

## Highlights from the 2011 Summary of Deposits

Each year as of June 30, the Federal Deposit Insurance Corporation (FDIC) collects deposit data for branches and offices of all FDIC-insured institutions. The resulting Summary of Deposits (SOD) is a valuable resource for analyzing deposit gathering and branching trends, as well as domestic deposit market share.<sup>1</sup> The SOD data are available on the FDIC's Web site at <http://www2.fdic.gov/sod/index.asp>. This summary highlights some key findings from the 2011 SOD, focusing on national trends in domestic deposits and banking offices, and presents information by state and metropolitan area and for selected institutions.

### The Number of Offices Continued to Contract While Deposit Growth Accelerated

The number of offices operated by FDIC-insured institutions fell a modest 0.3 percent to 97,678 for the year ending June 30, 2011, a decline of 274 offices. This is the second consecutive yearly decline in offices, following a 1 percent (991-office) decrease in 2010.

Contraction in the number of offices reflects the continuing decline in the number of FDIC-insured institutions. The number of FDIC-insured institutions declined by 317 during the year ending June 30, 2011, compared with declines of 365 and 256 in the previous two years, respectively.

Despite a contraction in offices, FDIC-insured institutions reported strong deposit growth in 2011.<sup>2</sup> Total deposit volume increased 7.5 percent in 2011, well above the 1.7 percent growth rate reported in 2010

<sup>1</sup> This analysis reflects updates in SOD data through October 4, 2011. All FDIC-insured institutions that operate branch offices beyond their headquarters must submit responses to SOD surveys to the FDIC. Institutions that previously filed the Branch Office Survey administered by the Office of Thrift Supervision (OTS) are now required to file the SOD as of June 2011. Automated teller machines are not considered offices for the purposes of the survey. Call Report information on banks with a single headquarters office has been combined with branch office data to form the SOD database.

<sup>2</sup> The SOD covers offices in the 50 states and the District of Columbia but not those in U.S. territories. The SOD data include domestic deposits only, referred to in this report as "deposits."

Chart 1

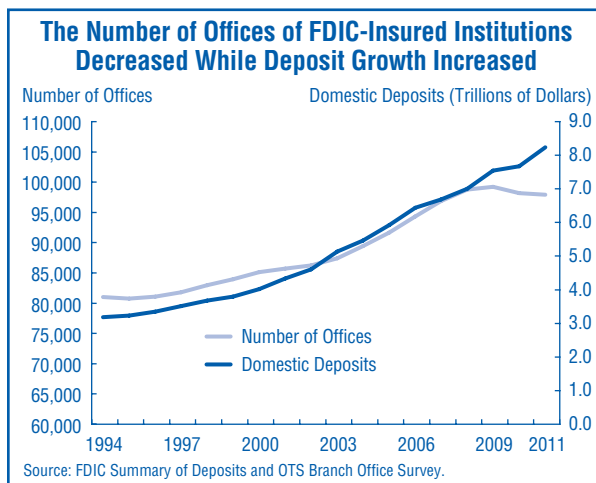
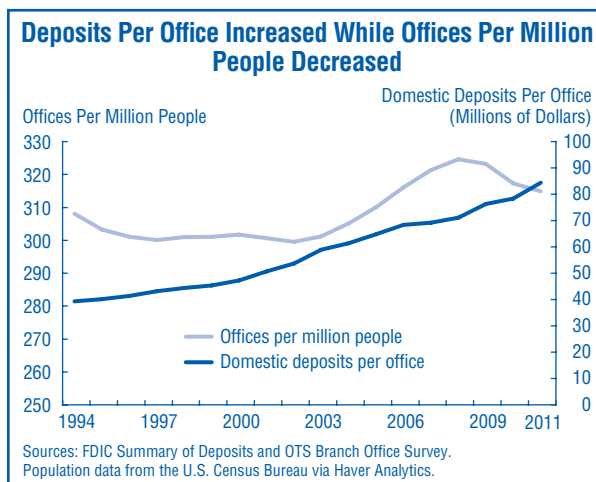


Chart 2



(see Chart 1) and higher than the five-year compound annual growth rate for total deposits of 5.1 percent.<sup>3</sup>

The number of offices per million people fell 0.7 percent to 314 for the year ending June 30, 2011, the lowest level for this ratio since 2005 (see Chart 2).

