Recent Changes in the Structure of Commercial Banking

COMMERCIAL BANKING STRUCTURE in the United States has developed within a framework of both State and Federal regulations—regulations that include controls over the chartering of new banks, merging, branching, and holding company formations and acquisitions. State laws that prohibit interstate branching and that vary greatly in their provisions relating to intrastate branching and holding company activity have contributed to the evolution of different State and regional banking structures. And both State and Federal regulations have had a substantial influence on banking structure at local levels.

Between 1961 and 1969, the number of banking organizations in the United States increased slightly; and the proportion of deposits held by the largest organizations—concentration—remained relatively unchanged. These changes stand in contrast to those of the 1950's. During that decade the number of banking organizations declined and concentration increased in the Nation as a whole, partly as the result of mergers, including mergers among relatively large banks.

RECENT CHANGES IN FEDERAL LAW

The Bank Holding Company Act of 1956 required the Board of Governors of the Federal Reserve System to evaluate the competitive effects, among other factors, of multiple bank holding company formations and acquisitions. The Bank Merger Act of 1960 further required the Federal Reserve and other bank regulatory agencies to evaluate the competitive effects, among other factors, of bank mergers. In 1966 Congress amended both the Bank Holding Company Act and the Bank Merger Act to clarify the relationship between those two banking acts and the Federal antitrust laws—that is, the Sherman Act and the Clayton Act. The amendments prescribed, among other things, that the same competitive standards would be applied by the Federal bank regulatory agencies and the Department of Justice in all cases involving bank mergers and registered bank holding company formations and acquisitions.

Under the amended legislation, as under that in effect earlier, all bank mergers must receive prior approval from the appropriate Federal regulatory agency, and all registered bank holding company formations and acquisitions must receive prior approval from the Board of Governors of the Federal Reserve System. The agencies may not approve under any circumstances acquisitions that would violate the antimonopoly provisions (Section 2) of the Sherman Act. They are also forbidden to approve any acquisition the effect of which "may be substantially to lessen competition, or to tend to create a monopoly" (the language of Section 7 of the Clayton Act), or which "would be in restraint of trade" (that is, be in violation of Section 1 of the Sherman Act), unless "the anticompetitive effects . . . are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." Even if an acquisition is approved by the relevant banking agency, however, the Department of Justice may bring suit under the Clayton and/or Sherman Acts. But if that Department does not act within 30 days, it is thereafter barred from entering suit except under Section 2 of the Sherman Act.

An intended effect of the amendments was to reduce the number of anticompetitive bank acquisitions, particularly among large institutions. During the 1950's, the number of banks in the United States had been reduced by about 5 per cent, and the principal cause of the reduction had been mergers—including acquisitions of a number of relatively large banks by other large banks.

STRUCTURE AT THE NATIONAL LEVEL

On June 30, 1969, there were 13,634 banks in the United States, an increase of 203 since the end of 1961. (See Table 1.) This increase resulted principally from the fact that the number of newly chartered banks was substantially larger than the number of banks that disappeared through merger. The years 1963, 1964, and 1965 had an unusually large number of new charters—in fact, in that period the number of new banks exceeded the number of mergers by an annual average of 134. In contrast, in the decade before 1962, the number of new banks chartered had averaged 59 fewer per year than the number of banks that were acquired through merger.

Changes in the number of banks for the Nation as a whole may give a broad indication of changes in banking structure, but these changes must be interpreted cautiously for several reasons. First, large banks and small banks often differ in the range and extent of services provided; thus the effects on banking structure and performance of a given change in the number of large banks may differ greatly from those effects caused by an equivalent change in the number of small banks. Secondly, as discussed below, structure has not changed at the same rate throughout the country. In some areas structure has changed very rapidly; in others, not at all. Consequently, changes on a nationwide basis may give a misleading impression about any given area. Finally, a number of banks are affiliated with registered bank holding companies, which appear to play a significant role in policy and operating decisions for all affiliates. In consequence, the number of banks tends to overstate the number of independent decision-making banking institutions.

