



Chart in focus

Financial crisis accelerates shift of power in the global banking system

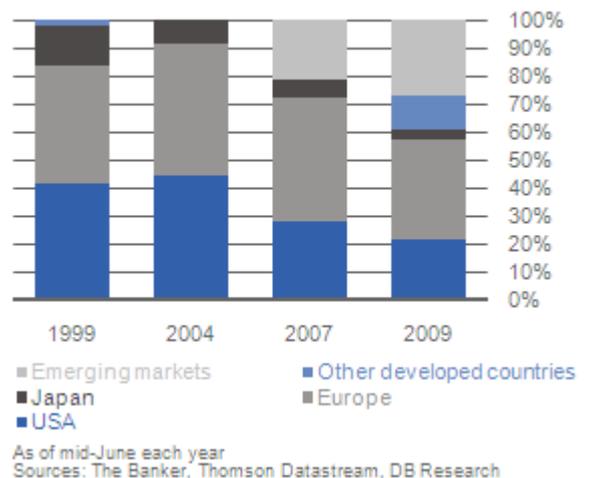
July 24, 2009

The global banking system has undergone a fundamental shift of power for years – away from traditionally dominating financial institutions from the US, Europe and Japan towards banks in the emerging markets. While all but one of the world's 25 largest banks were still based in the three most important Western markets in 1999, it is currently less than two thirds (with market capitalisation as the indicator of the relative size of banks). On the other hand, institutions from China, Canada and Australia have moved up the ranks as they were less affected by the financial crisis.

Overall, European banks held up significantly better than their US and Japanese competitors: the European share in the total market cap of the top 25 banks did not decline until the crisis of the last two years, and then only moderately from 44% to 35%, just slightly below the 1999 level. By contrast, the share of US banks nearly halved to 22%, and Japanese banks – with only one institution among the 25 leading banks (1999: 5) – currently account for just 4% (15%) of market cap.

In addition to the financial crisis, higher growth rates in many emerging markets contributed to the reduction of the share of the previously dominating developed countries. Most of China's large banks went public between 2005 and 2007, and banks from Russia and Brazil temporarily entered the top 25, too. Financial institutions of these countries may continue to gain in relative importance even when the financial crisis has abated, given more favourable long-term prospects. On an interesting side note: despite a decline of more than 40% since the summer of 2007, the combined market cap of the 25 largest banks is still slightly higher than in 2004, standing at USD 1.82 tr.

Emerging market banks gaining clout
Market cap of the world's 25 largest banks by region



Jan Schildbach (+49) 69 910-31717

Daniel Rahmann

...more information on **Banking, Financial Markets and Regulation**

[Chart in focus - Archive](#)