<sup>3</sup> The compound annual growth rate is a methodology for smoothing annual growth over time. It can sometimes be a better indication of a trend than a single year's growth, which may have been atypical. The compound annual growth rate is the  $n$ th root of the percentage change, where  $n$  is the number of years in the period.

Table 1

Metropolitan Areas Experienced the Highest Deposit Growth and Slowest Rate of Office Decline						
	Metropolitan Areas		Micropolitan Areas		Other Areas	
	Number of Offices	Domestic Deposits (\$ billions)	Number of Offices	Domestic Deposits (\$ billions)	Number of Offices	Domestic Deposits (\$ billions)
June 2011	75,204	\$7,358	12,061	\$510	9,682	\$327
June 2010	75,362	6,794	12,145	506	9,740	321
June 2006	71,510	5,663	11,941	443	9,757	281
1-Year Growth Rate	-0.2%	8.3%	-0.7%	0.7%	-0.6%	1.9%
5-Year Compound Growth Rate	1.0%	5.4%	0.2%	2.9%	-0.2%	3.1%

Source: FDIC Summary of Deposits and OTS Branch Office Survey.

Note: Includes deposit-taking offices only. Metropolitan statistical areas have urban clusters of greater than 50,000 inhabitants. Micropolitan statistical areas have urban clusters of between 10,000 and 50,000 inhabitants. "Other" areas have populations of 10,000 or fewer inhabitants. See U.S. Census Bureau definitions for greater detail.

However, due to overall growth in deposits, total deposits per office grew 7.8 percent to \$84 million in 2011, which was the highest year-over-year growth rate since 2003 and well above the five-year compound annual growth rate of 4.3 percent.

### Metropolitan Areas Report Strong Deposit Growth

Deposits and offices continue to be concentrated in metropolitan areas. As of June 30, 2011, about 78 percent of deposit-taking offices and 90 percent of deposits were held by insured institutions in metropolitan areas, compared with 77 percent of deposit-taking offices and 89 percent of deposits in the prior year. All types of geographic areas reported deposit growth and office contraction from 2010 to 2011. Deposit growth was centered in metropolitan areas, while office contraction was more pronounced in micropolitan and "other" areas (see Table 1).<sup>4</sup>

Deposits held within metropolitan areas grew 8.3 percent in 2011, a rate significantly higher than in micropolitan and "other" areas. Deposit growth in metropolitan areas was also much higher than the five-year compound annual growth rate, while deposit growth in micropolitan and "other" areas was well below their five-year compound annual growth rates. The number of offices in metropolitan areas fell 0.2 percent from 2010 to 2011, compared with declines of 0.7 percent and 0.6 percent for micropolitan and "other" areas, respectively. Metropolitan areas

<sup>4</sup> Metropolitan statistical areas have urban clusters of greater than 50,000 inhabitants. Micropolitan statistical areas have urban clusters of between 10,000 and 50,000 inhabitants. "Other" areas have populations of 10,000 or fewer inhabitants.

reported the highest five-year compound annual growth rate in the number of offices, while "other" areas reported the only negative five-year compound annual growth rate in the number of offices of any geographic area.

### Number of Traditional Brick-and-Mortar Commercial Bank Branches Held Steady

Traditional brick-and-mortar offices represented 90 percent of all commercial banking offices in 2011, a share unchanged from the previous year. The SOD survey covers all banking offices, including retail (e.g., offices in supermarkets or other stores), drive-through offices, and "other" office types. The "other" category, which primarily represents mobile or seasonal offices and those that provide back-office support for Internet deposit operations, was less than 1 percent of all offices, but was the fastest-growing office type for the third consecutive year. Retail offices grew 3.3 percent after declining 1.5 percent in 2010. Drive-through facilities were the only commercial office type to show a one-year decline and the only commercial bank office category to show a negative five-year compound annual growth rate (see Table 2).