If all banks in a registered bank holding company are considered as a single organization, figures reflecting changes in the number of banks should be adjusted to reflect changes in the number of "banking organizations." When this is done, the number of banking organizations—consisting of holding com-

TABLE 1

CHANGES IN NUMBER OF COMMERCIAL BANKS IN THE UNITED STATES

January 1962–June 1969

Number, and nature of change	1962	1963	1964	1965	1966	1967	1968	1969 (Jan.–June)
Number, beginning of period	**13,431**	**13,426**	**13,570**	**13,761**	**13,804**	**13,769**	**13,720**	**13,678**
Increases:								
New banks organized	183	300	335	198	117	102	87	55
Reopenings	1	....	....	1	....	....	1	....
Decreases:								
Mergers, consolidations, and absorptions:								
Banks, converted into branches	164	139	120	130	113	114	120	56
Other	18	12	13	19	24	19	10	41
Suspensions	2	2	8	7	1	4	....	2
Voluntary liquidations	4	2	2	....	4	11	....	....
Other changes	1	1	1	....	10	3	....	....
Number, end of period	**13,426**	**13,570**	**13,761**	**13,804**	**13,769**	**13,720**	**13,678**	**13,634**
Net increase, or decrease (−)	**−5**	**144**	**191**	**43**	**−35**	**−49**	**−42**	**−44**

NOTE.—Data in this table are for all commercial banks; they differ slightly from data for insured commercial banks shown in the special table on p. 210. Data for 1969 are preliminary.

pany groups and independent banks—is only slightly different from the number of banks; but the increase in number of banking organizations between 1961 and 1968 is considerably less than the increase in number of banks. At the end of 1961 there were 13,081 banking organizations; by the beginning of 1969 the number had risen to 13,171. Thus, the number of banking organizations expanded by 90 over the period, as compared with the number of banks, which increased by 247.

TABLE 2

PERCENTAGE OF TOTAL DEPOSITS HELD BY LARGEST BANKS AND BANKING ORGANIZATIONS

June 1961 and 1968

Number	1961		1968	
	Banks	Banking organizations	Banks	Banking organizations
5 largest	13.70	14.33	14.02	14.25
100 largest	46.31	49.44	45.66	48.99
300 largest	60.29	62.95	59.23	62.80

The divergence between number of banks and number of banking organizations reflects the rapid growth of registered bank holding companies, particularly since the mid-1960's. At the end of 1961 there were 41 separate bank holding companies with 427 subsidiary banks; there had been relatively little change in these numbers by December 1965; but by the end of 1969 the number of holding companies had increased to 86 and the number of banks to 724. Even more impressive than the changes in these numbers, however, was the increase in the share of total deposits of subsidiaries. At the beginning of 1962 holding company subsidiaries held 8.0 per cent of all commercial bank deposits; at the end of 1965, they held 8.3 per cent; but by the end of 1969, the share of subsidiaries had risen to 14.5 per cent.

Multiple-office banking expanded rapidly not only through holding company growth but also through branch banking. The number of banking offices expanded to roughly 32,500 by January 1969—an increase of almost one-fifth since December 1961; and almost 97 per cent of the growth was accounted for by newly established branches. Since population in the United States increased at a slower rate than banking offices, the number of people per banking office declined from 7,500 to 6,200.

Concentration of deposits. One broad measure of banking structure is the amount of business done by the largest units. This is sometimes expressed as the percentage of total deposits held by the largest banking organizations. In 1968 the five largest such organizations in the Nation held more than 14 per cent of all commercial bank deposits, the same as in 1961. (See Table 2.)

The proportion of total deposits held by the 100 largest banking organizations also remained about the same over the period. These organizations may be viewed as representing the principal connections of large nationwide businesses in the United States. While they represent less than 1 per cent of all organizations in the banking system and hold about half the total deposits, their number is reasonably large in absolute terms, and the proportion of deposits held would not seem to represent an unduly high concentration.

Size distribution of banking organizations. The size of individual banking organizations grew rapidly during the period June 1961–June 1968. The median-sized organization increased from $3.4 million to more than $6 million. In 1961, more than 10 per cent of all banking organizations had $1 million or less in deposits; in 1968, less than 3 per cent were in that size class.

TABLE 3

SIZE OF BANKING ORGANIZATIONS

June 1961 and 1968

Size class (in millions of dollars)	1961		1968	
	Number	Percentage distribution	Number	Percentage distribution
More than 500	56	.4	106	.8
100–500	221	1.7	348	2.7
50–100	209	1.6	380	2.9
20–50	681	5.3	1,283	9.8
10–20	1,236	9.7	2,107	16.2
5–10	2,245	17.6	3,256	25.0
2–5	4,268	33.4	3,733	28.7
1–2	2,540	19.9	1,437	11.0
1 or less	1,325	10.4	382	2.9
All size classes	12,781	100.0	13,032	100.0

(See Table 3.) There were only 56 banking organizations with deposits of more than $500 million in 1961; by mid-1968, the number had nearly doubled.

