2019 SUMMARY OF DEPOSITS HIGHLIGHTS

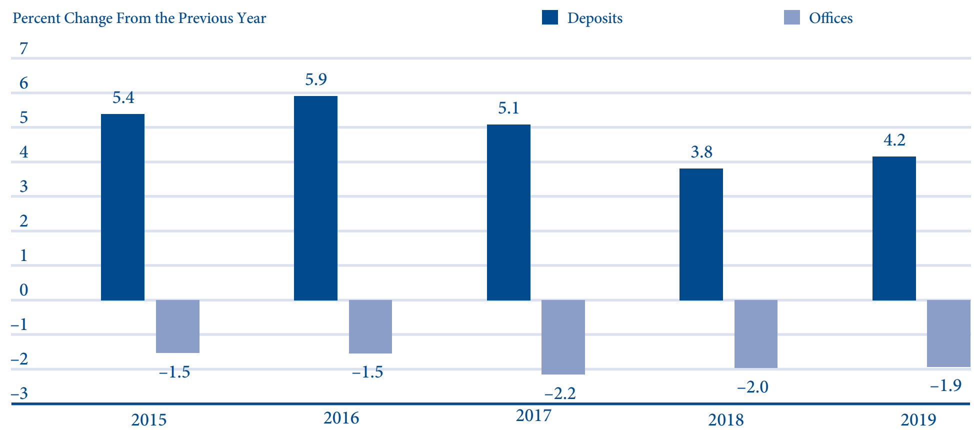
Introduction

In the 2019 Summary of Deposits (SOD) Survey, the banking industry reported an increase in deposits and a decrease in the number of branch offices, continuing recent trends (chart).[1] This article describes deposit gathering and office closures shown in the 2019 SOD, which reports data as of June 30, 2019. For selected topics, comparative information about credit unions is included. This article also examines characteristics of the offices of operating banks that close versus those that are sold or leased, and of offices that close versus those that remain open following bank acquisitions.

The reduction in the number of bank offices occurred nationwide. The rate of decline was faster among offices located in metropolitan counties, limited-service offices, and offices with lower reported levels of deposits. Despite the general decline in the number of bank offices, the number of counties with a banking office has remained relatively stable over the past five years.

The rate of deposit growth increased for both community and noncommunity banks over the previous 12 months.[2] Adjusting for mergers, the rate of deposit growth at community banks has exceeded that of noncommunity banks in each of the past three years. In comparisons based on asset size, medium-sized banks registered the highest merger-adjusted five-year average rate of annual deposit growth.[3] Moreover, the number of offices operated by medium-sized banks increased over the past five years, despite the decrease in the number of offices operated by the banking industry as a whole.

Deposits Increased While the Number of Offices Declined in Each of the Past Five Years



Source: FDIC Summary of Deposits, 2014 to 2019.

[1] "Deposits" refers to deposits in domestic offices of FDIC-insured institutions—meaning branch offices located in the United States, U.S. territories, and possessions. U.S. offices of foreign institutions and their deposits are not included.

[2] Community banks are identified using criteria in the *FDIC Community Banking Study*, December 2012, https://www.fdic.gov/regulations/resources/cbi/report/cbi-full.pdf.

[3] For this article "medium-sized banks" refers to banks with total assets between $10 billion and $250 billion. "Small banks" have total assets less than $10 billion, and "large banks" have total assets greater than $250 billion.

The Number of Bank Offices Continues to Decline

The number of offices operated by FDIC-insured institutions has declined since June 2009. FDIC-insured institutions operated 86,364 offices in June 2019, which is 1,701 (1.9 percent) fewer offices than in June 2018. This rate of decline is slightly higher than the five-year average annual rate of 1.8 percent. In 2009, FDIC-insured institutions operated 13,176 more offices than in 2019. From 2009 to 2014, the number of offices declined by 4,825 (4.8 percent), while the number of offices declined by 8,351 (8.8 percent) between 2014 and 2019.

The number of offices of community banks decreased by 2.3 percent from 30,565 to 29,863 over the past 12 months. For noncommunity banks, the number of offices decreased by 1.7 percent from 57,500 to 56,501. The number of offices decreased by 934 (4.1 percent) among large banks and 988 (2.7 percent) among small banks, while the number of offices of medium-sized banks increased by 221 (0.8 percent). The overall decrease in the number of offices continues a trend toward greater consolidation.

