

STATS WINDOW

Global Banking Industry At A Glance

The global banking system is not only bigger and more profitable but also more resilient than at any time in the last 10 years (figure 1).

Figure 1. Growth of the global banking industry

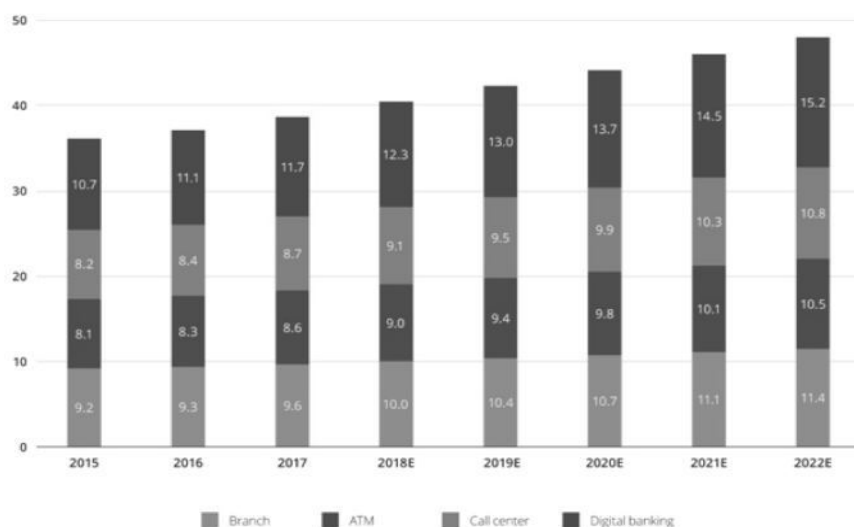
In the last decade, the top 1,000 world banks have grown



Sources: Danielle Myles, "Top 1000 World Banks 2018," *The Banker*, July 2, 2018; Danielle Myles, "Top 1000 World Banks 2017," *The Banker*, July 3, 2017; Charles Piggott, "Top 1000 World Banks 2009," *The Banker*, June 24, 2009.

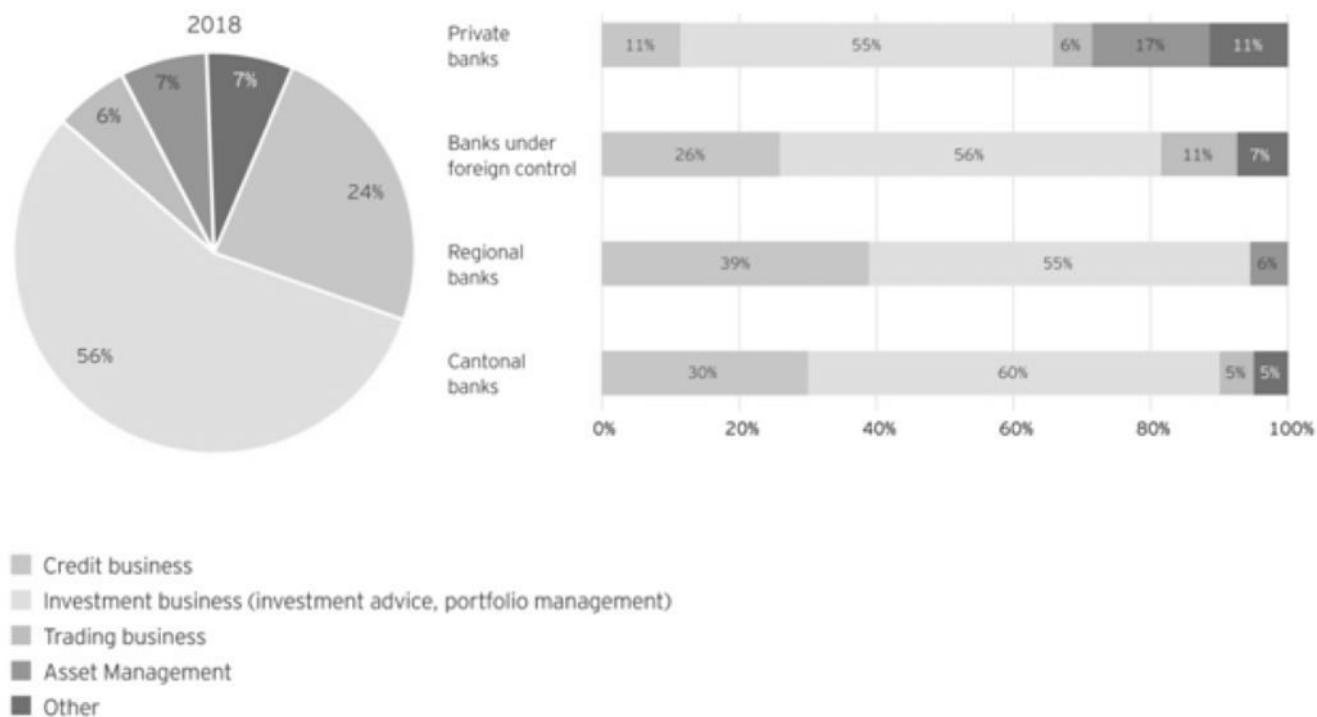
The banks are deploying a mix of strategies to stay ahead in improvement—branches, ATMs, call centers, and digital banking the game, including higher technology spending on channel banking