A principal cause of the upward shift in size during the 1961-68 period was the growth of total bank deposits in the Nation, although this factor was no doubt of greater importance in some parts of the country than in others. Over the period, deposits held by all banking organizations increased from $250 billion to $393 billion, or by about 57 per cent.

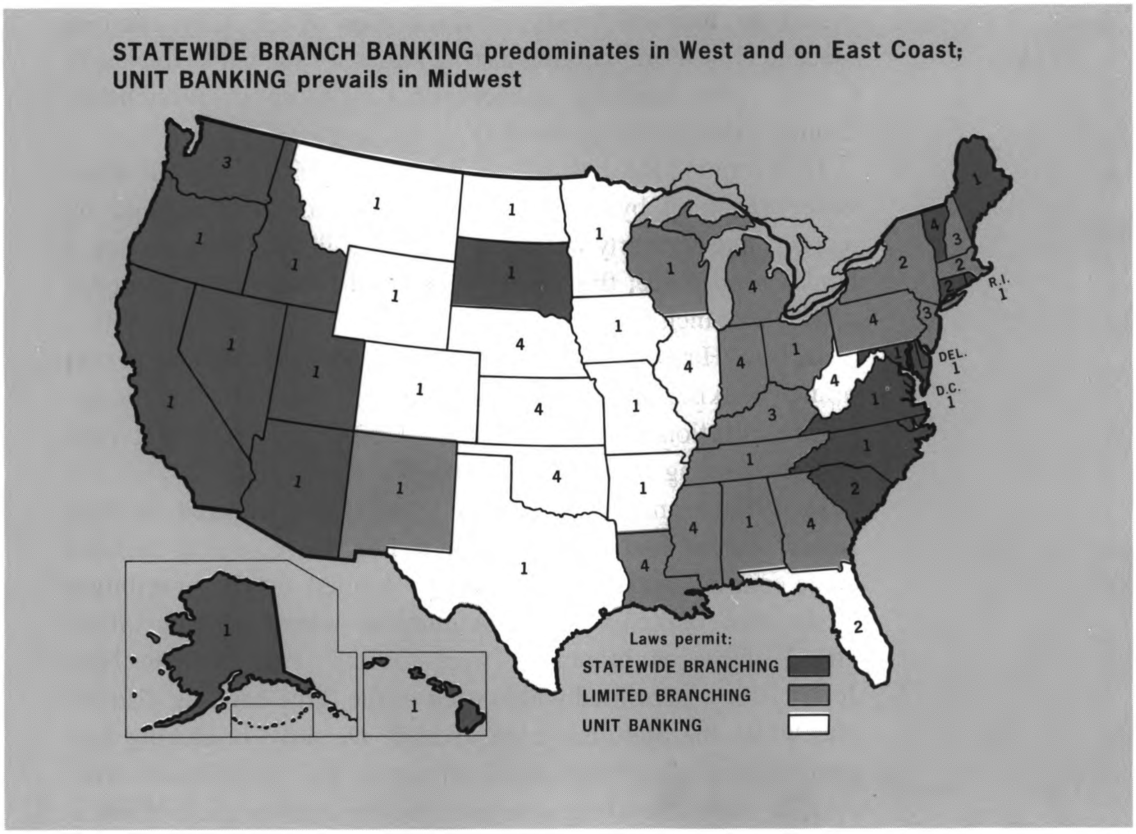
One-bank holding companies. Among the significant developments in banking during the 1960's was the accelerated growth of one-bank holding companies—corporations that hold 25 per cent or more of the stock of only one bank. In 1955 there were only 117 known one-bank holding companies, and their banks held $11.6 billion in total deposits, about 6.0 per cent of the national total. Although the number of such companies had risen to 550 by the end of 1965, the proportion of total deposits that they held had decreased to 4.5 per cent. One-bank holding companies were typically, though not invariably, small concerns holding small banks as well as other properties.

Since 1965 the number of one-bank holding companies and the proportion of bank deposits they hold have increased dramatically. In particular, both accelerated sharply during the latter half of 1968 and in 1969, when many of the largest banks in the Nation converted their corporate structure to include a one-bank holding company. Thus by the end of 1969 there were more than 890 known one-bank holding companies, which held banks with about $181 billion in deposits—about 43 per cent of total deposits of all insured commercial banks in the country.