### Large Institutions Reported the Strongest Deposit Growth

Large institutions (those with more than \$10 billion in total deposits) continued to report the largest share of banking offices and deposits among FDIC-insured institutions. In addition, large institutions reported much higher deposit growth than small (those with less than \$1 billion in total deposits) or midsize (those with between \$1 billion and \$10 billion in total deposits)

Table 2

<b>“Other” Banking Offices Increased at the Fastest Rate for the Second Year</b>					
	<b>Brick and Mortar Offices</b>	<b>Retail Offices</b>	<b>Drive-Through Facilities</b>	<b>“Other” Office Types</b>	<b>Total</b>
June 2011	77,997	5,433	2,473	805	86,708
June 2010	77,996	5,258	2,479	762	86,495
June 2006	71,120	4,627	2,600	617	78,964
1-Year Growth Rate	0.0%	3.3%	-0.2%	5.6%	0.2%
5-Year Compound Growth Rate	1.9%	3.3%	-1.0%	5.5%	1.9%

Source: FDIC Summary of Deposits.

Note: Includes only deposit-taking offices of commercial banks and thrifts that file Call Reports. Excludes U.S. branches of foreign institutions. For the first time, 2011 SOD data now show similar office breakdowns for thrifts, so comparisons of trends in thrift office types prior to 2011 are not available. Of the 10,229 thrift banking offices reported in 2011, 9,533 were brick and mortar offices, 517 were retail offices, 92 were drive-through facilities and 87 were “other” office types.

institutions in the year ending June 30, 2011. Large institutions reported deposit growth of 11.5 percent over the past year, midsize institutions reported growth of 1.6 percent, and small institutions reported a decline of 2.8 percent. The one-year growth rate of deposits at large institutions was considerably higher than the five-year compound annual growth rate, while deposit growth at midsize institutions was below the five-year compound annual growth rate (see Table 3).

Deposit growth is affected by a number of factors, including prevailing macroeconomic conditions and normal organic growth of individual institutions, as well as longer-term trends such as mergers and acquisition activity and institution failures. As in previous years, most institutions that have failed or been acquired have been small and midsize institutions, depressing growth for these categories. For example, of the 198 institutions acquired through merger transac-

tions in the year ending June 30, 2011, 179 were small, 17 were midsize, and two were large. Of the 119 that failed in the same period, 114 were small and five were midsize.

The same factors that affect deposits can affect office growth as well, although local market conditions and competitive issues also play a role. Local factors could explain why small institutions was the only category that experienced a slight increase in offices (23 offices, or a growth rate of 0.1 percent) for the past year, despite the decline in deposits for these institutions.

### **The Number of Banking Organizations Operating in 15 or More States Was Unchanged**

The number of banking organizations operating in at least 15 states remained unchanged from the previous year at 15 institutions (see Table 4). As of June 30,

Table 3

<b>Large Institutions Reported Strong Deposit Growth This Year in Contrast to Other Institutions</b>									
	<b>Large Institutions</b>			<b>Mid-sized Institutions</b>			<b>Small Institutions</b>		
	<b>Number of Institutions</b>	<b>Number of Offices</b>	<b>Domestic Deposits (\$ billions)</b>	<b>Number of Institutions</b>	<b>Number of Offices</b>	<b>Domestic Deposits (\$ billions)</b>	<b>Number of Institutions</b>	<b>Number of Offices</b>	<b>Domestic Deposits (\$ billions)</b>
June 2011	77	46,886	\$5,728	440	18,974	\$1,151	6,985	31,077	\$1,296
June 2010	76	47,016	5,138	438	19,120	1,133	6,967	31,054	1,334
June 2006	76	45,846	4,294	431	17,325	934	6,629	27,849	994
1-Year Growth Rate	1.3%	-0.3%	11.5%	0.5%	-0.8%	1.6%	0.3%	0.1%	-2.8%
5-Year Compound Growth Rate	0.3%	0.4%	5.9%	0.4%	1.8%	4.3%	1.1%	2.2%	5.4%

Source: FDIC Summary of Deposits and OTS Branch Office Survey.

Note: Merger-adjusted data. Deposit-taking offices only. Excludes U.S. branches of foreign institutions. Small = Institutions with consolidated deposits less than \$1 billion. Midsize = Institutions with consolidated deposits of \$1 billion to \$10 billion. Large = Institutions with consolidated deposits greater than \$10 billion.