Deposits Increase for Both Community and Noncommunity Banks

Total domestic deposits held by FDIC-insured institutions increased from $12.26 trillion in June 2018 to $12.77 trillion in June 2019, an increase of $510 billion or 4.2 percent. This growth rate was slightly lower than the 4.9 percent five-year average annual growth rate for the period ended in June 2019. Deposits increased over the past 12 months, even though the number of institutions declined from 5,542 to 5,303 and the number of offices declined from 88,065 to 86,364.

Community banks reported an increase in their merger-adjusted deposit growth rate during the year ended June 2019, with the growth rate at community banks exceeding that of noncommunity banks.[4] Merger adjustment is a way of measuring the "organic growth" of a cohort of institutions, the portion of growth not attributable to mergers. Year-over-year merger-adjusted deposit growth at community banks was 5.5 percent, an increase from the 4.9 percent growth reported the previous year and equal to the five-year average annual growth rate (Table 1). Noncommunity banks reported merger-adjusted year-over-year deposit growth of 3.9 percent. Adjusting for mergers, deposits at noncommunity banks increased 26.7 percent over the past five years, from $8.61 trillion to $10.91 trillion. Deposits at community banks increased 30.7 percent over that time period, from $1.42 trillion to $1.86 trillion.

Merger-adjusted growth rates make clear the strong organic growth of deposits at community banks. Consolidation in the industry has reduced the number of community banks and noncommunity banks, but the number of community banks has decreased at a faster rate. The decline in the number of community banks is reflected in the increasing share of deposits held at noncommunity banks over time. As Table 2 indicates, the share of all domestic deposits of banks and credit unions held by noncommunity banks increased from 76.7 percent to 77.6 between June 2015 and June 2019, while the community bank share decreased from 14.8 percent to 13.2 percent.

Table 2 also depicts a slight increase in the overall deposit share (the share of all domestic deposits of banks and credit unions) of credit unions, from 8.5 percent to 9.1 percent. As of June 2019, total deposits at credit unions were $1.28 trillion, a 6 percent increase over the previous 12 months.

[4] For an explanation of the reasons for and process of merger adjusting bank data, see Eric Breitenstein and Derek Thieme, "Merger Adjusting Bank Data: A Primer," *FDIC Quarterly* 13, no. 1 (2019):31-49, https://www.fdic.gov/bank/analytical/quarterly/2019-vol13-1/fdic-v13n1-4q2018-article.pdf.

Table 1

Deposit Growth Rates, June 2014 to June 2019					
Category	**2015**	**2016**	**2017**	**2018**	**2019**
Noncommunity Banks	5.6%	6.2%	4.9%	3.7%	3.9%
Community Banks	4.9%	5.7%	6.5%	4.9%	5.5%

Source: FDIC Summary of Deposits, 2014 to 2019.
Note: FDIC bank data are merger adjusted.

Table 2

Domestic Deposit Shares by Depository Institution Category, June 2014 to June 2019					
Category	**2015**	**2016**	**2017**	**2018**	**2019**
Noncommunity Banks	76.7%	77.1%	77.2%	77.5%	77.6%
Community Banks	14.8%	14.3%	13.9%	13.5%	13.2%
Credit Unions	8.5%	8.6%	8.9%	9.0%	9.1%

Sources: FDIC Summary of Deposits, 2014 to 2019; NCUA Quarterly Summary Report.
Note: FDIC bank data are not merger adjusted.

Deposits Continue to Increase for All Bank Asset Size Classes

On a merger-adjusted basis, total deposits have increased over the past five years for each of the bank asset-size groups depicted in Table 3. From 2014 to 2019, deposits increased on a merger-adjusted basis the most for medium-sized banks—34.6 percent—followed by small banks at 29.3 percent and large banks at 21.2 percent. Deposits for medium-sized and small banks have grown faster than the national average for all banks over the past five years.

Small banks lost market share while medium-sized and large banks gained market share on a non-merger-adjusted basis from June 2014 to June 2019 (Table 4). In principle, this could be the result of either faster organic deposit growth at larger institutions or the result of acquisitions of smaller banks by larger institutions. However, Table 4 shows that on a merger-adjusted basis small banks maintained market share while large banks lost market share, indicating that smaller bank organic deposit growth kept pace with the industry as a whole.

The non-merger-adjusted gain in market share by large banks occurred because two banks moved out of the medium-sized asset class and into the large asset class through organic growth. From June 2014 through June 2019, these two banks grew by about $157.5 billion in assets and $129.8 billion in deposits. Only $16 billion of that deposit growth occurred because of an acquisition.

