

The end of the global bank?

The world's biggest banks continue to lose ground to Chinese rivals, according to The Banker's latest ranking of Top 1000 banks.

This year HSBC – which has restructured significantly and increased its focus on Asia – slipped from fifth place to ninth. Citigroup – which has also curbed its overseas presence – fell from sixth to seventh place. Royal Bank of Scotland (RBS) fell to 18th place after the UK government bailout thwarted its international ambitions.

Before the financial crisis in 2008, HSBC topped the list, Citi placed second and RBS third, measured by capital strength.

Meanwhile, Chinese banks are powering ahead in the ranking. China now has three banks in the top five places, with Bank of China moving from seventh place to fourth, and China Construction Bank staying in second place. Agricultural Bank of China moved up from ninth place to sixth.

The top four Chinese banks are also the world's most profitable. Combined profits from all Chinese banks in the ranking are almost double those of US rivals and 10 times bigger than those of UK banks. In 2008, both UK and US banks were more profitable than their Chinese counterparts.

However, Chinese banks are not taking as much global market share as their predecessors. ICBC, which tops the ranking for the third year in a row, is aiming to have 10% of its assets outside China in five years' time. But this is small in comparison with the global banks in their heyday.

Brian Caplen, editor of The Banker, said: "At one time the ambition of the largest banks was to have operations in all parts of the world and across all business sectors. Now they are focussing on a few areas in a bid to restore profitability. We may have seen the end of the global bank."

While global banks are cutting back on employees – Citigroup has reduced staff by 12% since 2011 and HSBC by nearly 8% with further losses to come – China's ICBC and in contrast China Construction Bank have each increased staff by 13% over the same period. China's big four banks now employ 1.6 million – 1.5 times more than the number employed by the big four US banks.

In most areas of the world banks increased their profits. Suffering heavy losses in 2012 and 2013, eurozone banks have increased their profits by 123% from a low base. African banks increased profits by 18%, Latin American banks by 17% and Asian banks by 7.5%. Asian banks account for more than half of total world profits.

The worst performance was in central and eastern Europe where profits plummeted 69%, largely due to falls in the value of the Russian and Ukrainian currencies.

The best returns on capital are made in South America at 26%, followed by Africa at 24% and Asia Pacific at 19%. The eurozone's return on capital is the lowest in the world at just under 5%.

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Regions ranked by return on capital

RETURN ON CAPITAL

Region	Return on capital (%)
Latin America	25.6
Africa	24.02
Asia	18.86
Middle East	15.59
North America	15.48
EU	8.85
CEE	7.84
Eurozone	4.61

Source: www.thebankerdatabase.com

Top 10 world banks

TOP 10 WORLD BANKS BY TIER 1 CAPITAL

Top 1000 rank (Previous rank)	Bank	Country	Tier 1 capital (\$m)
1(1)	ICBC	China	248,608
2(2)	China Construction Bank	China	202,119
3(3)	JPMorgan	US	186,632
4(7)	Bank of China	China	184,231
5(4)	Bank of America	US	168,973
6(9)	Agricultural Bank of China	China	167,699
7(6)	Citigroup	US	166,519
8(8)	Wells Fargo & Co	US	154,666
9(5)	HSBC Holdings	UK	152,739
10(10)	Mitsubishi UFJ	Japan	117,645

Source: www.thebankerdatabase.com

Top 5 world banks 2008

TOP 5 WORLD BANKS 2008

Rank	Bank	Country	Tier 1 capital (\$m)
1	HSBC Holdings	UK	104,967
2	Citigroup	US	89,226
3	Royal Bank of Scotland	UK	88,888
4	JPMorgan	US	88,746
5	Bank of America	US	83,372

Source: www.thebankerdatabase.com

Changes in employment since 2012

CHANGES IN EMPLOYMENT SINCE 2012

Rank	Bank	Total employees	% change
1	ICBC	462,282	13.07
2	CCB	372,321	13.02
3	JPMorgan	233,374	-6.63
4	Bank of China	308,128	6.27
5	Bank of America	223,715	-20.61
6	ABC	493,583	10.32
7	Citigroup	262,768	-11.59
8	Wells Fargo	264,452	0.10
9	HSBC	266,000	-7.74
10	Mitsubishi UFJ	N/A	N/A

Source: www.thebankerdatabase.com

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About The Banker:

The Banker is the world's premier banking and finance resource, providing global financial intelligence since 1926.

The Banker is the key source of data and analysis for the industry. The Banker's **Top 1000 World Banks** ranking has been setting the industry benchmark since 1970, providing comprehensive intelligence about the health and wealth of the banking sector. **To find out more visit www.thebanker.com/top1000worldbanks.**

Brian Caplen has been a financial and business journalist for more than 25 years. He has worked in Hong Kong and the Middle East and reported from all over the world. He joined The Banker in 2000 and became editor in 2003.

About The Banker Database:

The Banker Database provides comprehensive financial data, news feeds and executive contact data on the leading banks in every country. Our data has been standardised for regional reporting and regulatory variations, and forms the basis of The Banker's monthly bank rankings.

Over the past five decades our rankings have become the industry standard for measuring bank performance and strength. The database tracks banks in more than 190 jurisdictions representing 90% of the world's total banking assets. **To find out more about The Banker Database visit www.thebankerdatabase.com.**