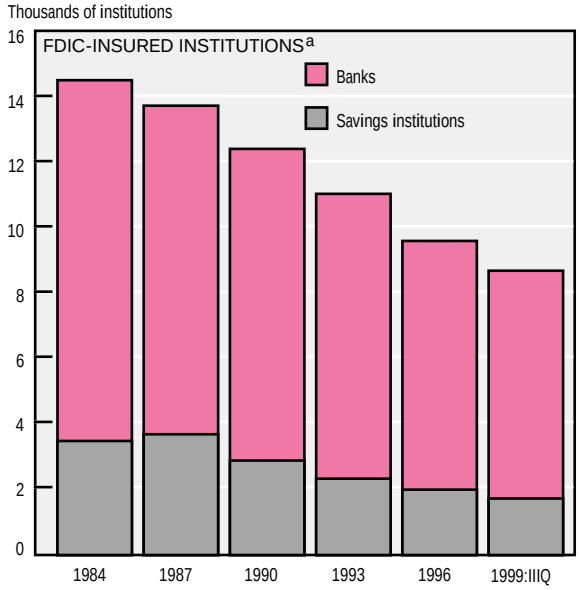
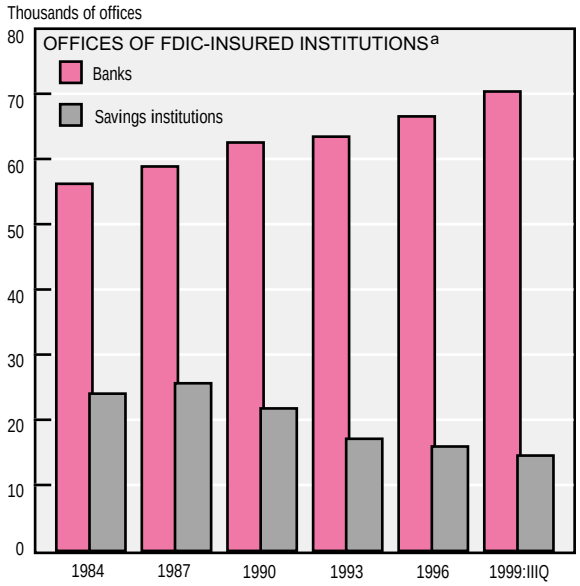
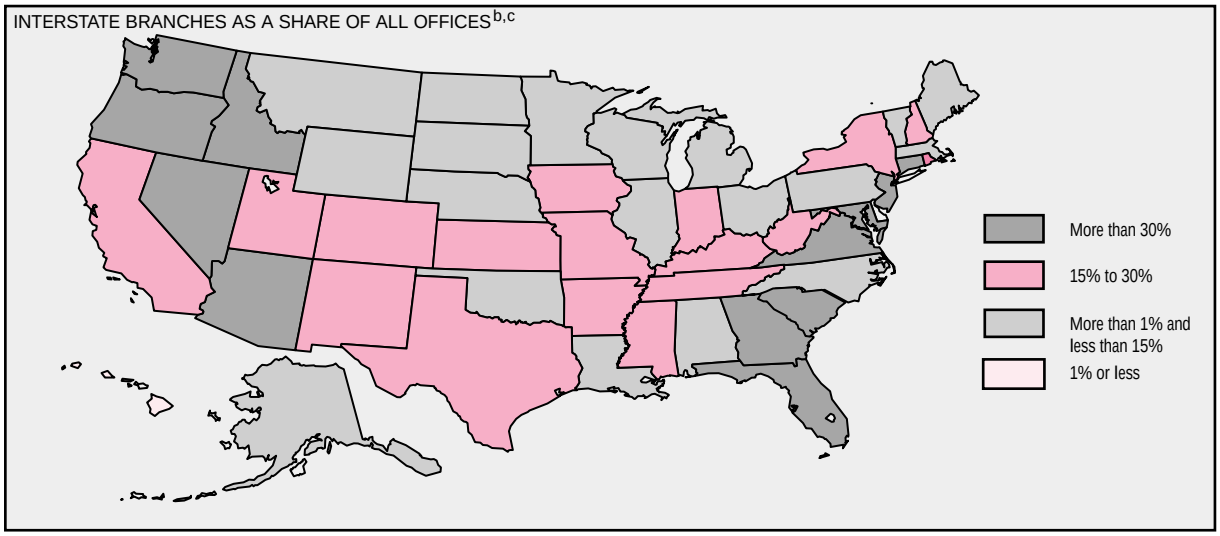
Banking Conditions







a. Includes insured branches of foreign banks that file call reports.
b. Figures reflect percent of branches owned by out-of-state commercial banks and savings institutions.
c. Data as of September 30, 1999.
NOTE: Data include all FDIC-insured institutions.
SOURCE: Federal Deposit Insurance Corporation, *Quarterly Banking Profile*, third quarter 1999.

The passage of the Reigle–Neal interstate banking legislation in 1994 spurred on the consolidation of the depository institutions sector. The total number of FDIC-insured commercial banks and savings associations in the U.S. declined from 17,900 in 1984 to 10,019 at the end of 1999:IIIQ.

However, despite a sharp drop in the number of savings association offices (from 23,888 to 14,337) over the same period, the total number of FDIC-insured depository institution offices increased slightly (from 80,220 to 84,917). These office numbers do not take account of other means of delivering banking services such as automated teller machines, telephone banking, and online banking. Hence, the reduction in the number of banks has decreased the availability of banking services for the average consumer.

Finally, the effect of interstate consolidation of the banking industry is evident in the large number of states reporting that more than 15% of all their bank branches are offshoots of out-of-state banks. The number of states reporting that interstate branches exceed 15% of all branches will continue to grow as depository institutions, no longer distracted by Y2K compliance issues, will doubtless seek opportunities to enter new markets and lines of business through mergers and acquisitions.