From 2014 to 2019, 74 banks fluctuated in and out of the medium-sized asset class. These fluctuations occurred through a combination of acquisitions and organic growth. The net effect was that the merger-adjusted and non-merger-adjusted market shares of medium-sized banks differed only slightly over the past five years.

Table 3

Percent Change in Deposits by Asset Size Over Time, June 2014 to June 2019						
Bank Asset Size	**2015**	**2016**	**2017**	**2018**	**2019**	**2014 to 2019**
Large: Assets More Than $250B	3.6%	5.1%	6.2%	1.7%	3.1%	21.2%
Medium-Sized: Assets $10B to $250B	9.0%	7.6%	3.1%	6.2%	4.9%	34.6%
Small: Assets Less Than $10B	3.5%	6.0%	6.4%	4.9%	5.5%	29.3%
All Banks	5.5%	6.1%	5.1%	3.9%	4.2%	27.3%

Source: FDIC Summary of Deposits, 2014 to 2019.
Note: FDIC bank data are merger adjusted.

Table 4

Share of Total Deposits by Asset Size Over Time, June 2014 to June 2019						
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Bank Asset Size	**Merger Adjusted**					
Large: Assets More Than $250B	47.4%	46.6%	46.1%	46.6%	45.6%	45.2%
Medium-Sized: Assets $10B to $250B	34.5%	35.7%	36.2%	35.5%	36.3%	36.5%
Small: Assets Less Than $10B	18.0%	17.7%	17.7%	17.9%	18.1%	18.3%
	Not Merger Adjusted					
Large: Assets More Than $250B	42.8%	45.0%	46.2%	46.1%	45.3%	45.2%
Medium-Sized: Assets $10B to $250B	34.5%	32.8%	32.4%	33.4%	35.5%	36.5%
Small: Assets Less Than $10B	22.7%	22.1%	21.4%	20.5%	19.2%	18.3%

Source: FDIC Summary of Deposits, 2014 to 2019.

Average Deposits of FDIC-Insured Institutions and Offices Continue to Increase

Average deposits per institution and per office increased from 2018 to 2019 at higher rates than the year before. Deposits per institution increased 8.4 percent from 2017 to 2018 and increased 8.8 percent from 2018 to 2019 to about $2.4 billion. Average deposits per institution increased from about $1.5 billion in June 2014 to $2.4 billion in June 2019. Similarly, average deposits per office rose by 6.2 percent to about $148 million per office from 2018 to 2019, after increasing by 5.9 percent from 2017 to 2018. Average deposits per office increased 39.1 percent over the past five years, from approximately $106 million in June 2014 to about $148 million in June 2019.

The Number of Offices Operated by Medium-Sized Banks Increased

From 2014 to 2019, the number of offices operated by medium-sized banks increased while the number operated by large and small banks declined (Table 5). From 2014 to 2016, total offices operated by medium-sized banks declined 6.1 percent to 23,796 offices but have since increased to 26,389, representing a 4.1 percent increase over five years. Offices operated by large banks rose 4.3 percent to 25,149 offices from 2014 to 2016 but have since declined to 22,752, a 5.6 percent decrease over five years. This shift suggests that large banks may be transitioning away from opening or acquiring more offices. Small banks reported the largest five-year period decline in the number of offices, operating nearly 18 percent fewer offices in 2019 than in 2014.

Table 5

Number of U.S. Banking Offices, June 2014 to June 2019

Bank Asset Size	2014	2015	2016	2017	2018	2019	Percent Change 2014 to 2019
Large: Assets More Than $250B	24,107	24,281	25,149	24,375	23,686	22,752	–5.6%
Medium-Sized: Assets $10B to $250B	25,346	24,533	23,796	24,602	26,168	26,389	4.1%
Small: Assets Less Than $10B	45,259	44,448	42,879	40,862	38,211	37,223	–17.8%

Source: FDIC Summary of Deposits, 2014 to 2019.

Office Closings Are Widespread Although Relatively Less Frequent in Rural Counties

As shown in Table 6, the total number of bank offices declined across all three county types—metropolitan, micropolitan, and rural.[5] A majority of bank offices—roughly 68,000 out of 86,000—are in metropolitan counties. The 9.2 percent five-year reduction in the number of offices in metropolitan counties accounted for most of the total reduction in the number of offices in the United States.[6]

The reduction in the number of community bank offices in metropolitan counties is particularly pronounced: 14.7 percent in the past five years. The number of bank offices has declined the least in rural counties: 6.1 percent between 2014 and 2019. The number of community bank offices in rural counties declined by 4.7 percent, while the number of noncommunity bank offices in rural counties declined by 9.5 percent (Table 6). While the smallest decline in office numbers occurred in rural counties, office closures in rural counties are felt more keenly by those communities than closures in metropolitan counties, since rural bank offices are fewer in number and often serve large geographic areas.[7]

Most of the offices in rural counties (72.9 percent) are operated by community banks. The difference in the five-year rate of reductions in the number of bank offices in rural counties for noncommunity banks (9.5 percent) versus community banks (4.7 percent) means that community banks have increased their relative prominence in rural counties notwithstanding banking industry consolidation. Community banks serve an essential purpose by providing banking services in counties with few bank offices.

