantees, and credit protection bought, that transfer the bank's credit exposure from one counterparty to another.[88] Data on an

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[86] Claessens & Van Horen, *supra* note 23, at 40.
[87] Reporting countries, http://www.bis.org/statistics/rep_countries.htm.
[88] For example, suppose a German bank extends a loan to a company in Mexico and the loan is guaranteed by a US bank. On an immediate counterparty basis, the German bank

ultimate risk basis are better measures of exposures than data on an immediate counterparty basis, but data on an immediate counterparty basis may better reflect the direct banking transactions and interactions taking place. Table 20 shows the breakdown of foreign and domestic banking claims from all BIS reporting countries and from US banks specifically (millions USD, end-June 2015).[89]

Table 21. BIS Reporting Bank Foreign and Domestic Claims.

	Foreign claims		Domestic claims		Total assets
	Immediate counterparty	Ultimate risk	Immediate counterparty	Ultimate risk	
Parents in all BIS reporting countries:	$27,232,900	$24,320,600	$47,995,800	$47,452,600	$74,443,300
US parents:	$3,168,500	$3,121,000	$10,095,600	$10,143,200	$14,057,300
Percent US:	11.6%	12.8%	21.0%	21.4%	18.9%

Source: Author's calculations based on data from the BIS.

In comparison to other BIS reporting countries, the US has the third highest amount of foreign claims (both on an immediate counterparty and ultimate risk basis). Japan was the highest with $3,488,200 million ($3.5 trillion) in foreign claims on an immediate counterparty basis ($3,431,000 million [$3.4 trillion] on an ultimate risk basis). The United Kingdom was second with $3,411,400 million ($3.4 trillion) in foreign claims on an immediate counterparty basis ($3,426,400 million ($3.4 trillion) on an ultimate risk basis). Japan also had the highest amount of domestic claims with $12,212,900 million ($12.2 trillion) in domestic claims on an immediate counterparty basis ($3,431,000 million [$3.4 trillion] on an ultimate risk basis). The US had the second highest amount of domestic claims.

Looking at foreign claims vis-à-vis emerging market economies, the total for foreign claims of all BIS reporting banks was $5,723,000 million ($5.7 trillion) as of end-March 2015 (on an immediate counterparty basis).[90]

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would report the loan as a claim on Mexico. On an ultimate risk basis, the loan would be reported as a claim on the United States because, if the company in Mexico were unable to meet its obligations, then ultimately the German bank would be exposed to the US bank that guaranteed the loan.

[89] Bank for International Settlements, Consolidated banking statistics, Table B1: Summary of consolidated statistics, by nationality of reporting bank, available at http://www.bis.org/statistics/consstats.htm?m=6%7C31%7C70.

[90] BIS, Statistical release, BIS international banking statistics at end-March 2015, table B1 at 8. Includes statistics broken down by region of the emerging market economies.

Table 21 shows the breakdown of foreign claims vis-à-vis emerging market economies for all BIS reporting countries and the US on an immediate counterparty and ultimate risk basis.

Table 22. Foreign Claims Vis-à-vis Emerging Market Economies.

	Immediate counterparty	Ultimate risk
Total	5,723,000	4,718,000
US	758,000	763,000
Percent	13.2%	16.2%

Source: Author's calculations based on data from the BIS.

The total for US owned banks was $758,000 million—13.2 percent of the total for foreign claims vis-à-vis emerging market economies. The US had the second highest amount of foreign claims vis-à-vis emerging market economies after the United Kingdom. The UK had $878,000 million ($878 billion)—15.3 percent—in foreign claims vis-à-vis emerging market economies ($896,000 million [$896 billion] on an ultimate risk basis).

Specific US banks

Information on the lending practices of the largest US banks broken down by country or region is not publicly available. As an alternative, revenues by geographical segment may provide a proxy for measuring the volume of services offered by these banks world-wide. The three banks with the highest percentage of revenues from outside of the US were Citibank (66 percent), Bank of NY (38 percent), and JP Morgan (26 percent). Table 22 provides a breakdown of revenues by geographical segment for the seven largest US banks

Table 23. Revenues by Geographical Segment:

	US	Europe/Middle East/Africa	Asia	Latin America and the Caribbean
JP Morgan	70,062 (74%)	16,013 (17%)	6,083 (6%)	2,047 (2%)
Bank of America	72,960 (87%)	6,409 (8%)	3,605 (4%)	1,273 (2%)
Wells Fargo	88,372 (100%)	N/A	N/A	N/A
Citibank[91]	17,200 (34%)	899 (2%)	4,581 (9%)	6,230 (13%)
US Bank	100%	N/A	N/A	N/A
PNC	100%	N/A	N/A	N/A
Bank of NY Mellon[92]	62%	25%[93]	9%	N/A

Source: Author's calculations based on data from the ThomsonONE database.

