



## ANALYSIS OF THE ACTIVITIES OF THE LARGEST TRANSNATIONAL BANKS IN THE WORLD AND THEIR ROLE IN THE GLOBAL FINANCIAL SYSTEM

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### ABSTRACT

*The growth of transnational banks and their role in the consolidation of banking and industrial capital has become one of the most significant events in the world economy in recent years. When the interests of transnational capital coincide with the interests of certain nation-states, transnational banks give them significant and even decisive competitive advantages in the world market. It is transnational banks that are significantly accelerating the process of economic globalization. The scientific article analyzes the activities of the world's largest transnational banks and their role in the global financial system. In addition, the assets of JP Morgan Chase of the United States and the Industrial and Commercial Bank of China of the People's Republic of China and their annual net profit were studied. This article is intended for economists, associate professors, professors, teachers, students majoring in economics, and those interested in economics.*

Today, the economy is dominated by a small group of large transnational banks, whose operations cover most countries. Banks that are successful in the international financial market always rely on a strong position in the country of origin. Certain changes are taking place in the national legal system related to the liberalization of the National Bank. A number of EU countries are making structural changes in the banking sector. The main reason for this is that the modern, modified banking structure is a new structure of demand, to adapt to the

era of globalization and the development of information technology. Diversification is playing an increasingly important role in the strategy of transnational banks. Transnational banks are distinguished by a wide network of foreign representative offices, branches and offices. Banks are becoming the main intermediaries in the international movement of loan capital, controlling foreign exchange and credit operations in the world market. Currently, the number and activities of transnational banks are growing. In general, the list of major transnational banks is based on the



total assets of credit institutions at the end of the year.

No	The largest transnational banks in the world	Assets (billion \$)	The city where the headquarters is located	Location
1	Industrial and Commercial Bank of China	5,435	Beijing	China
2	China Construction Bank Corporation	4,615	Beijing	China
3	Agricultural Bank of China	4,404	Beijing	China
4	Bank of China ltd	4,071	Beijing	China
5	JPMorgan Chase	3,758	New York	The USA
6	Mitsubishi UFJ Financial Group	3,294	Tokyo	Japan
7	BNP Paribas	3,180	Paris	France
8	Bank of America	3,085	North Carolina	The USA
9	HSBC Holdings plc	2,969	London	Great Britain
10	Crédit Agricole	2,454	Montruj	France

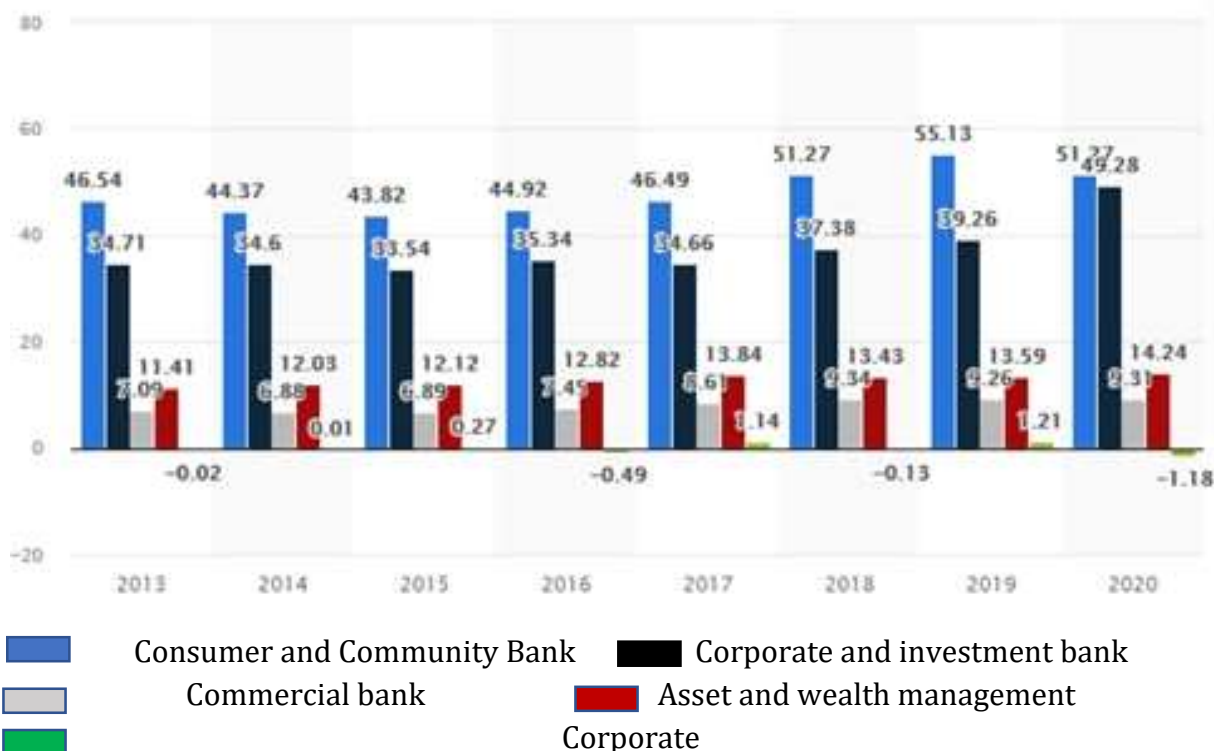
**Figure 1. Top 10 Transnational Banks in the World (October 28, 2021) [1]**