One-bank holding companies may legally enter almost any industry in any geographic area. Large banks have thus been motivated to form such companies in order to enter product and geographic markets that they had formerly been barred or discouraged from entering by either law or regulation. Some observers have viewed the recent movement as a response to competitive pressures and to customer demands for a wider variety of services. But others have viewed it with some apprehension because of potential abuses that might result from expansion into new types of activity. Among matters of concern are the possibilities of undue concentration of economic power; preferential treatment by an affiliated bank of the nonbank affiliates of the holding company, particularly in the extension of credit; and dangers to the soundness of affiliated banks arising from pressures to favor customers of its affiliated businesses in credit decisions.

STATE BANKING LAWS

As already noted, banking structure is significantly affected by State as well as by Federal law and regulation. On the basis of their branch banking laws, States (including the District of Columbia) may be classified into three groups as follows: (1)



Numbers indicate the following for each State: 1—no explicit holding company law; 2—law permits holding companies but requires State approval; 3—law permits holding companies but restricts operations; 4—law prohibits holding companies.

States that permit geographically unrestricted branching (statewide branching); (2) States that permit branching within limited geographic areas, usually the county in which the bank is headquartered, or that county plus contiguous counties (limited branching); and (3) States that prohibit branch banking (unit banking). As the map shows, statewide branching is widespread in the Far West, and it is predominant on the East Coast; limited branching is prevalent in States between the East Coast and the Mississippi River; and unit banking is dominant throughout the Midwest.

There have been few changes in State banking laws in recent years. During the 1960's, only four States—New York, Virginia, New Hampshire, and New Jersey—significantly changed their branching laws. All enacted less restrictive provisions.

The New York law, which generally limits branching to the areas within nine banking districts into which the State is divided, was amended in 1960 to permit more liberal branching by banks in the New York City area. The change permitted reciprocal branching between banks in three New York City counties (second New York banking district) and (1) the banks in Nassau County (first banking district) or (2) those in Westchester County (third banking district).

In Virginia, the law was changed in 1962 to permit statewide branching by merger. Branching, both *de novo* and by merger, had formerly been restricted to a limited area around a bank's head office; this earlier restriction remained in effect for *de novo* branching.

In New Hampshire, the law was amended in 1963 to permit branch banking within limited geographic areas, subject to home-office protection and several other limitations. Until that time branch banking had been prohibited.

In 1969 branching privileges were also liberalized in New Jersey. Before that time, branching had been limited to head office counties and had been further limited by the prohibition of *de novo* branching into communities where banking offices (head offices or branches) were located. Branching in New Jersey is now permitted within each of the three banking districts into which the State has been divided. *De novo* branching into communities containing head offices is still prohibited; however, *de novo* branching into communities with branch offices is prohibited only in communities with populations of less than 7,500.

The map also shows that 30 States do not have specific legislation regulating registered bank holding companies. Of the remaining States, five require State approval of the acquisition of banks by holding companies; four restrict such acquisitions, generally by specifying the maximum percentage of a bank's stock or of the total deposits in the State that the holding company may control; and 12 prohibit registered bank holding companies. Seventeen of the 21 States with holding company statutes have enacted such legislation since the Bank Holding Company Act of 1956.

New York, Virginia, and New Jersey are examples of States in which branching restrictions and holding company law interact to produce special types of banking structures. In New York, statewide banking can be accomplished only through the holding company mechanism because, as noted earlier, branching is generally restricted within nine State banking districts. In recent years a number of large holding companies have been organized and have made acquisitions in a substantial number of urban areas in the State.

In Virginia, holding company formations and acquisitions are also encouraged by restrictions on *de novo* branching, even though the State is not divided into districts as is New York and even though branching by merger is permitted throughout the State. This encouragement stems from the fact that *de novo* branching is restricted to a limited geographic area around a bank's head office. The acquisition of a distant bank through merger thereby eliminates the acquired bank's head office and its *de novo* branching privileges. On the other hand, the acquisition of the same distant bank by a holding company would not destroy the identity of the acquired bank's head office and would not eliminate its branching privileges. As in New York, a number of holding companies have been formed in Virginia in recent years and have acquired banks in many urban areas throughout the State.