CONCLUSION

Banks worldwide have a significant presence in developing countries. This presence is represented by foreign ownership of banks, bank branches, bank subsidiaries, and bank operations. The US financial sector specifically is a major player worldwide, making up a significant portion of foreign bank presence across all of these metric.

Takeaways

- For the global banking sector as whole, there was a sharp increase in foreign bank ownership from 1995 to 2013. In OECD countries, 24 percent of the banks are foreign-owned, and the foreign banks only hold 10 percent of the total banking assets across OECD countries. In developing countries, 47 percent of the banks are foreign, and these foreign banks hold 25 percent of the total bank assets in developing countries.

- Foreign banks are, to a large extent, concentrated in non-OECD countries while their parent banks tend to be headquartered in OECD countries. Foreign banks with OECD parents make up 89 percent of foreign bank assets globally, down from 94 percent of all foreign-controlled assets in 2007.

- The big four US financial holding companies (FHCs) all have over one thousand subsidiaries, which, in total, are 37.5 percent foreign. Of the big four US FHC's foreign subsidiaries, 53.4 percent are in low and middle income countries and 89.0 percent are in secrecy jurisdictions.

[91] 19,302 (40%) was unallocated.
[92] 4 percent categorized as "other foreign."
[93] Only Europe.

- Of local lending by foreign banks world-wide, $5,490,660 million ($5.5 trillion)—87.4 percent—comes from OECD home country banks. Of the $130,240 million ($130 billion) of local lending by foreign banks in developing countries, $80,010 million ($80 billion)—61.4 percent—is from OECD home country banks.
- The three banks with the highest percentage of revenues from outside of the US were Citibank (66 percent), Bank of NY (38 percent), and JP Morgan (26 percent).

SECTION FOUR: INTERCONNECTIVITY

To what extent are US banks connected to other transnational corporations? How much influence can it exert through a network of ownership relationships?

Though it is helpful to measure the impact and influence of the US financial sector through its investments and foreign presence, these metrics do not capture the network of control stemming from the interconnectivity of transnational corporation (TNC). Due to interlocking ownerships, US banks have significant reach beyond their own assets and operations. Many of the largest US banks are members of a core of transnational corporations with interlocking ownerships that give disproportionate power over the global economy. “They do not carry out their business in isolation but, on the contrary, they are tied together in an extremely entangled web of control.”[94] Due to this network control, the influence of US banks reaches the global system as a whole.

Content:

- Connection through ownership control
    - Top 50 control holders
- Connection through banking flows
    - Global banking network map

OWNERSHIP CONTROL

Using a database of TNCs from 2007, a team of complex systems researchers in Switzerland studied the ownership relationships between 43,060 companies to analyze the global network of control, including the control held by each global player.[95] The results have not been updated or replicated since publication in 2011, but their approach is an interesting and novel way to understand the concentration of economic power in the world today.

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[94] Stefania Vitali, et al., *The Network of Global Corporate Control*, 6 PLoS ONE at p. 32 (2011), available at http://arxiv.org/abs/1107.5728.
[95] *Id*.

The study found that 15,491 companies—36 percent of the total and accounting for 94.2 percent of total operating revenue—were connected in a single component, the largest component identified by the researchers.[96] This component contained all top TNCs by economic value. It had a densely connected core of 1,318 companies, with all members of the core having ties to at least two other companies in the core.[97] On average, the core members had ties to 20 others.[98] "As a result, about three-quarters of the ownership of firms in the core remained in the hands of firms of the core itself."[99] Three-quarters of the core was financial intermediaries.[100]