As can be seen from the table, the top four in the ranking are all Chinese banks. The leader is the Industrial and Commercial Bank of China with assets of about \$ 5.5 billion. The top ten financial institutions include 2 French banks, 2 US banks, 1 British bank and 1 Japanese bank.

**JP Morgan Chase** is one of the oldest transnational banks in the world, founded in 2000 by John Pierpont Morgan, John Thompson, Balthazar P. Melik and Aaron Burr. It is headquartered in New York City, USA. It employs more than 200,000 people worldwide. It was formed thanks to the joint efforts of its predecessors JPMorgan & Co., Chase National Bank, Chemical Bank and The Manhattan. But its history dates back to 1799 to The Manhattan, which shows it had more than two centuries of experience. It has come a long way in becoming a

strong bank, and thanks to the right policies, it is now on the list of the top 10 transnational banks in the world in terms of assets, in terms of market capitalization. and ranks first in the world[2]. JP Morgan Chase has so much coverage in the market that it provides the best services to its customers.

JP Morgan Chase's core business is North America, which accounts for 78 percent of revenue, 79 percent of net profit and 76 percent of assets. [3]. The United States accounts for 68.7 percent of revenue, Europe, the Middle East and Africa for 12.8 percent, the Asia-Pacific region for 5.2 percent and Latin America for 1.8 percent. [4]. The United States accounts for 68.7 percent of revenue, Europe, the Middle East and Africa for 12.8 percent, the Asia-Pacific region for 5.2 percent and Latin America for 1.8 percent.



**Figure 2. JPMorgan Chase's worldwide net income for 2013-2020 by segment (in billions of US dollars)[5]**

Between 2013 and 2020, JPMorgan Chase received the bulk of its net income worldwide from the consumer and community banking sectors. In 2020, JPMorgan Chase's consumer and public bank division generated net income of \$ 51.27 billion. When we add up revenue from all sectors, we can see that 2020 was a strong year for JPMorgan Chase and a record revenue compared to other years.

*The Industrial and Commercial Bank of China (ICBC for short)* is one of China's largest transnational banks and is included in the "Big Four" of China's largest state-owned banks. The Industrial and Commercial Bank of China was established on January 1, 1984. The Bank currently provides comprehensive financial products and services to more than 8.60 million corporate clients and 680 million individual clients.



