

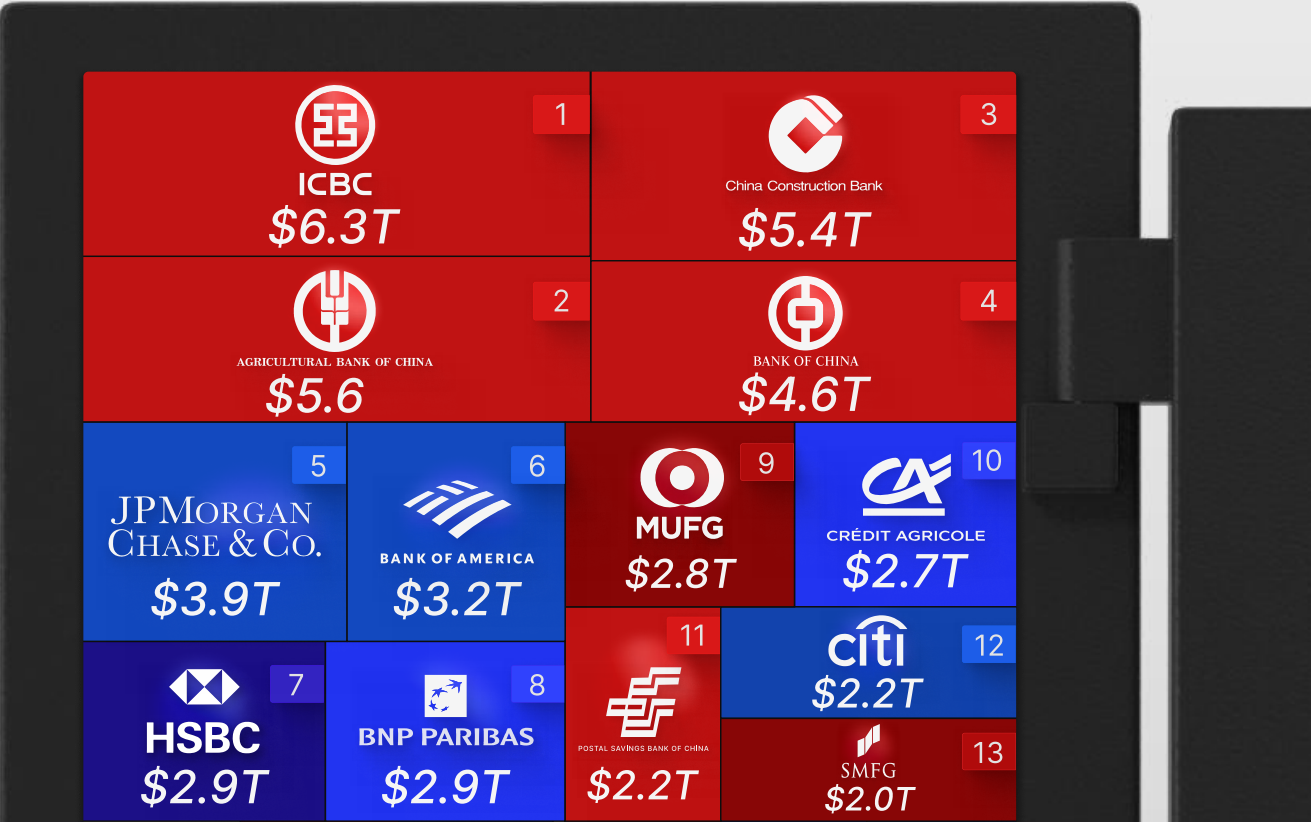
# The Banking Titans That Power the Global Economy

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## End of 2023 | The World's Largest 50 Banks