The article used a model based on the structure of ownership and the relative distribution of voting rights to compute control.[101] For example, a company that owns 51 percent of the equity of another company can exert 100 percent control. **The top 737 holders[102] (0.123 percent) have the potential to collectively control 80 percent of the value of all TNCs.[103] These top holders were mostly financial institutions in the US and U.K.[104]** When comparing the concentration of control with the concentration of wealth, the study found that network control was much more unequally distributed than wealth. [105] "In particular, the top ranked actors hold a control ten times bigger than what could be expected based on their wealth."[106]

Within the core, a "super-entity" of the top 146 players (0.024 percent) had the potential to control 40 percent of all TNC value.[107] The ownership of these 146 companies was all held by other members of the super-entity. [108]

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[96] Vitali*,* *supra* note 94, at 5.
[97] *Id*., at 30.
[98] *Id*.
[99] *Id*., at 5.
[100] *Id*., at 6.
[101] "One meaning of control in the corporate finance literature is the frequency by which a shareholder is able to influence the firm' strategic decision during the official voting. Differently, in this work, by control we mean how much economic value of companies a shareholder is able to influence. Moreover, we did not limit our focus on the control of a shareholder of a single firm. Instead, we look at the control each shareholder has over its whole portfolio of directly and indirectly owned firms." *Id*., at 31.
[102] Holders are institutions or individuals owning shares in another firm, either entirely or partially.
[103] Vitali, *supra* note 94, at 6.
[104] From author's Ted talk. James B. Glattfelder: Who controls the world?, Ted Talk, 11:05, https://www.ted.com/talks/james_b_glattfelder_who_controls_the_world?language=en#t-664728.
[105] Vitali, *supra* note 94, at 6.
[106] *Id*.
[107] Vitali, *supra* note 94, at 6.
[108] *Id*.

Table 24. U.S Companies Among the Top 50 Control-Holders in 2007:[109]

Rank	Company	Country	Control[110]	Cumulative control
2	Capital Group Companies	US	2.61	6.66
3	FMR Corp	US	2.28	8.94
5	State Street	US	1.81	13.02
6	JP Morgan	US	1.53	14.55
8	Vanguard*	US	1.23	17.25
10	Merrill Lynch	US	.99	19.45
11	Wellington management	US	.88	20.33
13	Franklin Reserve	US	.82	21.99
15	Walton Enterprises*	US	.75	23.56
16	Bank of NY Mellon	US	.72	24.28
18	Goldman Sachs	US	.66	25.64
19	T. Rowe Price Group	US	.65	26.29
20	Legg Mason	US	.63	26.92
21	Morgan Stanley	US	.64	27.56
23	Northern Trust Corp.	US	.56	28.72
25	Bank of America	US	.53	29.79
29	TIAA	US	.92	32.24
33	Dodge & Cox*	US	.43	34.00
34	Lehman Brothers Holdings	US	.43	34.43
39	The Depository Trust Company	US	.36	36.28
40	Massachusetts Mutual Life Insurance	US	.35	36.63
42	Brandes Investment Partners	US	.33	37.29
47	Affiliated Managers Group	US	.32	38.88
49	Capital Group International*	US	.3	39.48

* = not in the financial sector
Source: Stefania Vitali, et al., *The Network of Global Corporate Control*, 6 PLoS ONE (2011) at 33, available at http://arxiv.org/abs/1107.5728.

This study received some criticism surrounding assumptions about the connection between voting rights and the control that financial institutions affectively exert. "According to some theoretical arguments, in general, financial institutions do not invest in equity shares in order to exert control. However, there is also empirical evidence of the opposite. Our results show that, globally, top holders are at least in the position to exert considerable control, either formally (e.g., voting in shareholder and board meetings) or via informal negotiations."[111]

Overall, a relatively small number of companies have the *potential to collectively exert* a tremendous degree of control in the global economy. This core of closely connected TNCs is dominated by financial institutions. The study provides unique insight into the complex networks exerting control worldwide.

