KANSAS CITY, MO. – The Federal Reserve Bank of Kansas City today announced the publication of its Bank Capital Analysis (BCA), which provides an objective and data-based approach to judging capital strength across the banking industry. The BCA presents leverage ratios for individual U.S. global systemically important banks (G-SIBS), non-U.S. G-SIBs, and three other groups of institutions in the United States: large, regional and community banking organizations.

Adequate capital is a key indicator of the safety and soundness of individual institutions and for overall financial stability. This release of the BCA shows that the largest U.S. banking organizations hold more capital than their foreign counterparts, but less than regional and community banks. The Kansas City Fed will publish the BCA twice a year, based on mid-year and year-end data.

“Achieving higher levels of capital for the largest U.S. banks over the past decade has been an important protection against economic and financial instability,” said Esther George, president and CEO of the Federal Reserve Bank of Kansas City. “However, as the BCA shows, these systemically significant institutions still hold far less equity capital than the nation’s regional and community banks.”

As of June 30, 2018, the weighted average supplementary leverage ratio, also known as the Basel III leverage ratio, for U.S. G-SIBs’ was 6.7 percent, compared to 4.7 percent for European and Canadian G-SIBs, and 6.4 percent for Asian G-SIBs. However, U.S. G-SIBs have lower leverage capital ratios than U.S. large, regional and community banking organizations. In addition, the leverage ratio for community banking organizations has been steadily increasing in recent years, while it has been gradually declining for the largest U.S. banking organizations.

The Kansas City Fed’s BCA continues the analytical focus of the Global Capital Index (GCI), an analysis developed by former Federal Deposit Insurance Corp. Vice Chair Thomas Hoenig, who published the semiannual GCI at the agency from 2012 to 2017. Hoenig, who also served as president of the Kansas City Fed from 1991 to 2011, created the GCI with former Kansas City Fed vice president and economist Chuck Morris.

As the regional headquarters of the nation’s central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri, home to more than 780 regional and community banks.