Table 4

The Same Number of Banking Organizations Operate in 15 or More States as Last Year				
Name of Company	Number of States with Deposit Offices	Reported Number of Deposit Offices	Domestic Deposits (\$ billions)	Share of Total Domestic Deposits (%)
Wells Fargo & Company	40	6,386	\$793.6	9.7%
Bank of America Corporation	36	5,841	1,066.7	13.0%
U.S. Bancorp	25	3,135	198.5	2.4%
JPMorgan Chase & Co.	24	5,404	769.0	9.4%
Beal Bank SSB	21	34	2.5	0.0%
BNP Paribas	20	713	50.3	0.6%
First Citizens Bancshares, Inc.	18	427	17.7	0.2%
Woodforest Financial Group, Inc.	17	765	3.0	0.0%
Dickinson Financial Corporation	17	167	1.8	0.0%
Northern Trust Corporation	17	83	30.4	0.4%
PNC Financial Services Group	16	2,588	180.8	2.2%
Regions Financial Corporation	16	1,768	98.4	1.2%
Toronto-Dominion Bank	16	1,293	151.5	1.8%
Citigroup Inc.	16	1,057	316.8	3.9%
KeyCorp	15	1,053	59.8	0.7%

Source: FDIC Summary of Deposits and OTS Branch Office Survey.  
 Note: Deposit-taking offices only. See SOD instructions for definition of deposit offices.

2011, Bank of America Corporation remained the only organization reporting more than a 10 percent share of aggregate domestic deposits; its share increased to 13 percent of domestic deposits versus 11.9 percent in 2010. Of the three organizations with the greatest share of domestic deposits—Bank of America Corporation, JPMorgan Chase, and Wells Fargo—two experienced double-digit deposit growth over the past year. Domestic deposits at Bank of America and JPMorgan Chase grew 16.4 percent and 17.8 percent, respectively, from 2010 to 2011, while domestic deposits at Wells Fargo grew 5.9 percent over the same period. The total number of deposit offices at Bank of America and Wells Fargo declined 3.3 percent and 2.6 percent, respectively, while the total number of deposit offices at JPMorgan increased 3.3 percent. Toronto-Dominion Bank was added to the list and Capitol Bancorp was eliminated from the list in 2011. Toronto-Dominion Bank reported operations in 16 states in 2011, compared with 13 states in 2010. Capitol Bancorp reported operations in 14 states in 2011, compared with 16 states in 2010.

**Office Growth Was Strongest in the Northeast and West, Weakest in the Midwest and South**

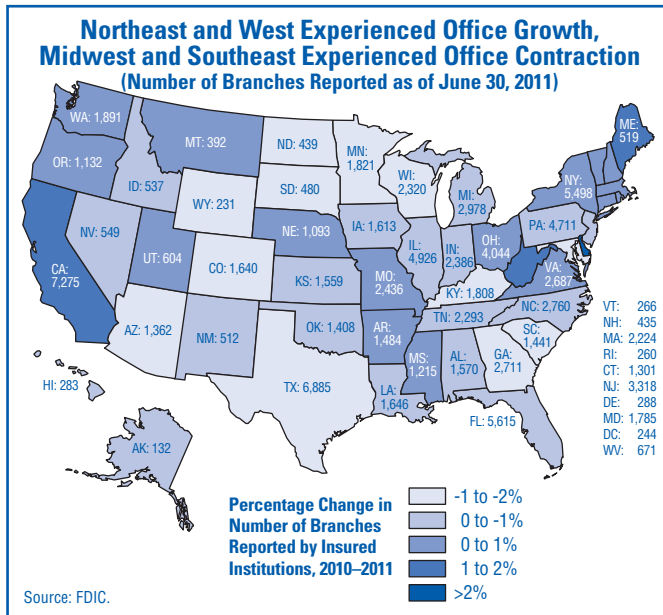
Changes in the number of banking offices within each state were mixed between 2010 and 2011. In general, states in the Northeast and West experienced an

increase in the total number of offices, while states in the Midwest and Southeast experienced office contraction (see Map 1). Delaware, Maine, California, and West Virginia experienced the highest percentage increases in the number of offices from 2010 to 2011 and were the only states to experience growth of more than 1 percent. Office growth in these states can be attributed to branch network expansion made by a few large institutions.

