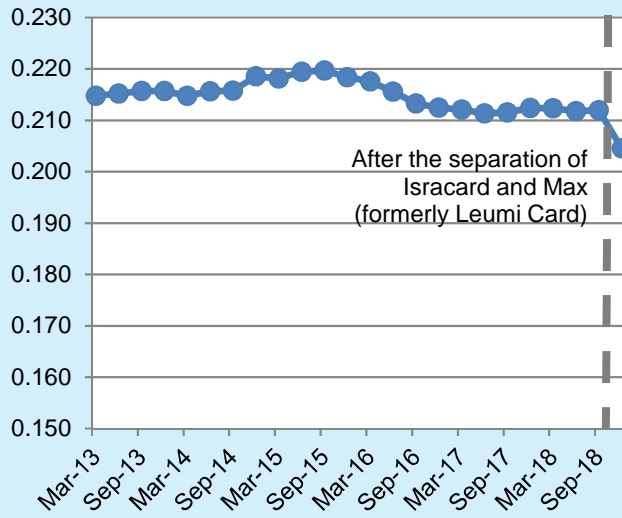


Concentration in the banking industry is declining: In recent years, the HHI has shown a marked downward trend in the concentration rate of the banking system.

Figure 2.2
Herfindahl-Hirschman Index (HHI)^a, Total Banking System, March 2013–December 2018



^a $HHI = \sum_{i=1}^n \left(\frac{y_i}{y}\right)^2$ = The Herfindahl-Hirschman Index of industry concentration, where y_i = output of bank i (total credit balance) and y = the industry's output.

SOURCE: Based on reports to the Banking Supervision Department.