Figure 5. Retail banks' information and communications technology (ICT) spending on channel improvement, 2015–2022 (\$B)

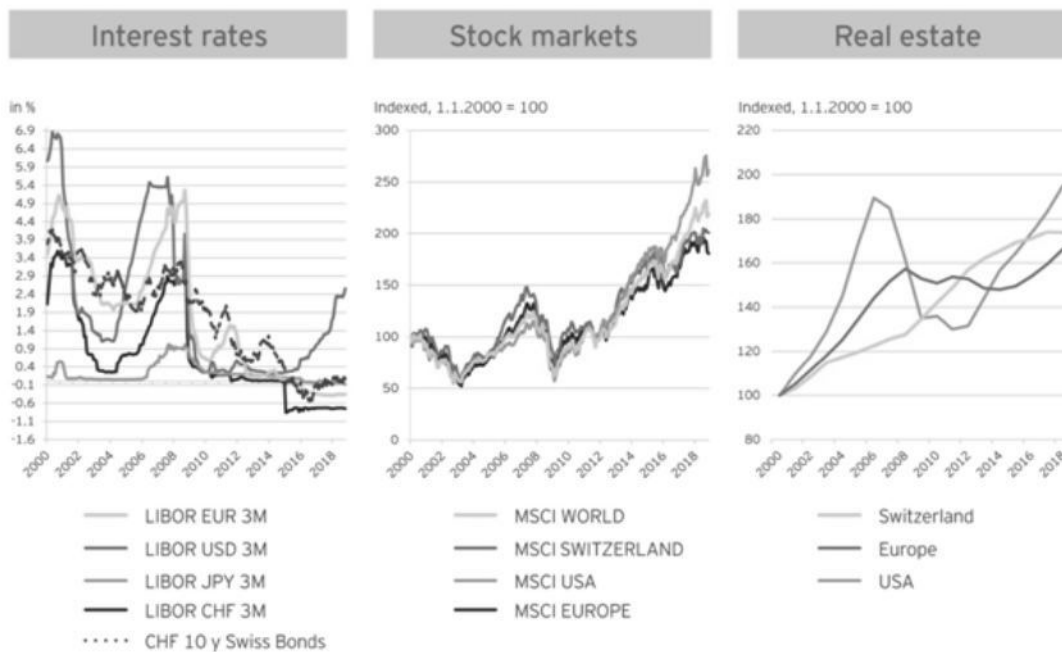


Source: ICT Spending, Ovum.

Investment business shifts into focus



The financial and economic status



Source: SNB, MSCI, BIS

The global banking industry developed divergently in a structure, quality, efficiency, risk and market performance complex, ever-changing environment. It is imperative to maintain sustainable development amid new to strike an overall balance in the future among scale uncertainties.

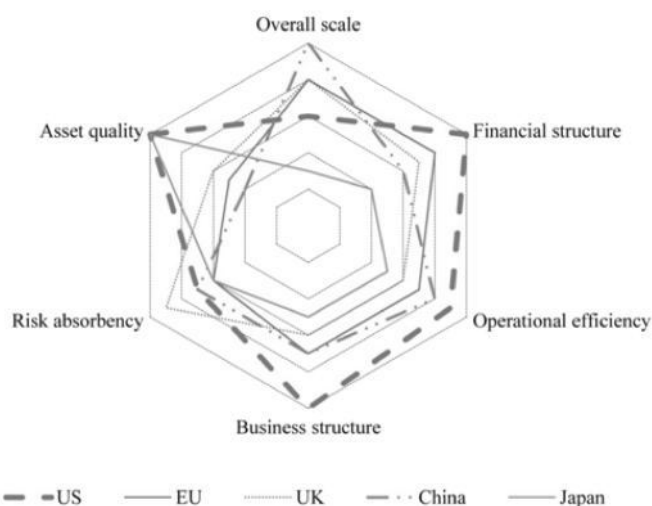
Banking Operation in Major Economies in 2018



Source: BOC Institute of International Finance

The banking industry grew moderately on the weak macroeconomic momentum. Given such factors as the US policies on tax, investment and trade protection, tightening financial environment in emerging markets, the global banking industry staged mild growth as expected. The comparison of the banking industries of China, the US, the EU, Japan and the UK using over 10 indicators under six dimensions (i.e. overall scale, asset quality, risk absorbency, operational efficiency, income structure and business structure) based on relevant data at the end of 1H2018.