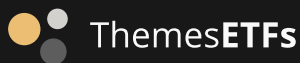
by Total Assets (US\$T), Rounded



Other Germany Canada UK Japan France USA China



Sources: S&P Global, as of April 5, 2024



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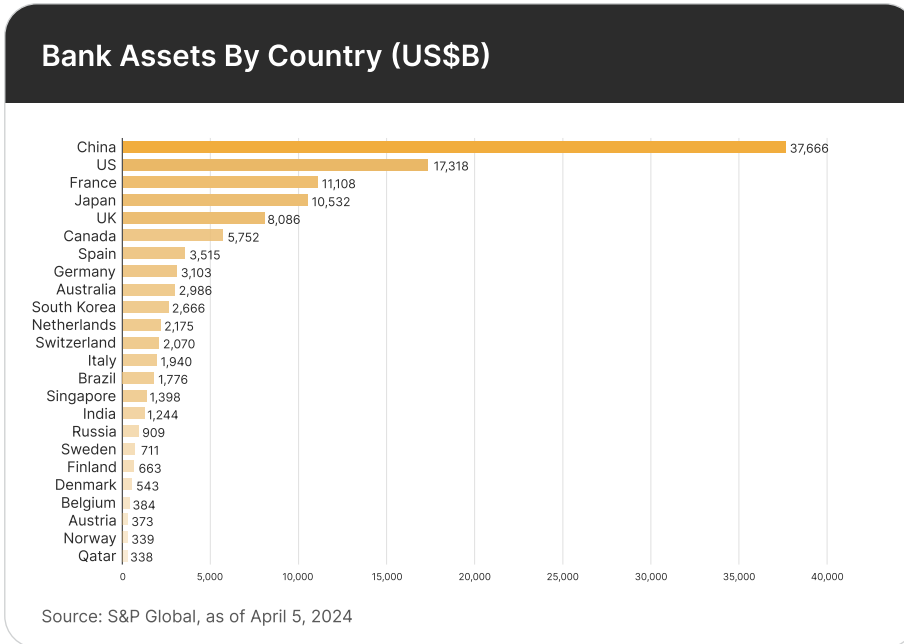
Other Germany Canada UK Japan France USA China

## A Deep Dive into the World's Top Banking Institutions

Banks play a vital role in the global economy. The cornerstone of our financial system, they offer critical services such as loans, payments, and currency transfers, all of which keep the economy ticking over. Ultimately, these institutions are some of the most important businesses in the world. Without them, access to capital would be extremely limited, hindering investment, home purchases, entrepreneurship, and overall economic activity.

### China Is a Banking Superpower

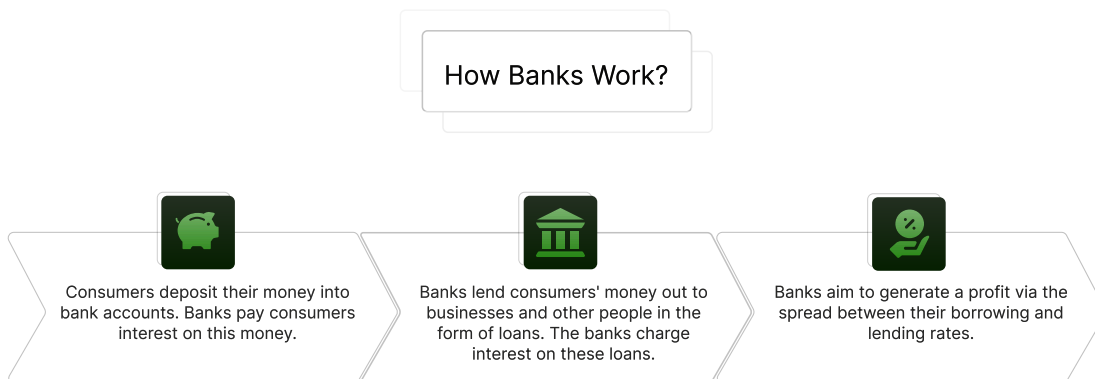
Chinese banks dominate the list of the world's largest banks. Currently, four of the top 10 largest global banks are Chinese institutions. Of the top 100 largest banks, 20 are based in China while 12 are based in the US.



