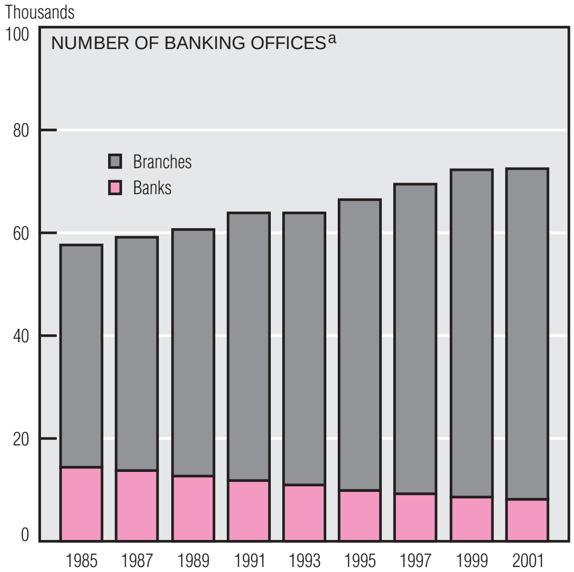
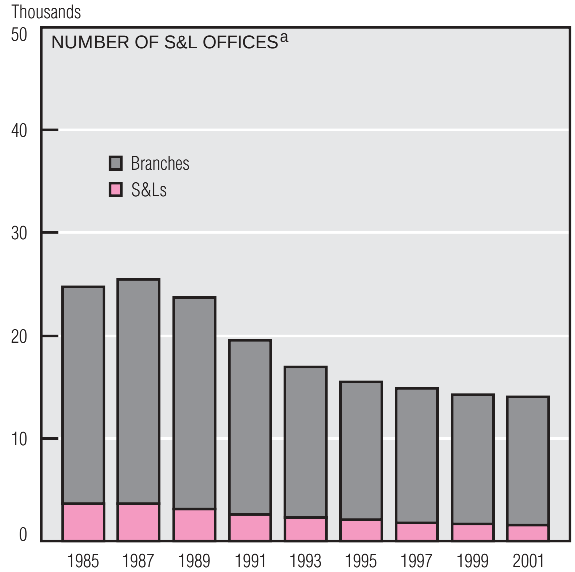
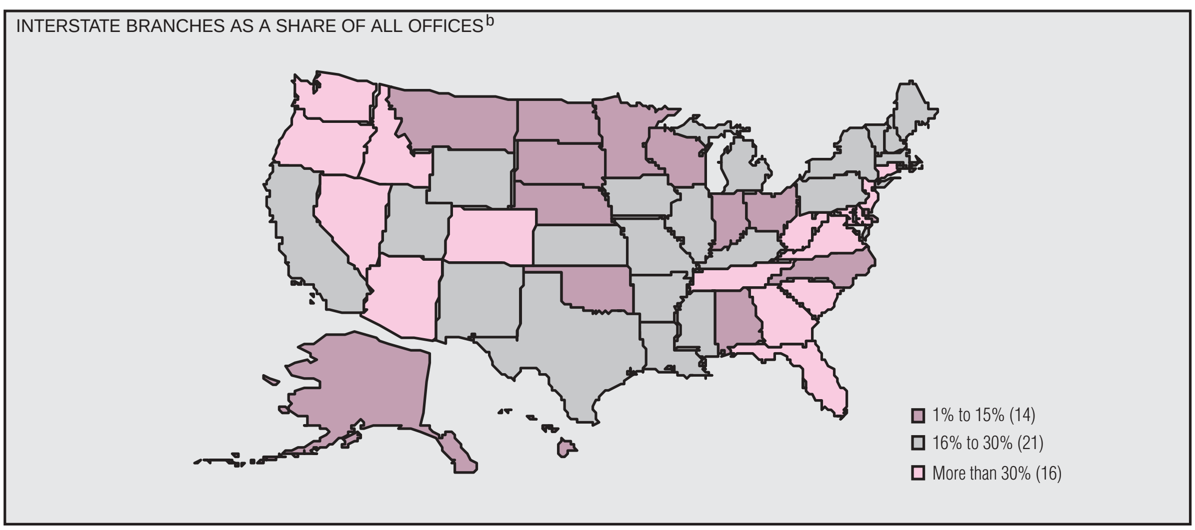
Structure of Depository Institutions







a. Observations are year-end except the last one, which is 2001:IIIQ.
b. Percent of branches owned by out-of-state commercial banks and savings institutions.
SOURCE: Federal Deposit Insurance Corporation, *Quarterly Banking Profile*, various issues.

Passage of the 1994 Reigle–Neal interstate banking legislation spurred consolidation of depository institutions. The total number of FDIC-insured commercial banks declined from 14,417 at the end of 1985 to 8,149 in 2001. However, the total number of banking offices (the sum of the number of banks and their branches) increased more than 23% over the same period from 59,080 to 72,440.

The number of insured savings institutions in the U.S. declined by more than half from a peak of 3,626 in 1985 to 1,552 in 2001. The number of savings institution offices also fell by 45% from their peak of 25,515 in 1987 to 14,076 in 2001. But these effects imply an increase in the number of offices per insured savings institution. From the end of 1985 to 2001, the number of federally insured depository institutions' offices (the sum of banking offices and savings institution offices) increased slightly from 82,417 to 86,516. These counts do not include other channels for delivering banking services. Hence, the reduction in the number of insured depository institutions does not mean a decrease in the availability of bank services for the average consumer.

Interstate branching continues to be uneven across regions. By and large, the Southeast and the West still have the highest share of interstate branches as a percent of all offices. The effect of the industry's interstate consolidation is evident: Over two-thirds of states now report that more than 15% of all depository institution branches are branches of an out-of-state bank or savings association.