[5] Counties are labeled “metropolitan,” “micropolitan,” or “rural” depending on whether they are located in areas designated by the U.S. Census Bureau as metropolitan statistical areas or as micropolitan statistical areas. Metropolitan statistical areas have a core urban area with more than 50,000 inhabitants. Micropolitan statistical areas have urban clusters with 10,000 to 50,000 inhabitants. All other areas are considered rural.

[6] The designations assigned to each county by the Census Bureau as of September 2018 were fixed throughout the time period for this exercise to control for counties that may have changed their designation as metropolitan, micropolitan, or rural during the five-year period. See United States Census Bureau Delineation Files, https://www.census.gov/geographies/reference-files/time-series/demo/metro-micro/delineation-files.html.

[7] A useful discussion of the issues associated with closures of banking offices in rural areas is contained in Board of Governors of the Federal Reserve System, “Perspectives from Main Street: Bank Branch Access in Rural Communities,” November, 2019, available at https://www.federalreserve.gov/publications/files/bank-branch-access-in-rural-communities.pdf. Numbers of banking offices reported in the Federal Reserve study and this article are not directly comparable because the Federal Reserve study combines micropolitan and rural counties into a single rural designation and it looks only at full-service brick-and-mortar offices and retail offices. This article includes all office types (see footnote 13 of this article for further information about office types).

Table 6

Number of Banking Offices, June 2014 to June 2019								
County Type	**Bank Type**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Percent Change 2014 to 2019**
Metropolitan	All Banks	75,182	74,058	72,889	71,213	69,731	68,279	–9.2%
	Noncommunity Banks	53,888	53,158	52,749	51,887	50,985	50,124	–7.0%
	Community Banks	21,294	20,900	20,140	19,326	18,746	18,155	–14.7%
Micropolitan	All Banks	10,483	10,281	10,119	9,921	9,746	9,587	–8.5%
	Noncommunity Banks	4,454	4,460	4,362	4,306	4,199	4,076	–8.5%
	Community Banks	6,029	5,821	5,757	5,615	5,547	5,511	–8.6%
Rural	All Banks	9,047	8,923	8,816	8,705	8,588	8,498	–6.1%
	Noncommunity Banks	2,542	2,481	2,412	2,392	2,316	2,301	–9.5%
	Community Banks	6,505	6,442	6,404	6,313	6,272	6,197	–4.7%
All	All Banks	94,712	93,262	91,824	89,839	88,065	86,364	–8.8%
	Noncommunity Banks	60,884	60,099	59,523	58,585	57,500	56,501	–7.2%
	Community Banks	33,828	33,163	32,301	31,254	30,565	29,863	–11.7%

Source: FDIC Summary of Deposits, 2014 to 2019.

Note: Counties are labeled metropolitan, micropolitan, or rural depending on whether they are located in areas designated by the U.S. Census Bureau as metropolitan statistical areas or as micropolitan statistical areas. Metropolitan statistical areas have a core urban area with more than 50,000 inhabitants. Micropolitan statistical areas have urban clusters with 10,000 to 50,000 inhabitants. All other areas are considered rural.

Office Closings Outpace Office Openings in Metropolitan Areas

The number of bank offices has declined the most in metropolitan counties. Between 2018 and 2019, metropolitan counties lost a net 1,420 bank offices, a decline of approximately 2 percent (Table 7). Medium-sized banks closed 866 more offices than they opened, large banks closed 796 more offices than they opened, and small banks opened 242 more offices than they closed. Noncommunity banks closed 1,634 more offices than they opened and community banks opened 214 more offices than they closed.[8]

Table 7

Change in Number of Offices in Metropolitan Counties, June 2018 to June 2019			
	Office Openings	**Office Closings**	**Net Change**
Bank Asset Size			
Large: Total Assets More Than $250B	150	946	–796
Medium-Sized: Total Assets $10B to $250B	168	1,034	–866
Small: Total Assets Less Than $10B	654	412	242
Bank Type			
Noncommunity Banks	475	2,109	–1,634
Community Banks	497	283	214
All Banks	972	2,392	–1,420

Source: FDIC Summary of Deposits, 2018 to 2019.