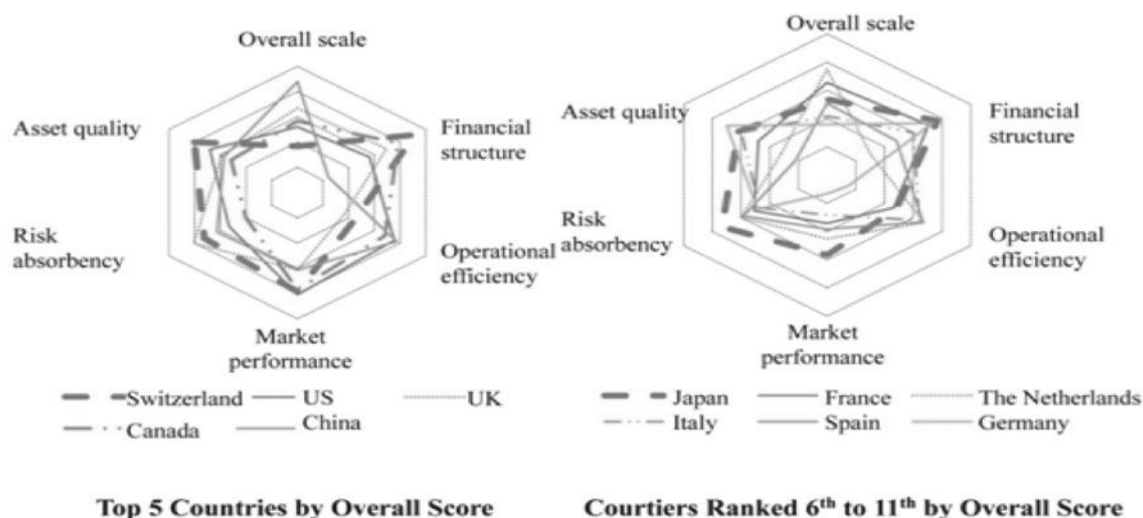
Fig. 1: Banking Industry Results of Major Economies in 1H2018



Source: National/regional regulatory authorities, BOC Institute of International Finance

The Global Banking Industry Research Team has assessed the performance of 29 global systemically important banks (G-SIBs) using an indicator system composed of over 20 factors under six dimensions (i.e. overall scale, asset quality, risk absorbency, operational efficiency, income structure and market performance) through scoring and ranking

Fig. 2: Results of G-SIBs in 1H2018, by Country



Source: Bloomberg, annual reports and interim reports of banks, BOC Institute of International Finance

Geography has sprung back as a performance driver, with spread in performance within Europe and North America being most pronounced