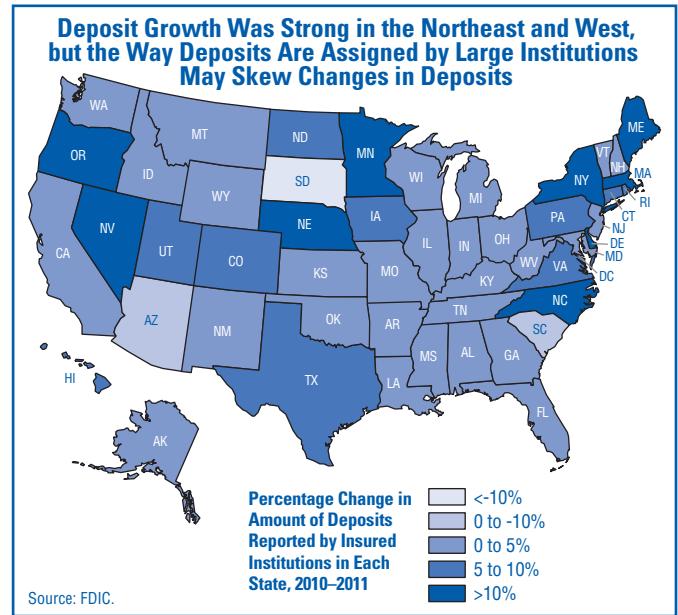
The number of banking offices grew in 16 states and declined in 30 states over the past year. The number of offices was unchanged in four states and the District of Columbia. Several states that experienced office contraction from 2010 to 2011 experienced office expansion over the past five years. For example, Texas, South Carolina, Colorado, Arizona, and Wyoming experienced more than a 1 percent decline in the number of offices between 2010 and 2011, but have each experienced more than a 1 percent increase in the number of offices over the past five years. No state experiencing office growth in 2011 experienced office contraction over the past five years.

South Carolina, South Dakota, and Arizona were the only states to experience a decline in total deposits from 2010 to 2011 (see Map 2). All other states and the District of Columbia experienced deposit growth over the past five years. State-specific deposits often do

Map 1



Map 2



not correlate directly with office patterns, however, because institutions have significant flexibility in the way they associate deposits with offices when completing the SOD. For large institutions in particular, deposits may be assigned to offices according to the proximity to the account holder’s address, the office where the deposit account is most active, the office where the account originated, or the office assignment used when establishing direct deposit of employee compensation.

### Twenty of the 25 Largest Markets Are “Highly Concentrated” or “Moderately Concentrated”

By law, bank regulatory agencies and the Department of Justice must consider market concentration in their analysis of proposed mergers and acquisitions. The Herfindahl-Hirschman Index (HHI) is a commonly used measure of market concentration.<sup>5</sup> The HHI measures increases in market concentration as banking organizations increase their deposit market share in a particular trade area. As of June 30, 2011, four of the 25 largest metropolitan areas had an HHI in the “highly

<sup>5</sup> Under the Department of Justice (DOJ) guidelines, markets with an HHI of less than 1,000 are considered “unconcentrated,” those with an HHI between 1,000 and 1,800 are considered “moderately concentrated,” and those with an HHI greater than 1,800 are considered “highly concentrated.” For more details, see the joint Federal Trade Commission and DOJ Web site on “Horizontal Merger Guidelines” at [http://www.usdoj.gov/atr/public/guidelines/horz\\_book/hmg1.html](http://www.usdoj.gov/atr/public/guidelines/horz_book/hmg1.html).

concentrated” range, and another 16 metropolitan areas had an HHI in the “moderately concentrated” range (see Table 5). The number of metropolitan areas with HHI scores in the “highly concentrated” range stayed the same, while those in the “moderately concentrated” range increased by one compared with last year’s HHI scores.<sup>6</sup> In addition, HHI scores for 18 of the 25 largest metropolitan areas increased during the year ending June 30, 2011, versus 15 markets experiencing increased HHIs in 2010.