[8] The absolute change in the number of offices in metropolitan counties operated by small, medium-sized, and large banks differs from these values because offices move from one asset group to another through mergers and purchases.

The largest number of office openings (Table 8) and office closings (Table 9) occurred in some of the most highly populated metropolitan statistical areas (MSAs). The list of the ten MSAs with the most office openings is almost identical to the list of the ten MSAs with the most office closings. For example, the New York-Newark-Jersey City, NY-NJ-PA MSA had both the largest number of office openings and the largest number of closings. Nine of the top ten MSAs for office openings were also in the top ten for office closings.

Closings outpaced openings among banks in general and among banks with assets greater than $250 billion in the nine common metropolitan areas listed in both tables. Among small and medium-sized banks, closings outpaced openings in some markets but not in others. For noncommunity banks, office closings outpaced openings in the nine common metropolitan areas listed in both tables. By contrast, community bank openings outpaced closings in five out of the nine common metropolitan areas.

Out of the 387 metropolitan areas that were listed in both the 2018 and 2019 SOD surveys, 257 reported a net loss in the number of offices, 81 reported no change in the number of offices, and 49 reported a net gain in the number of offices.[9]

Table 8

Metropolitan Areas With the Most Office Openings, June 2018 to June 2019

Metropolitan Statistical Area	Offices Opened	Bank Asset Size: Large: Assets More Than $250B	Bank Asset Size: Medium-Sized: Assets $10B to $250B	Bank Asset Size: Small: Assets Less Than $10B	Bank Type: Community	Bank Type: Noncommunity
New York-Newark-Jersey City, NY-NJ-PA	62	23	6	33	30	32
Houston-The Woodlands-Sugar Land, TX	51	4	27	20	10	41
Boston-Cambridge-Newton, MA-NH	33	10	5	18	16	17
Dallas-Fort Worth-Arlington, TX	31	3	7	21	15	16
Atlanta-Sandy Springs-Alpharetta, GA	30	2	11	17	12	18
Los Angeles-Long Beach-Anaheim, CA	29	8	5	16	10	19
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	24	9	6	9	9	15
Chicago-Naperville-Elgin, IL-IN-WI	24	4	4	16	11	13
Washington-Arlington-Alexandria, DC-VA-MD-WV	21	12	2	7	6	15
St. Louis, MO-IL	18	1	6	11	11	7

Source: FDIC Summary of Deposits, 2018 to 2019.

[9] The list of metropolitan areas in the United States changed between the 2018 and 2019 SOD surveys. Two of the 389 metropolitan areas defined as of June 2018 were no longer designated as metropolitan areas in 2019, and five new metropolitan areas were designated in 2019. In total, 387 metropolitan areas were designated as such in both 2018 and 2019. See Office of Management and Budget Director Mick Mulvaney to the Heads of Executive Departments and Establishments, "Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas," September 14, 2018, https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf.

Table 9

Metropolitan Areas With the Most Office Closings, June 2018 to June 2019

Metropolitan Statistical Area	Offices Closed	Bank Asset Size			Bank Type	
		Large: Assets More Than $250B	Medium-Sized: Assets $10B to $250B	Small: Assets Less Than $10B	Community	Noncommunity
New York-Newark-Jersey City, NY-NJ-PA	260	153	85	22	20	240
Chicago-Naperville-Elgin, IL-IN-WI	95	47	39	9	6	89
Los Angeles-Long Beach-Anaheim, CA	83	39	30	14	8	75
Washington-Arlington-Alexandria, DC-VA-MD-WV	80	36	38	6	4	76
Atlanta-Sandy Springs-Roswell, GA	60	18	34	8	1	59
Miami-Fort Lauderdale-West Palm Beach, FL	60	19	37	4	16	44
Houston-The Woodlands-Sugar Land, TX	54	27	16	11	3	51
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	53	15	27	11	10	43
Dallas-Fort Worth-Arlington, TX	50	20	16	14	3	47
Boston-Cambridge-Newton, MA-NH	40	14	11	15	12	28

Source: FDIC Summary of Deposits, 2018 to 2019.