Price-to-book (P/B) ratios of large quoted banks¹, 2011 and 2019²

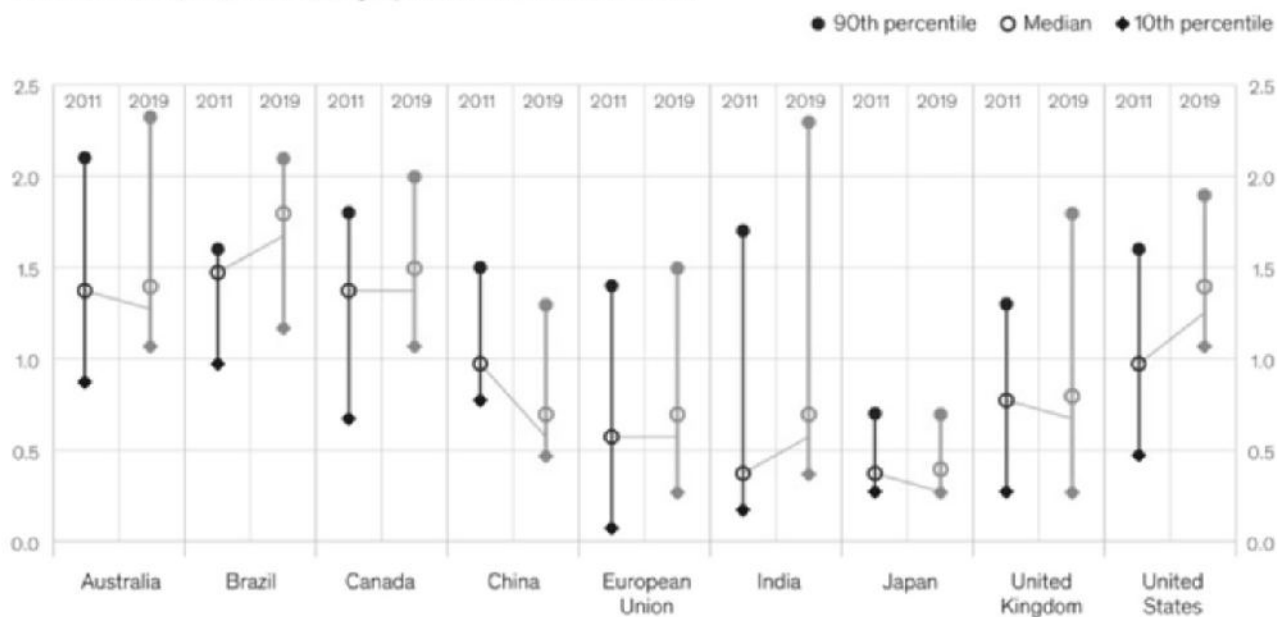
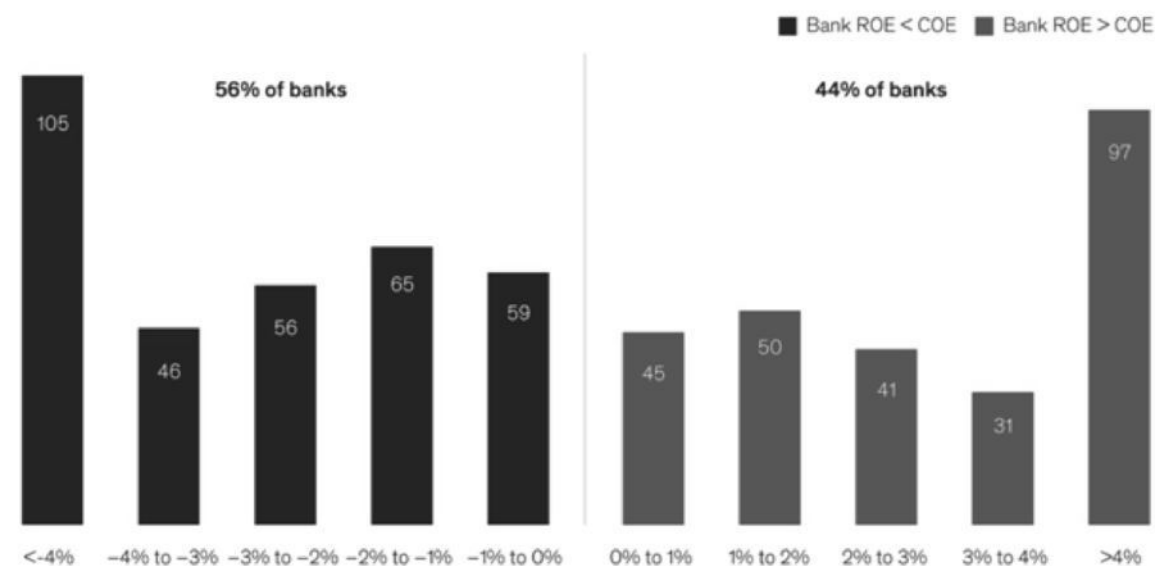


Exhibit 10

A majority of banks globally may not be economically viable

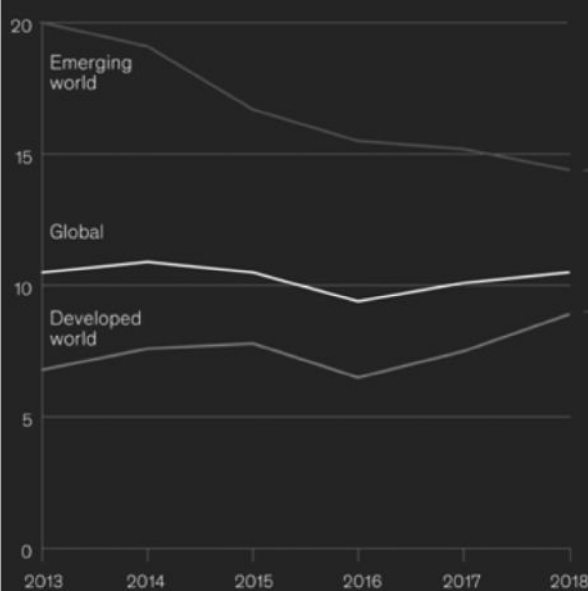
Global banks return on equity (ROE) – cost of equity (COE) spread 2009–18, number of banks (n=595¹)



¹All deposit-taking institutions with available data for 2009–18 (n = 595). ROE based on average net income and average equity including goodwill for 2009–18. Source: McKinsey Strategy Practice and Corporate Performance Analytics.