New Jersey, like New York and unlike Virginia, has been divided into banking districts (three) within which banks may establish branches. As in New York, bank holding companies may operate across district lines; and several proposals for bank holding company formations would establish statewide organizations.

In all three States, branching has, for the most part, been limited to regions within the State, while holding company expansion has been permitted or encouraged throughout the State. To some degree, the banking structure that evolves from these laws reflects the desire of State legislatures to maintain the identities of local banks, while affording them the possibility of affiliation with corporate organizations large enough to provide the range and depth of services demanded from modern banking organizations.

STRUCTURE AT THE STATE LEVEL

Changes in banking structure at the State level, as already noted, are significantly affected by laws that regulate multiple-office banking; and it is useful to highlight some of the structural changes that have occurred among States grouped according to branching law. In June 1961 about half of the Nation's insured commercial banks were located in 15 unit-banking States. (See special table on page 210.) By June 1969 the proportion had increased by slightly more than 4 percentage points, as the number of banks in unit-banking States increased while the number in the 16 limited branching and 20 statewide branching States declined.

The change in number of banks in unit-banking and branch-banking States is determined almost completely by the number of new banks chartered and the number of mergers. More than 700 new banks were chartered in unit-banking States between June 1961 and June 1969—over 50 per cent of all new charters in the Nation. On the other hand, there were fewer than 90 mergers in unit-banking States over the period—around 7 per cent of the total number of mergers.

More new banks have appeared in unit-banking States because this is the only means for providing additional full-service banking facilities. Fewer mergers have occurred because a primary objective of merger—to acquire additional offices—is not attainable.

Registered bank holding companies. Prohibition of the establishment of full-service branches, whether *de novo* or by merger, has often been advanced as the principal reason for the growth in importance of holding companies in unit-banking States. In these States at the beginning of 1962, there were 26 registered bank holding companies with 244 banks—57 per cent of all holding-company-affiliated banks in the Nation. By the end of 1968 there were 44 holding companies with 349 banks in unit-banking States—about 55 per cent of all affiliated banks.

While most banks affiliated with holding companies are in unit-banking States, these figures, taken alone, could be misleading as an indication of the relative intrastate importance of holding companies in other States. Holding companies are of about the same importance in limited and statewide branching States as they are in unit-banking States. The 349 affiliated banks in unit-banking States represent 4.8 per cent of the total number of banks in those States; banks affiliated with holding companies in limited branching and statewide branching States represent 3.7 and 6.8 per cent, respectively, of the numbers of banks in those States. Banks affiliated with holding companies in unit-banking States hold 13.3 per cent of total bank deposits in those States; the comparable figures are 13.0 per cent in limited branching States and 14.0 per cent in statewide branching States.

Holding companies have grown in importance in certain branching States for the same basic reason as in unit-banking States. The holding company organizational form has provided a means for developing multiple-office organizations on a geographically extensive basis where banking laws prohibit or restrict such development by banks. As noted above, holding companies have become a popular organizational form in recent years in Virginia, a statewide branching State, and in New York, a limited branching State, as a means for developing statewide banking organizations; and planned formations in New Jersey, another limited branching State, suggest that the holding company will grow in importance there for the same reason.

Concentration of deposits. The proportion of total deposits held by the largest banking organizations in each State shows great variation, but it tends to be highest in statewide branching States and lowest in unit-banking States. (Concentration in local markets does not necessarily parallel concentration at the State level. A State with relatively low concentration statewide, for example, may contain high concentration in local markets.) For example, in six States—Rhode Island, Arizona, Nevada, Delaware, the District of Columbia, and Hawaii—the proportion of deposits held by the five largest organizations exceeds 90 per cent. All are statewide branching States with small populations. The statewide branching State with the lowest concentration ratio is South Dakota, with 46 per cent.

All three of the States with concentration ratios (for the five largest organizations) of less than 20 per cent—Kansas, Iowa, and West Virginia—are unit-banking States. The most highly concentrated unit-banking State is Montana, with approximately 60 per cent of total deposits held by the five largest banking organizations.

Changes in State concentration between 1961 and 1969 have also shown great variation. The concentration ratio remained approximately the same in seven States. Increases in concentration occurred in 14 States and decreases in 30 States, with increases mainly in branching States and decreases mainly in unit-banking States. The largest increase (20.5 percentage points) occurred in Virginia, a State that adopted statewide branching in 1962; the largest decrease (10.4 percentage points) was in Louisiana, a limited branching State.