Changes in offices in individual MSAs can be influenced significantly by individual institutions. For example, among the ten MSAs with the most office openings, one large bank accounted for 14.2 percent of all office openings, nearly 38 percent of new offices in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA, and nearly 21 percent of new offices in both the New York-Newark-Jersey City, NY-NJ-PA and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSAs. A medium-sized bank accounted for another 7.4 percent of all office openings in the ten MSAs with the most office openings and approximately 30 percent of new offices in both the St. Louis, MO-IL and the Houston-The Woodlands-Sugar Land, TX MSAs.

Among the ten MSAs with the most office closings, large banks accounted for 46.5 percent of all office closings. Large banks accounted for 50 percent or more of office closings in both the New York-Newark-Jersey City, NY-NJ-PA and the Houston-The Woodlands-Sugar Land, TX MSAs and accounted for at least 28 percent of office closings in the other MSAs with the most office closings. Two medium-sized banks together accounted for 9.7 percent of all office closings in the ten MSAs with the most office closings, although they accounted for only 4.1 percent of total offices in those areas. Offices of those two institutions comprised approximately 38 percent of office closures in both the Atlanta-Sandy Springs-Roswell, GA and the Washington-Arlington-Alexandria, DC-VA-MD-WV MSAs. They comprised 13 percent of closures in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA and 8 percent or less of closures in the other ten MSAs with the most closures. In the Miami-Fort Lauderdale-West Palm Beach, FL MSA, a different medium-sized bank accounted for 20 percent of office closures.

Share of Counties With a Branch Office Remains Stable

While the number of banking offices continues to decline throughout the country, the number of counties with at least one banking office has remained stable over the past five years. Of the 3,142 counties in the 50 states and the District of Columbia, less than 1 percent had no community bank, noncommunity bank, or credit union offices (Table 10), a share that remained unchanged from five years ago. As of June 2019, 109 counties had only one branch office, which is up from 96 counties in 2014. Since many of these counties are in rural areas, a majority have a community bank office as opposed to a noncommunity office or a credit union. Over the past five years, the share of counties in the United States that have a credit union office remained around 66.3 percent.

Slightly less than three-quarters of counties had offices of both community and noncommunity banks as of June 2019 (Table 11), compared with 75 percent of counties in June 2014. The share of counties with only a community bank office is roughly 20 percent and has remained stable over the past five years. In contrast, the share of counties with only noncommunity offices increased from 3.9 percent in 2014 to 4.8 percent as of June 2019. Currently, a little more than 1 percent of counties have no community or noncommunity bank offices, unchanged from 2014.[10]

Table 10

Distribution of Bank Offices and Credit Union Offices by County, June 30, 2019

County Description	Number	Percent
Counties With Bank and Credit Union Offices	2,077	66.1
Counties With Only Bank Offices	1,031	32.8
Counties With Only Credit Union Offices	6	0.2
Counties With No Offices	28	0.9
Total of Counties in 50 States and District of Columbia	3,142	100.0
Counties With Only One Office—Community Bank	76	2.4
Counties With Only One Office—Noncommunity Bank	28	0.9
Counties With Only One Office—Credit Union	5	0.2
Total Counties With Only One Office	109	3.5

Sources: FDIC Summary of Deposits, 2019; Census Bureau; NCUA Quarterly Call Report Data, June 2019.

Table 11

Distribution of Bank Offices by County, June 30, 2019

County Description	Number	Percent
Counties With Community Bank and Noncommunity Bank Offices	2,338	74.4
Counties With Only Community Bank Offices	620	19.7
Counties With Only Noncommunity Bank Offices	151	4.8
Counties Without Offices	33	1.1
Total of Counties in 50 States and the District of Columbia	3,142	100

Sources: FDIC Summary of Deposits, 2019; Census Bureau.

[10] According to 2018 Census estimates, the total population of the 33 counties without any bank offices is 98,065. Twelve of these counties, with a combined population of 43,945, have large protected areas designated as National Parks and Preserves, National Forests, Recreation Areas, State Parks, and Wildlife Refuges. Seven of the counties, with an average population of 600, are the least-populous counties in the state. The remaining counties are relatively populated, with an average population of 2,757, while the average U.S. county has a population of 104,127.

Factors Influencing Decisions to Close or Transfer Offices

The number of bank offices declined by 13,176 between 2009 and 2019. Over that time, 17,202 offices opened, 30,378 offices closed, and 27,522 offices were acquired by banks through merger or purchases or leases from other banks.[11] Offices acquired through a merger, sale, or lease, or sold or leased to other banks would continue to operate as a banking office, even though control of the office would change.[12] The decline in the number of bank offices is broken down into five-year periods in Table 12.