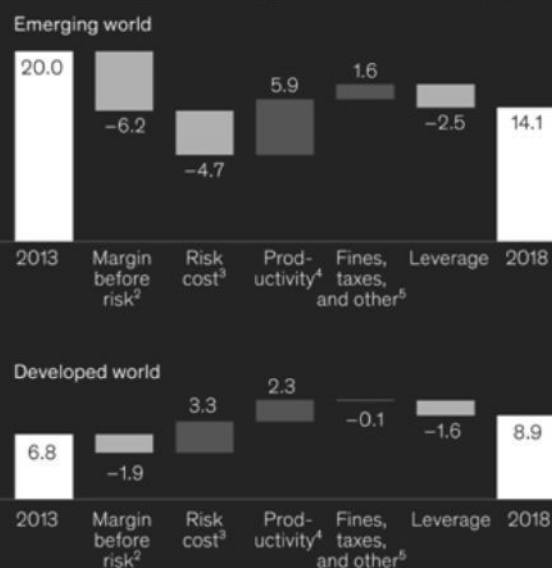
Global returns on tangible equity (ROTEs) have flatlined at 10.5 percent since 2013, despite a pickup in yields

ROTE,¹ 2013–18, %



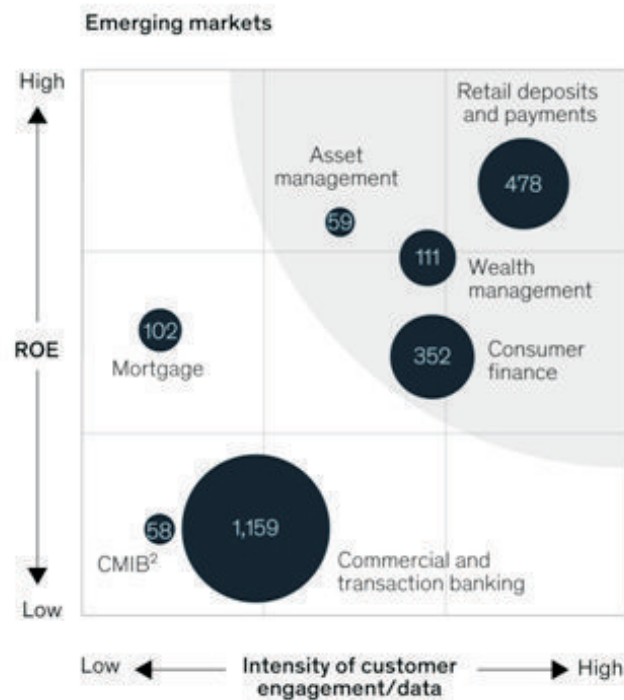
2013–18 ROTE¹ momentum, percentage points

■ Decelerating growth ■ Accelerating growth

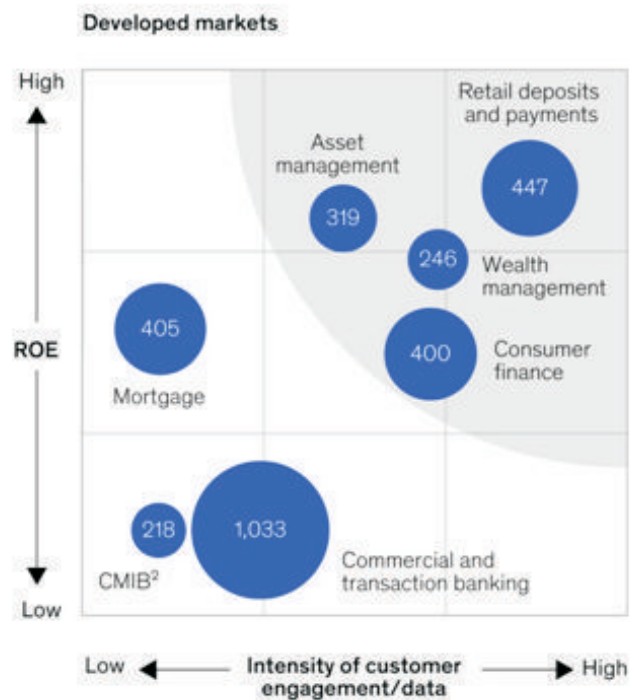


¹Based on a sample of ~1,000 global largest banks in terms of assets. Profit after tax over tangible equity. ²Operating income/assets. ³Impairments/assets. ⁴Operating cost/assets. ⁵Includes regulator fines, customer redress, impairment of goodwill, gains/losses from discontinued operations, and restructuring charges.

