national branches, these may—in addition to those permitted domestic offices—assume further powers practiced in the foreign country.

The growth of foreign branches has been particularly pronounced during the past decade with the number of branches doubling within this time period. Assets and liabilities of foreign branches as of December 31, 1965, are shown in table 2. The increase of direct investments abroad, the creation of trade areas, and to a certain extent, the partial liberalization of regulation M has created further inducements for banks to follow their customers abroad or to expand their overseas facilities. While one of the primary purposes in establishing foreign branches is retaining or expanding services to U.S. customers operating overseas, banks have also been successful in gaining local accounts. The degree of receptivity and national regulations applying to U.S. banks necessarily restricts the expansion of such operations.

TABLE 2.—*Assets and liabilities of foreign branches of member banks, Dec. 31, 1965*

[Millions of dollars]

Assets:	
Cash and cash items	$127.1
Due from banks	1,380.2
Securities	218.4
Loans and discounts	4,702.0
Customers liability on acceptances	569.6
Fixed assets	44.9
Due from head office and branches, gross	1,987.5
Other assets	75.4
Total assets	9,105.2
Liabilities:	
Deposits:	
Deposits of U.S. Government, State and municipal deposits	231.6
Other, demand and time	6,723.3
Total deposits	6,954.8
Other liabilities	292.9
Acceptances	571.2
Due to head office and branches (gross, including capital)	1,286.3
Total liabilities	9,105.2
Number of reporting branches:	
National	196
State	14
Total	210

NOTE.—The data presented in this table cannot be used to imply balance-of-payments contributions of U.S. banks for reasons given on page 6 of ch. I.

Sources: Comptroller of the Currency and New York State Banking Department.

AGENCIES

Closely allied to branch facilities abroad are agency operations. Agencies include overseas offices authorized to carry on lending activities but, as contrasted to branches, they are not permitted to receive deposits. In certain countries where national law permits foreign branches to operate only in a restricted sense, branches are tantamount to agencies. Illustrative of this type of operation are the U.S. branches located in Taiwan, where banks are not permitted to accept deposits from the public but are allowed to extend loans to local as well as U.S. firms.