Because of changes in population, the San Antonio-New Braunfels, TX, metropolitan area was added to the list of large markets in 2011, and the Cincinnati-Middletown, OH-KY-IN, metropolitan area was taken off the list. The HHI score for the San Antonio-New Braunfels, TX, metropolitan area is the highest of any of the top 25 metropolitan areas in 2011, and increased from 4,066 in the previous year to 4,483. Its high HHI score reflects the volume of deposits reported by USAA Federal Savings Bank, an institution that has a nationwide remote banking business model but assigns its deposits to its brick-and-mortar headquarters office within the area.

Although the San Antonio-New Braunfels, TX, market is reported to be the most concentrated, some large

<sup>6</sup> The Tampa-St. Petersburg MSA reported an HHI score below 1,000 in 2010 and above 1,000 in 2011.

Table 5

<b>Four of the Largest Metropolitan Areas Are Characterized as “Highly Concentrated” Markets According to the Department of Justice’s Herfindahl-Hirschman Index Measurement (Top 25 metropolitan areas by population as of June 30, 2011)</b>				
Metropolitan Area	Herfindahl-Hirschman Index	Population Estimate (millions)	5-Year Compound Growth Rate in Offices	5-Year Compound Growth Rate in Deposits
San Antonio-New Braunfels, TX	4,483	2.2	4.0	12.7
Pittsburgh, PA	2,551	2.4	0.1	5.8
San Francisco-Oakland-Fremont, CA	2,509	4.4	1.1	8.2
Minneapolis-St. Paul-Bloomington, MN-WI	2,396	3.3	0.0	13.6
Phoenix-Mesa-Scottsdale, AZ	1,761	4.4	2.8	1.9
Houston-Sugar Land-Baytown, TX	1,759	6.1	2.6	11.3
Portland-Vancouver-Beaverton, OR-WA	1,615	2.3	1.3	8.6
Dallas-Fort Worth-Arlington, TX	1,521	6.6	0.8	1.5
Baltimore-Towson, MD	1,452	2.7	-0.2	5.6
Atlanta-Sandy Springs-Marietta, GA	1,397	5.4	-0.2	1.1
Detroit-Warren-Livonia, MI	1,388	4.3	-0.8	0.7
New York-Northern New Jersey-Long Island, NY-NJ-PA	1,385	19.0	1.4	4.7
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,309	6.0	0.0	10.3
Sacramento--Arden-Arcade--Roseville, CA	1,283	2.2	0.7	2.5
Denver-Aurora, CO	1,262	2.6	1.4	6.3
Seattle-Tacoma-Bellevue, WA	1,249	3.5	0.6	2.0
San Diego-Carlsbad-San Marcos, CA	1,236	3.1	1.7	3.8
Boston-Cambridge-Quincy, MA-NH	1,153	4.6	0.9	6.2
Riverside-San Bernardino-Ontario, CA	1,108	4.3	2.3	-0.9
Tampa-St. Petersburg-Clearwater, FL	1,007	2.8	0.4	4.9
Washington-Arlington-Alexandria, DC-VA-MD-WV	955	5.7	2.1	3.7
Los Angeles-Long Beach-Santa Ana, CA	949	13.0	1.1	2.6
Chicago-Naperville-Joliet, IL-IN-WI	724	9.6	0.4	2.3
Miami-Fort Lauderdale-Pompano Beach, FL	712	5.3	0.8	1.7
St. Louis, MO-IL	640	2.9	1.9	7.6

Sources: FDIC Summary of Deposits and OTS Branch Office Survey and Moody’s Economy.com.  
 Note: The Herfindahl-Hirschman Index (HHI), a commonly accepted measure of market concentration, is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. Markets in which the HHI is between 1,000 and 1,800 points are considered to be “moderately concentrated,” and those in which the HHI is in excess of 1,800 points are considered to be “highly concentrated.” For more information, please refer to the joint U.S. Department of Justice and Federal Trade Commission Web site at <http://www.usdoj.gov/atr/public/testimony/hhi.htm>. Population estimates for 2011 are from Moody’s Economy.com.

institutions within other markets continue to exert significant, and in some cases growing, local market power. In 15 of the 25 largest metropolitan areas, one institution, most often a large institution, reported a market share in 2011 of at least one-fourth of domestic deposits, versus 11 metropolitan areas in 2010 with that level of concentration.

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*The author would like to thank Robert E. Basinger for his contributions to this article.*