**Figure 3. Branch map of the Industrial and Commercial Bank of China [6]**



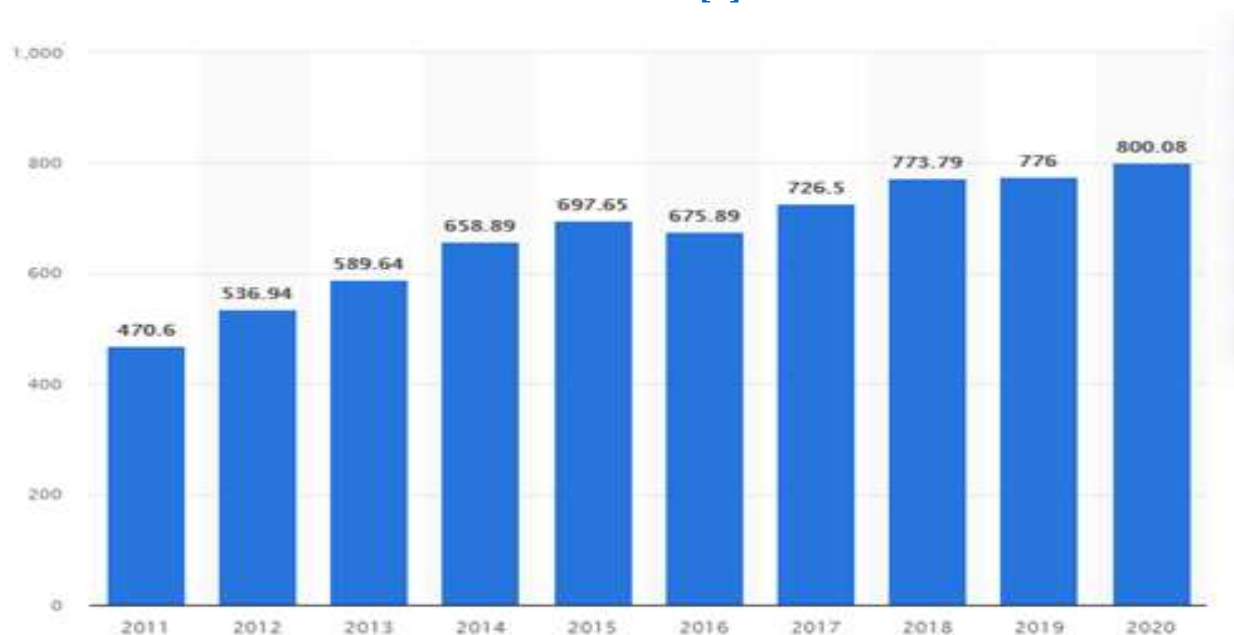
Its main area of activity is the People's Republic of China, which accounts for more than 90% of the bank's revenues and assets (and half of its foreign operations are in the Hong Kong and Macao Special Administrative Regions). In addition to the PRC, the bank conducts yuan clearing operations in 7 countries: Singapore, Luxembourg, Qatar, Thailand, Canada, Argentina and Russia. The Bank's overseas network includes 426 organizations in 49 countries, as well as 20 other African countries in partnership with the Standard Bank of South Africa. ICBC operates in

many parts of Asia, for example, it is a full-fledged bank registered in Hong Kong with a charter capital of 44.188 million HKD. It provides a wide range of commercial banking services and banking services to large businesses, including commercial credit, trade finance, investment services, retail banking, e-banking, cash, credit cards, IPOs and dividend distribution. At the end of 2020, ICBC (Asia) had total assets of \$ 120.113 million and net assets of \$ 17.773 million. It generated a net profit of \$ 713 million for the year. [6].





**Figure 4. Revenues of the Industrial and Commercial Bank of China for 2011-2020, billion Yuan [7]**



At the end of 2020, ICBC Bank's assets included 33.65 trillion yuan, 18.6 trillion in loans (60% of which are corporate), 8.6 trillion in investments (including 8 trillion in bonds), and 3.5 trillion in cash in the central bank settings.

Deposits totaled 25.14 trillion yuan (52% corporate). In 2020, net interest income of 800 billion yuan in revenue amounted to 647 billion yuan, and 131 billion yuan came from service fees and commissions.

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