Big tech and fintech return on equity (ROE) by engagement, 2018, \$ billion (total 2018 global banking revenue pool = \$5.4 trillion¹)

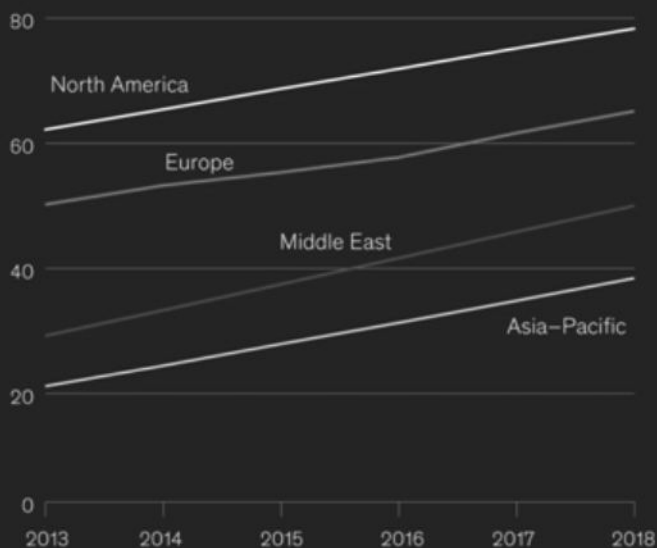


Big tech and fintech focus area, (\$2.4 trillion revenue = 45% of global revenue pool¹)

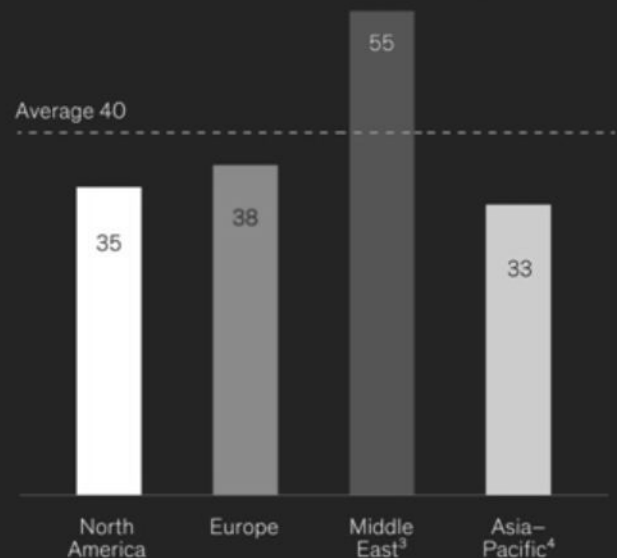


Customers increasingly prefer digital channels

Online banking usage rate,¹ 2013–18, % of population

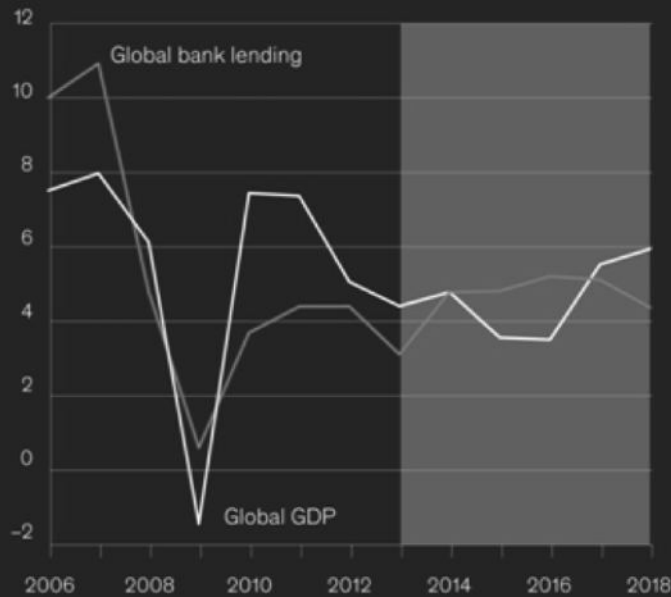


Gap between 'willingness to purchase via digital channels' and 'actual sales behavior' in 2018,² %



The rate of global lending growth has moderated, lagging behind nominal GDP growth in recent years

Global bank lending by market and GDP growth rate (2018 constant FX rate), %

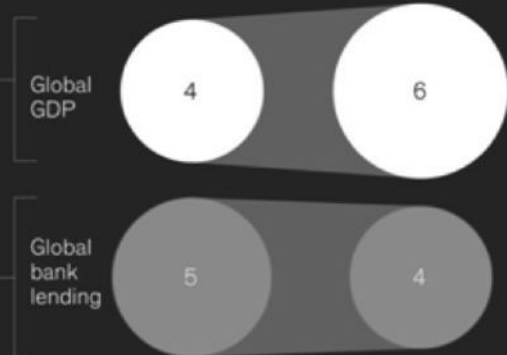


Note: Constant foreign-exchange rate (FX) used to remove FX volatility in results. 2018 is an estimate.
Source: McKinsey Panorama, Global Banking Pools.