While concentration is generally higher in branching States, the ratio of population to banking offices, a rough measure of convenience of banking services, tends to be lower. In statewide branching States there are 5,700 persons per banking office; in limited branching States, 6,100 per office; and in unit-banking States, 7,400 per office.

STRUCTURE IN METROPOLITAN AREAS

For most individuals and for most small and medium-sized businesses, alternative banking sources are generally limited to the local area. For such individuals and businesses, the relevant banking structure includes all banking offices that exert significant competitive influence on the type and quality of services made available locally and the prices charged for them.

Standard Metropolitan Statistical Areas (SMSA's) are sometimes used to approximate relevant market areas for small and medium-sized accounts. While individual SMSA's may be either larger or smaller than relevant market areas determined by detailed analysis, they serve, when properly qualified, as reasonably valid approximations of market areas for purposes of comparison. The extent of branch banking, however, is one of several factors that affect the geographic extent of local markets. Where branching is permitted, a larger SMSA is more likely to constitute one local market area than where branching is not permitted.

TABLE 4

AVERAGE NUMBER OF BANKING ORGANIZATIONS AND BANKING OFFICES IN METROPOLITAN AREAS

June 29, 1968

Population of standard metropolitan statistical area	Statewide branching States	Limited branching States	Unit-banking States
	Banking organizations		
50,000–100,000	6	5	7
100,000–500,000	8	11	18
500,000–1,000,000	15	18	38
1,000,000 and over	35	46	120
All SMSA's	13	16	29
	Banking offices		
50,000–100,000	19	10	9
100,000–500,000	40	35	23
500,000–1,000,000	112	89	48
1,000,000 and over	353	368	142
All SMSA's	93	86	36

Average numbers of banking organizations and offices in SMSA's are given in Table 4. As might be expected, metropolitan areas in unit-banking States contain the largest average number of banking organizations, with 29, followed by metropolitan areas in limited branching States and then by those in statewide branching States. While the average number of organizations increases with population in all branching-law classifications, it increases faster in unit-banking States than in either of the other two types of States; and metropolitan areas in unit-banking States have the largest average number of organizations in all size classes. They are followed, except in the smallest size class, by metropolitan areas in limited branching States. However, the ordering of the three groups of States is generally reversed in all size classes when the number of banking offices is considered rather than the number of banking organizations.

Data on the percentage of total deposits held by the largest and by the two largest banking organizations in all SMSA's are presented in Table 5. The largest banking organizations hold, on average, 30 per cent or more of total deposits, while the two largest hold 50 per cent or more. In small SMSA's concentration ratios in States with different types of branching laws show relatively little difference. But in larger SMSA's the percentages tend to be lowest in unit-banking States, followed by those in limited branching and then statewide branching States.

While concentration ratios tend to decline with population, even the lowest percentages are relatively high. The lowest ratios of deposits held by the two largest organizations, for example, are in the 1,000,000 and over population group. These ratios range from 43 per cent in unit-banking States to 55 per cent in statewide branching States.

TABLE 5

PERCENTAGE OF TOTAL DEPOSITS HELD BY LARGEST BANKING ORGANIZATIONS IN METROPOLITAN AREAS

June 29, 1968

Population of standard metropolitan statistical area	Largest organization			Two largest organizations		
	Statewide branching States	Limited branching States	Unit-banking States	Statewide branching States	Limited branching States	Unit-banking States
	Percentage of total deposits					
50,000–100,000	43.8	38.9	39.8	69.5	65.4	68.5
100,000–500,000	42.7	39.0	31.1	68.5	64.4	53.5
500,000–1,000,000	40.8	34.9	25.9	69.1	57.7	47.8
1,000,000 and over	32.7	31.1	23.9	55.0	51.5	42.7
All SMSA's	41.1	37.3	31.5	66.9	61.7	54.6
	Percentage of total deposits in accounts of $10,000 or less					
50,000–100,000	43.1	32.3	35.9	65.7	63.2	62.1
100,000–500,000	40.3	36.2	24.5	66.4	60.6	44.0
500,000–1,000,000	37.2	30.2	15.7	64.0	52.4	30.8
1,000,000 and over	32.5	24.5	13.9	54.7	42.5	24.5
All SMSA's	38.9	33.5	24.6	64.3	57.0	44.0

NOTE.—Percentage of deposits is the mean for individual metropolitan areas. SMSA's that overlap State lines have been classified in States in which they are principally located.