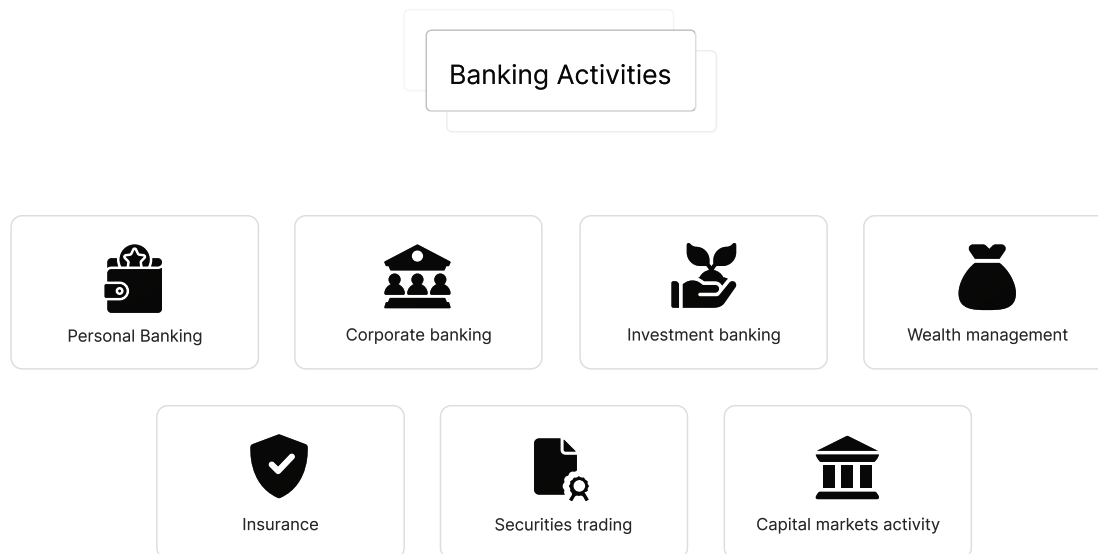
- The largest 100 global banks held a combined \$118 trillion in consolidated assets at the end of 2023<sup>1</sup>.
- China accounted for around a third of total global bank assets<sup>1</sup>.
- The US was in second place with around \$17.3 trillion in bank assets<sup>1</sup>.

## Banking: A Lucrative Industry

Banking has evolved significantly in recent decades as technology has advanced. Yet the basic business model remains the same. Banks borrow money through customer deposits and then lend this capital out at higher rates via loans to individuals and businesses. The spread between the borrowing and lending rates – which is known as the Net Interest Margin (NIM) – is profit.



Today however, the vast majority of banks also make money from other activities. Some banks, such as JPMorgan Chase and Morgan Stanley, are very active in the wealth management space. Others, such as Goldman Sachs and Barclays, are heavily engaged in securities trading and capital markets activity (e.g. IPOs). These activities can be very lucrative for firms and can make up a large proportion of overall income.



## What Is a Systemically Important Bank?

A systemically important bank (SIB) is a financial institution whose failure could have a significant impact on the overall stability of the global financial system and the broader economy. These banks are often referred to as “too big to fail” due to their interconnectedness with other financial institutions, and as a result they are closely monitored by major financial regulators.

The Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS) assess five criteria to identify global systemically important banks.

These are:

- **Size** – SIBs are usually large institutions with extensive operations and substantial consolidated assets.
- **Complexity** – SIBs tend to have complex business models that involve a wide range of financial activities.
- **Interconnectedness** – SIBs typically have extensive relationships with other financial institutions. Cross-jurisdictional activity – SIBs tend to operate in multiple countries, meaning that their failure could potentially create global problems.
- **Substitutability/financial infrastructure** – SIBs often provide essential financial infrastructure or play a significant role in a particular market, meaning that their failure could cause substantial disruptions and liquidity issues.

## Why Invest in Banks?

Investing in banks can offer several potential benefits including:

- **Long-term growth potential** – The potential for long-term growth in the banking sector is underpinned by factors such as economic expansion, increasing global wealth, and rising stock markets.
- **Diversified revenue streams** – Large banks today tend to generate income from many different financial activities including retail banking, commercial banking, investment banking, wealth management, securities trading, payments, and currency exchange.
- **Scalability** – Banks often engage in activities that are very scalable such as wealth management and broker dealer services.
- **Dividend income** – Many banks have a history of paying dividends to their shareholders, so bank stocks often offer two potential sources of return.

## Gain Access to the World’s Most Dominant Banks with the Themes Global Systemically Important Banks ETF

With the [Themes Global Systemically Important Banks ETF \(GSIB\)](#), investors can get one-click access to a diversified portfolio of leading banks. This ETF provides exposure to the 28 publicly-traded global banks that have been identified as “systemically important” by the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS).

### Footnotes:

<sup>1</sup>S&P Global, as of April 5, 2024

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Technology-themed investments may be subject to rapid changes in technology, intense competition, rapid obsolescence of products and services, loss of intellectual property protections, evolving industry standards and frequent new product productions, and changes in business cycles and government regulation.

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