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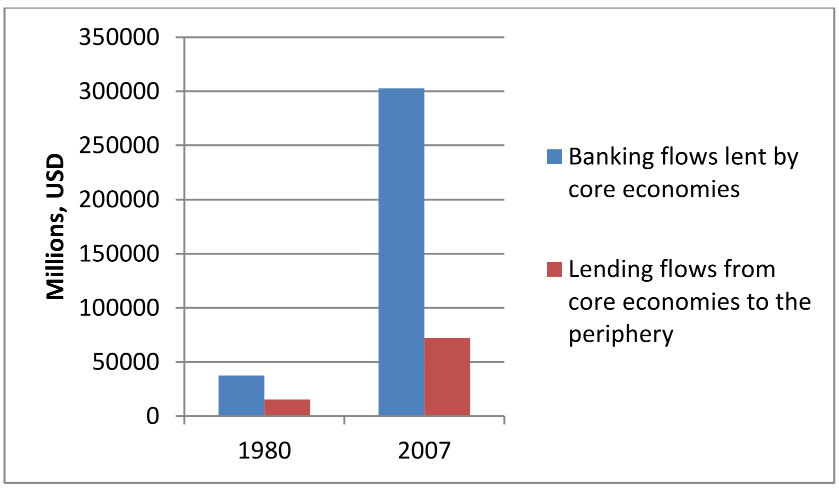
[109] Note: This list is pre-financial crisis. I emailed the author to see if the results have been updated but did not yet receive a response.
[110] The author described this study as an impression of the moon's surface, not a street map. We should take the exact numbers with a grain of salt. Glattfelder, Ted Talk, *supra* note 104.
[111] Vitali, *supra* note 94, at 8.

BANKING FLOWS

In addition to ownership networks, banks are also connected by cross-border financial flows. A 2013 study looked to BIS data on cross-border financial flows intermediated by national banking systems to analyze the density of the global banking network.[112] This study did not identify specific financial institutions but instead looked at the national level to measure global connectivity.

The flows define a global banking network with a core–periphery structure.[113] The core consists of 15 BIS reporting economies—including the US—that account, on average, for 96 percent of total bank-intermediated flows in all BIS reporting countries. Looking at the full network, the aggregate flow lent by core economies on average was $37,600 million in 1980.[114] This amount increased eight-fold by 2007, when the average aggregate flow of lending was $302,600 million ($302.6 billion).[115] Average flows per country from the core specifically to the periphery also rose markedly between 1980 and 2007, increasing almost fivefold (from $15,200 million [$15.2 billion] to $72,000 million [$72 billion] for lenders; and from $1,800 million [$1.8 billion] to $6,400 million [$6.4 billion] for borrowers).[116] As flows increased, connectivity increased, as well.[117]

Figure 29. Core Banking Flows from 1980 to 2007.



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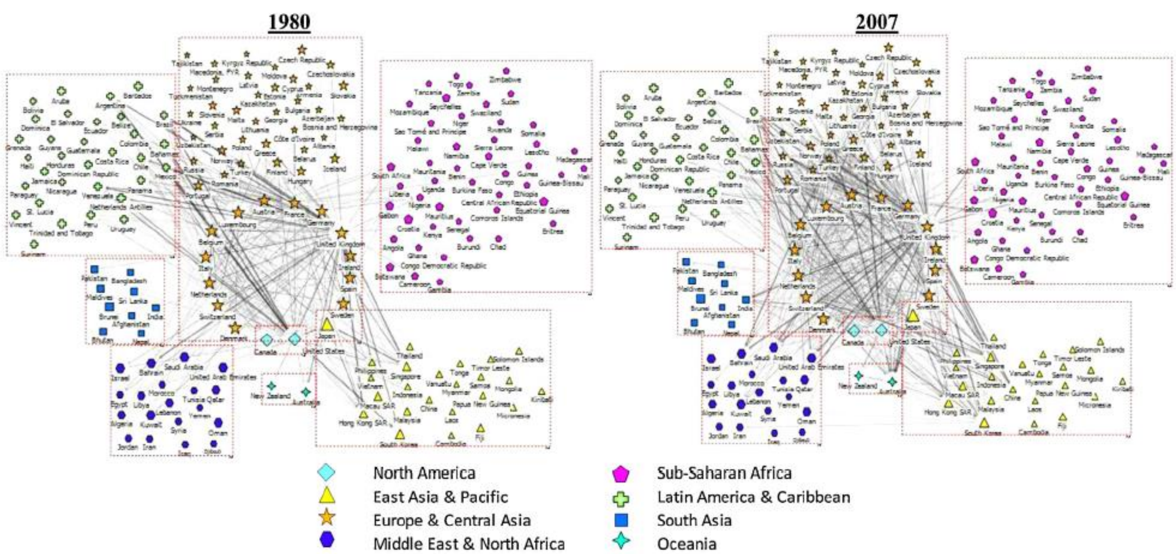
[112] Camelia Minoiu & Javier A. Reyes, *A Network Analysis of Global Banking: 1978-2010*, 9 J. Fin. Stability 168 (2013).
[113] *Id*., at 169.
[114] *Id*., at 173.
[115] *Id*.
[116] *Id*.
[117] Average degree within the core was 11.1 links per node in 2007 compared to 9.8 links per node in 1980. *Id*.