Compound annual growth rate, %

2013–17

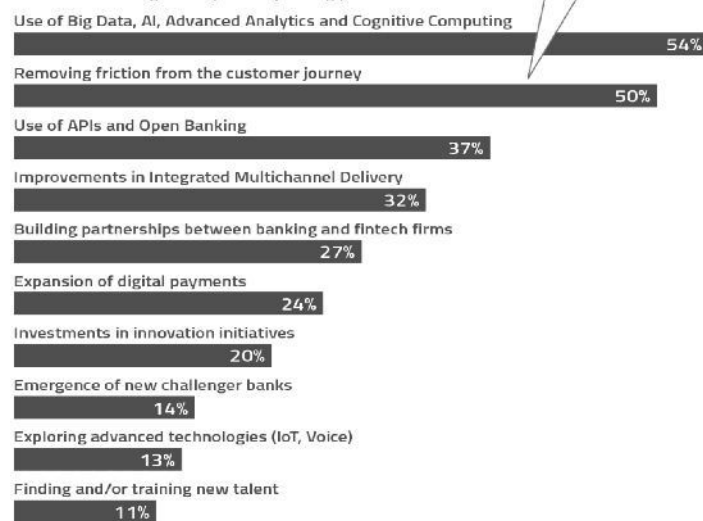
2017–18



Retail Banking trends

Top ten trends for the retail banking industry in 2019

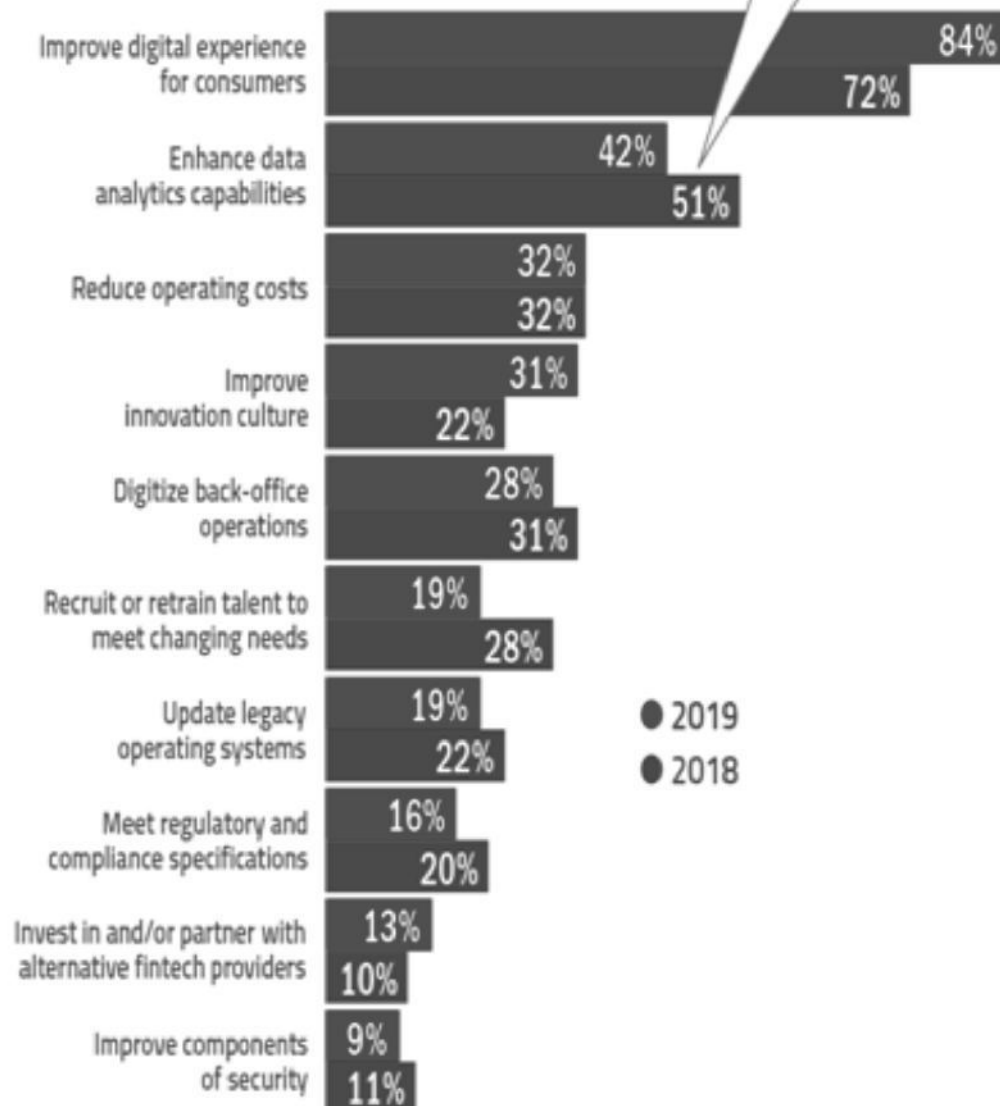
Q: What do you think will be the (3) three most important trends for the retail banking industry in the upcoming year?



