**Asset management in the US banking system**

Asset management is a significant part of the US banking system, with banks managing a large portion of the country's financial assets.

**Size and Growth of the Asset Management Industry**

The US asset management industry is the largest in the world, with over $54.5 trillion in assets under management (AUM) as of 2017, accounting for 58.1% of global AUM.

**The top 3 largest asset managers globally are all US firms:** BlackRock, Vanguard, and State Street.

The rapid growth of the asset management industry in the US has been driven by factors such as a larger, older, and richer pool of savers, a rise in the ratio of global wealth to income, and a shift towards private asset management as a substitute for social security and defined benefit pensions.

**Role of Asset Management in Banks**

Asset management is one approach banks use to manage their assets, focusing on adjusting the composition of their loan, securities, and cash portfolios.

Banks aim to build a portfolio of assets capable of earning the greatest interest revenue while keeping risks within acceptable bounds.

By maintaining a spread of maturities in their investments, banks can ensure a steady flow of liquidity, which constitutes a secondary liquid assets reserve.

**Risks and Regulation**

The rapid growth of the asset management industry has raised concerns about potential risks to financial stability, such as concentration, interconnectedness, illiquidity, and pro-cyclicality.

Regulators have responded with measures to address these potential problems, although some argue for further modifications to regulations.

**The key statistics mentioned in the search results are:**

* 95% of asset management executives believe technology, data, and digital capabilities will be key differentiators by 2025.
* 67% of asset managers surveyed said they were already using machine learning/AI to drive change in their business.
* 45% of respondents said they plan to develop AI and predictive analytics capabilities over the next three years.
* 74% of firms are still in the planning and experimenting stage or are performing small, targeted AI deployments, while 26% are already scaling AI.

**Historical data on asset management in the US banking system:**

**Total Assets of Commercial Banks**

Total assets of all commercial banks in the US have grown significantly over time, from around $1 trillion in the 1970s to over $23 trillion as of June 2024.

**Asset Composition**

The composition of bank assets has shifted over time. In 1984, securities made up about 20% of total assets, while loans were around 55%. By 2022, securities had grown to 25% of assets and loans declined to 50%.

Real estate loans have grown from around 25% of total loans in the 1980s to over 35% in recent years. Commercial and industrial loans have remained around 20% of total loans.

**Asset Quality**

Non-performing assets (NPAs) as a percentage of total assets peaked at around 3.5% during the savings and loan crisis in the early 1990s and the Great Recession in 2009-2010, but have generally remained under 1% since then.

The net charge-off rate on total loans and leases has averaged around 1% historically, spiking to over 2.5% during recessions.

**Regulatory Changes**

The Federal Reserve began releasing detailed data on bank assets and liabilities in the H.8 statistical release in 1973.

The Dodd-Frank Act of 2010 required the Federal Reserve to release detailed data on its open market operations and lending facilities.

**key technologies driving efficiency in asset management in US banks, with examples and statistical data:**

**Cloud Computing and Automation**

Cloud technology is enabling banks to modernize legacy systems and adopt more flexible, scalable SaaS-based solutions.

**Example:** Bank of America reported $2 billion in savings within a year of adopting cloud computing.

Robotic process automation (RPA) and intelligent automation combining AI and RPA are being used to automate repetitive tasks, improving efficiency and reducing costs.

67% of asset managers surveyed said they were already using machine learning/AI to drive change in their business.

**Data Analytics and AI**

The use of big data, advanced analytics, and AI is enabling more personalized investment recommendations and real-time data analysis to improve investment processes.

45% of asset managers plan to develop AI and predictive analytics capabilities over the next three years.

Firms are investing in advanced analytics and alternative data sources to gain competitive insights and alpha.

However, 74% of firms are still in the planning and experimenting stage with AI, while only 26% are scaling AI deployments.

**Blockchain**

Blockchain technology is being explored to streamline alternative asset management, though adoption has been limited so far.

No specific statistics on blockchain adoption in US bank asset management were provided in the search results.

**APIs and Microservices**

API-oriented and microservices architecture is enabling more robust, scalable, and loosely coupled solutions for asset management.

No quantitative data on the use of APIs and microservices in US bank asset management was available in the search results.

**Customer Experience Technology**

Asset managers are leveraging technology to enhance the client experience and meet rising investor expectations for personalization.

95% of asset management executives believe technology, data, and digital capabilities will be key differentiators by 2025.

**Asset management is a significant and growing part of the US banking system, with banks managing over $54 trillion in assets as of 2017.**

* Rapid industry growth is driven by demographic shifts and the rise of private asset management
* Banks using asset management to optimize their loan, securities, and cash portfolios
* Concerns about potential risks to financial stability from industry concentration and interconnectedness
* Regulators responding with measures to address risks, though some argue for further reforms

Technology is transforming asset management, with cloud, automation, data analytics, AI, APIs, and CX tech enabling greater efficiency, personalization, and innovation. However, adoption of advanced technologies remains uneven across the industry.