Table 12

Office Openings, Closings, Acquisitions, and Net Change, June 2009 to June 2019

	June 2009 Through June 2014	June 2014 Through June 2019
Starting Number of Offices	**99,540**	**94,715**
New Offices Opened	11,856	5,346
Offices Closed	16,681	13,697
Closed following a merger*	2,316	1,243
Closed by a bank that was not acquired	14,252	12,332
Closed—other**	113	122
Offices Acquired	17,134	10,388
Acquired following a merger*	15,693	9,553
Acquired via a sale or lease	1,357	789
Acquired—other**	84	46
Ending Number of Offices	**94,715**	**86,364**

Source: FDIC Summary of Deposits.

* "Closed following a merger" and "acquired following a merger" mean that the banking office: 1) was operated as of an SOD filing period by a bank that was acquired before the next SOD filing period and 2) the banking office was closed or acquired before the next SOD filing period.

** The institution that initially owned the office may have closed without being acquired, changed to a nondepository institution, relinquished deposit insurance, or been acquired by a nonbank.

The long-term decline in the number of bank offices suggests that economic and demographic changes could be reducing the economic value of bank offices generally. Therefore, comparing the characteristics of offices that remain in the banking industry with offices that close may provide insight into some of the factors that are driving the long-term decline in the number of bank offices.

Over the past ten years, 26,584 offices were closed by institutions that were not acquired in the year between SOD filings, while 2,146 offices were sold or leased to another bank. The service type of the office, the total deposits reported at the office, and whether the county in which the office is located is rural, micropolitan, or metropolitan appear to influence the decision to close, sell, or lease an office to another bank.

[11] An office is considered to have closed if it ceases to appear in the Summary of Deposits data. FDIC Summary of Deposits, 2009–2019.

[12] See page 31 of the 2019 Summary of Deposits reporting instructions, https://www.fdic.gov/regulations/resources/call/sod-reporting-instructions.pdf. Leased offices are reported as belonging to the institution that is leasing the office, as opposed to the institution that owns the office.

Type of County

The first group (Offices of Banks That Were Not Acquired) in Table 13 shows how county type (rural, micropolitan, or metropolitan) may have affected how operating banks disposed of offices, whether by closure or by sale or lease. The first group shows that sale or lease happens much less often than outright closure, but that offices for which sales or leases occur are disproportionally located in micropolitan and rural counties. For example, while only 6.5 percent of the 28,730 offices represented in the top panel are in rural counties, almost 13 percent of offices for which a sale or lease occurred are in rural counties. Conversely, offices in metropolitan counties represented 83.3 percent of all offices in the top panel but only 70.9 percent of the offices for which a sale or lease occurred.

The second group (Offices of Acquired Banks) in Table 13 addresses a similar question: how location may have affected whether offices of acquired banks close or remain open. The results are similar to those in the top panel. Closed offices of acquired banks in micropolitan and rural counties are slightly underrepresented relative to the share of those county types in the population of acquired bank offices. Conversely, closed offices of acquired banks in metropolitan counties are slightly overrepresented relative to the share of metropolitan bank offices in the population of acquired bank offices.

These results indicate that offices located in densely populated counties are more likely to close than offices located in less densely populated counties, which suggests that the economic value of bank offices is holding up relatively better in less densely populated counties than in metropolitan counties.

Table 13

Distribution of Offices by Type of County, June 2009 to June 2019

		Number	Metropolitan County	Micropolitan County	Rural County
Offices of Banks That Were Not Acquired	Offices Closed	26,584	84.3%	9.7%	6.0%
	Offices Sold or Leased	2,146	70.9%	16.3%	12.9%
	Total	28,730	83.3%	10.2%	6.5%
Offices of Acquired Banks	Offices Closed	3,559	86.9%	7.3%	5.8%
	Offices Remained Open	25,246	82.7%	9.9%	7.5%
	Total	28,805	83.2%	9.5%	7.2%

Source: FDIC Summary of Deposits.

Note: Counties are labeled metropolitan, micropolitan, or rural depending on whether they are located in areas designated by the U.S. Census Bureau as metropolitan statistical areas or as micropolitan statistical areas. Metropolitan statistical areas have a core urban area with more than 50,000 inhabitants. Micropolitan statistical areas have urban clusters with 10,000 to 50,000 inhabitants. All other areas are considered rural. Rows may not sum to 100 percent due to rounding.