SOURCE: Digital Banking Report Research © December 2018 The Financial Brand

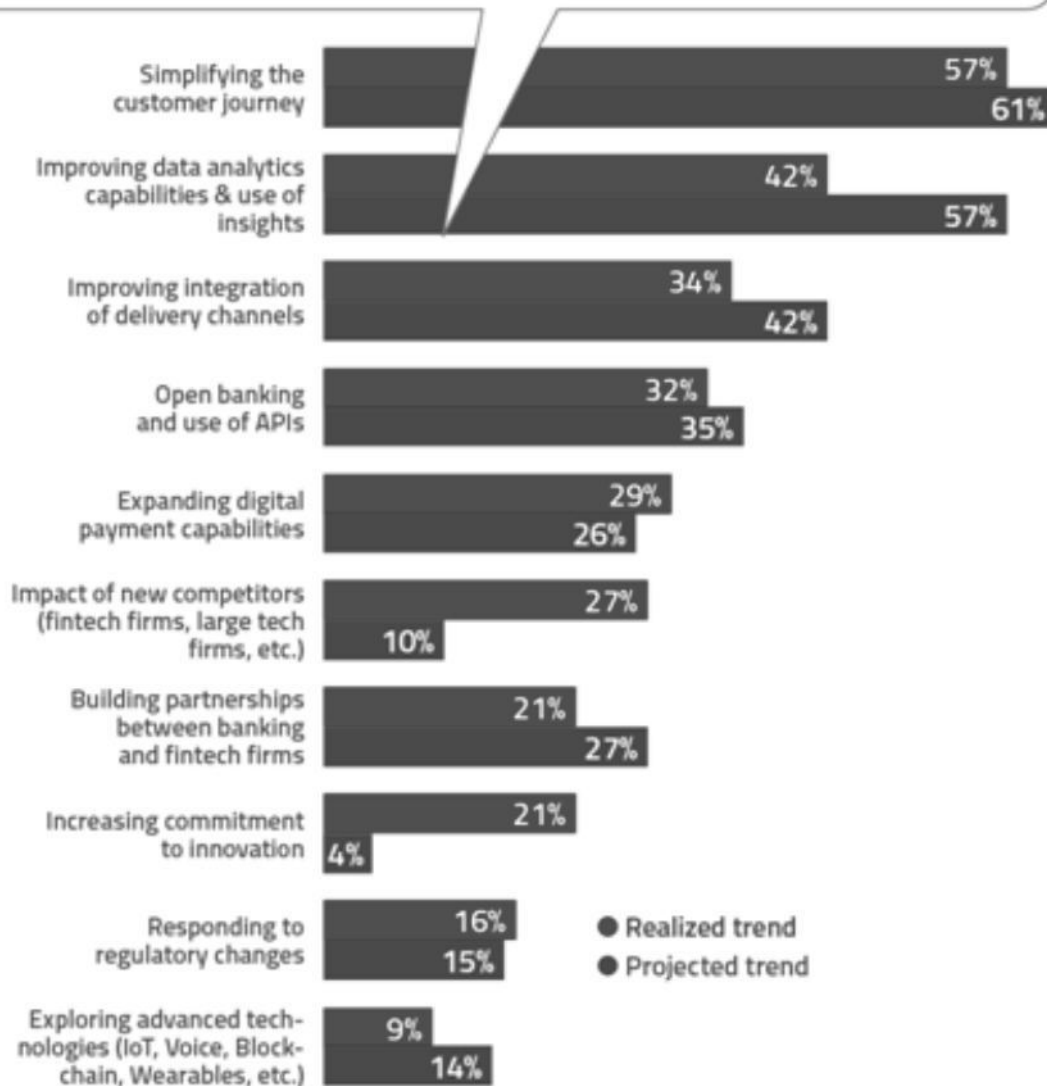
Top strategic priorities for financial institutions comparing 2019 & 2018

Q: What are your top 3 strategic priorities for your organization?



SOURCE: Digital Banking Report Research © December 2018 The Financial Brand

Top ten retail banking trends for 2018 a comparison between actual & projected



SOURCE: Digital Banking Report Research © December 2018 The Financial Brand