Source: Author's calculations based on data from Camelia Minoiu & Javier A. Reyes, *A Network Analysis of Global Banking: 1978-2010*, 9 J. Fin. Stability 168 (2013).

This global banking network map compares bank flows in 1980 to 2007. Even when larger, it is difficult to read, but it does reflect the increased connections, most notable in the core.

Figure 30. Global banking network: 1980 v. 2007



Source: Author's calculations based on data from Camelia Minoiu & Javier A. Reyes, *A Network Analysis of Global Banking: 1978-2010*, 9 J. Fin. Stability 168, 172 (2013).

Another study using BIS cross-country data analyzed the global network of banking exposures over 1985–2006 and found a long-term trend toward higher financial connectedness.[118] A third study used data on bank participation in syndicated loans during 1980–2010 and found that the global network of lending and borrowing relationships has become more tightly connected over time and more asymmetric, with the distributions of network indicators becoming increasingly skewed.[119] These findings are supported by many other studies.[120]

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[118] Masazumi Hattori & Yuko Suda, *Developments in a Cross-Border Bank Exposure Network, in* RESEARCH ON GLOBAL FINANCIAL STABILITY: THE USE OF BIS INTERNATIONAL FINANCIAL STATISTICS, vol. 29, at 16 (2007).

[119] Galina Hale, *Bank relationships, business cycles, and financial crises*, 88 J. INT'L ECONOMICS 312 (2012).

[120] See e.g., Chris Kubelec & Filipa Sa, *The geographical composition of national external balance sheets: 1980–2005*, 8 INT'L J. CENTRAL BANKING 143 (2012).

CONCLUSION

Transnational corporations are tightly connected, with US financial institutions ranking very high in terms of connectedness and playing a significant role in these networks. Higher connectedness carries both benefits and risks for economic stability. It can improve risk sharing by more easily absorbing shocks when they occur, but it can also lead to contagion because shocks can reach further out in the web of relationships. “The literature spurred by the global financial crisis has focused rather on the positive link between connectedness and instability.”[121] When a financial network is very densely connected it is prone to systemic risk.[122] The Minoiu article found that country connectedness in the network tended to rise before banking and debt crises and to fall in their aftermath.[123]

Takeaways:

- 737 transnational corporations have the potential to collectively control 80 percent of the value of all TNCs worldwide through their ownership networks. These top holders were mostly financial institutions in the US and U.K.
- Network control is much more unequally distributed than wealth. The top ranked actors hold a control ten times bigger than what could be expected based on their wealth.
- A core of 15 BIS reporting economies—including the US—account, on average, for 96 percent of total bank-intermediated flows in all BIS reporting countries. The aggregate flow lent by core economies on average was $302,600 million ($302.6 billion) in 2007, an eightfold increase from the $37,600 million ($37.6 billion) total in 1980.

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[121] Minoiu, *supra* note 112, at 172.
[122] Vitali, *supra* note 94, at 7.
[123] Minoiu, *supra* note 112, at 169.

CONCLUSION

This paper seeks to fill an existing research gap by providing information on the global reach of the US financial sector - and the largest US banks specifically. It looks to the makeup of the US financial sector; global capital flows and foreign investment; foreign ownership, branches, subsidiaries, and operations; and interconnectivity through ownership networks and banking flows. For the most part, the findings confirm existing assumptions that the US financial sector plays a key role in the global financial system and has significant influence abroad, including in developing countries.

A better understanding of the global reach of the US financial sector is helpful for analyzing the influence of and power exerted by these institutions in developing countries. The size and global reach of the US financial sector suggests that it has significant influence abroad, but the next step will be to indicate mechanisms for influence and the degree of control exercised. Given the opacity of the financial sector, it may be difficult to link the US financial sector to problems in developing countries, but it may be worthwhile to uncover connections and determine if these institutions are implicated in policies and practices that undermine equitable growth and drive inequality.

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