Office Service Type

Offices that remained in the industry were also more likely to be full-service brick-and-mortar offices, suggesting that the value of these types of offices may be holding up relatively better than that of other types of offices.[13] Table 14 shows how office type may have affected whether operating banks disposed of offices by closure or by sale or lease. The first group (Offices of Banks That Were Not Acquired) shows that offices for which a sale or lease occurs are disproportionally likely to be full-service brick-and-mortar offices, rather than other full-service or limited-service offices. For example, among banks that were not acquired, 81.2 percent of offices were full-service brick-and-mortar offices; but almost 92 percent of the offices that were sold or leased to other banks were full-service brick-and-mortar offices. Limited-service offices represented 8.4 percent of offices of banks that were not acquired but only 2.5 percent of the sold or leased offices.

The second group (Offices of Acquired Banks) in Table 14 addresses a similar question: how office type may have affected whether the offices of acquired banks were closed. The results are similar to those in the first group. Full-service brick-and-mortar offices of acquired banks were slightly less likely to close than offices of acquired banks overall, while other full-service or limited-service offices were slightly more likely to close than were acquired bank offices overall.

Table 14

Distribution of Offices by Service Type, June 2009 to June 2019

		Count	Full Service Brick and Mortar	Other Full Service	Limited Service
Offices of Banks That Were Not Acquired	Offices Closed	26,584	80.4%	10.8%	8.9%
	Offices Sold or Leased	2,146	91.7%	5.8%	2.5%
	Total	28,730	81.2%	10.4%	8.4%
Offices of Acquired Banks	Offices Closed	3,559	87.9%	6.9%	5.2%
	Offices Remained Open	25,246	94.2%	2.5%	3.4%
	Total	28,805	93.4%	3.0%	3.6%

Source: FDIC Summary of Deposits.

Note: Other full-service offices include retail offices, which are full-service offices located in a department store or supermarket, and home banking offices, which are full-service offices that customers can access through a website or over the telephone.

[13] The SOD survey collects information on the service type of each office:
1) Full-service brick-and-mortar offices: physical locations owned or leased by a bank at which customers can open and close accounts, apply for loans, deposit and withdraw funds, and receive other banking services.
2) Full-service retail offices: full-service offices in a retail facility such as a department store or supermarket.
3) Home banking offices: full-service offices that customers can access through a website or over the telephone.
4) Limited-service offices: offices that exist for the sole purpose of cashing payroll checks or conducting administrative services for the bank, or that accept deposits but do not provide any other services.

See page 31 of the Summary of Deposits reporting instructions, https://www.fdic.gov/regulations/resources/call/sod-reporting-instructions.pdf.

Reported Deposits

Offices that closed had lower amounts of reported deposits than offices that remained in the banking industry. Among banks that were not acquired, offices that were sold or leased to another bank reported a median $26.7 million in deposits, while offices that closed reported a median $19.3 million in deposits (Table 15). Among banks that were acquired, offices that remained open reported a median $39.2 million in deposits, while offices that closed reported a median $25.4 million in deposits.

It is important to keep in mind that banks have discretion in how they report total deposits at each office, so deposit data collected in the Summary of Deposits need to be used with caution.[14] Nonetheless, the observations in Table 15 are not surprising in that they suggest that the viability of banking offices depends in part on the volume of deposits they generate.

Table 15

Deposits of Offices, June 2009 to June 2019

		Count	Median Deposits per Office (Thousands)
Offices of Banks That Were Not Acquired	Offices Closed	26,584	$19,302
	Offices Sold or Leased	2,146	$26,723
Offices of Acquired Banks	Offices Closed	3,559	$25,398
	Offices Remained Open	25,246	$39,151

Source: FDIC Summary of Deposits.

Conclusion

The trend in office closures that began nearly a decade ago continued as of June 2019, indicating a trend toward greater consolidation in the banking industry. Community banks continue to play a key role in rural areas and have closed offices at slower rates in rural areas. Medium-sized banks increased their number of offices while small and large banks decreased their numbers of offices. Offices closed at higher rates in highly populated metropolitan counties than in less densely populated counties. Factors such as county type, office service type, and deposit amounts may also influence rates of decline in the number of offices. Despite the continued decline in the number of offices, the banking industry continues to report deposit growth among all bank types and sizes.

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[14] Methods used by banks for attributing deposits to bank offices may differ considerably from bank to bank. Researchers should be cautious about using SOD data to draw firm conclusions about the geographical distribution of banking activity. The reporting instructions can be found on page 3 of the Summary of Deposits reporting instructions, https://www.fdic.gov/regulations/resources/call/sod-reporting-instructions.pdf.