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REPORT BY THE Comptroller General

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Despite Positive Effects, Further Foreign Acquisitions Of U. S. Banks Should Be Limited Until Policy Conflicts Are Fully Addressed

The International Banking Act of 1978 has provided for more equal treatment of foreign and domestic banks in the United States. Foreign banks continue to realize some advantages over domestic ones. For example, they can buy large U.S. banks that other U.S. banks would not be permitted to buy. In the 1970s foreign banks and individuals acquired 93 U.S. banks. In those cases where foreign investors have acquired U.S. banks, the investors were generally a positive influence, improving weak and maintaining strong U.S. banks.

However, because of the overriding consideration of equal treatment, GAO recommends the Congress enact a limited moratorium on the foreign acquisition of U.S. banks with total assets in excess of \$100 million. This moratorium should continue in effect until the basic policy conflicts regarding interstate banking, antitrust considerations, and foreign acquisitions of U.S. banks are fully addressed.



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