Concentration ratios for deposit accounts of $10,000 or less are also given in Table 5. It is believed that a greater proportion of these small accounts are generally owned by individuals and relatively small businesses that are not well known outside their own localities and are therefore limited to doing business with local banking institutions. Concentration measures based on small accounts may therefore be better approximations for analyzing likely bank performance in the provision of services to locally limited customers.

The percentage of deposits in small accounts held by the largest and the two largest banking organizations is generally lower than for total deposits. This is particularly true in large metropolitan areas. The difference among population classes in statewide branching States is not great; but the difference is larger in limited branching States, and it is much larger in unit-banking States. In unit-banking SMSA's with populations of 1,000,000 and over, the two largest banking organizations hold, on the average, 43 per cent of total deposits; but they hold less than 25 per cent of deposits in small accounts.

This difference in the percentage of total deposits and of small deposits held by large banking organizations in unit-banking States is accounted for mainly by the fact that large central city banks in these States cannot branch into the suburbs to follow population movements. They are thus restricted in their ability to attract deposits from individuals who have moved to the suburbs and from small business establishments in new population centers.

* * *

In recent years there have been several significant developments in banking structure in the United States. Although the number of banking organizations increased only slightly, this was a change from the previous decade when there was a decline in the number of organizations. The number of banking offices increased substantially—particularly in statewide branching States. The size of the median organization increased by 80 per cent, but it is still only slightly larger than $6 million in total deposits. Thus, while there are a number of banking organizations of large absolute size, most are still relatively small. Banking institutions, especially large ones, continued to expand into new geographic and product markets—particularly through the bank holding company mechanism.

Important changes in banking law occurred during the period at both the Federal and State level. At the Federal level, the Bank Merger Act and the Bank Holding Company Act were amended, primarily to clarify the relationship between the two banking acts and the antitrust laws. Substantial changes in banking laws at the State level occurred in only four States; all liberalized their branching or holding company restrictions, or both.

Structural changes at the State level were varied. Increases in the number of banking organizations, however, occurred in more than twice as many States as decreases; and decreases in concentration of deposits also occurred in more than twice as many States as increases. The number of States in which registered bank holding companies operate changed little over the period; but the number of holding companies, the number of affiliated banks, and the proportion of total bank deposits in these States in holding company affiliates increased substantially.

There are considerable differences among numbers of banking organizations in branching and nonbranching metropolitan areas, but numbers rise in all cases with population. Concentration of total deposits, however, is generally high in all metropolitan areas. □

NUMBER OF COMMERCIAL BANKS AND BANKING ORGANIZATIONS AND DEPOSITS OF LARGEST FIVE ORGANIZATIONS

June 1961 and 1969

Type of banking, and State	Number						5 largest banking organizations		
	Banks			Banking organizations			Deposits as percentage of deposits of all organizations		Change (percentage points), 1961–69
	1961	1969	Change, 1961–69	1961	1969	Change, 1961–69	1961	1969	
Statewide branching									
Alaska	10	9	−1	10	9	−1	85.16	85.03	−.13
Arizona	9	13	4	8	12	4	98.09	95.46	−2.63
California	113	149	36	112	146	34	81.90	78.00	−3.90
Connecticut	59	63	4	59	63	4	56.40	56.54	.14
Delaware	19	19	0	19	19	0	91.69	91.71	.02
District of Columbia	11	14	3	11	13	2	88.74	90.92	2.18
Hawaii	7	7	0	7	7	0	96.62	90.67	−5.95
Idaho	32	26	−6	32	26	−6	84.48	86.36	1.88
Maine	43	40	−3	42	35	−7	47.45	51.68	4.23
Maryland	132	120	−12	132	117	−15	56.77	62.94	6.17
Nevada	7	9	2	6	8	2	98.62	95.38	−3.24
North Carolina	178	116	−62	178	116	−62	57.30	67.48	10.18
Oregon	47	48	1	47	48	1	89.22	87.61	−1.61
Rhode Island	8	11	3	8	11	3	98.18	96.25	−1.93
South Carolina	140	110	−30	140	110	−30	52.98	59.10	6.12
South Dakota	174	165	−9	165	153	−12	43.40	46.14	2.74
Utah	46	53	7	45	52	7	76.59	72.03	−4.56
Vermont	54	44	−10	54	44	−10	35.97	49.43	13.46
Virginia	305	236	−69	301	193	−108	27.08	47.55	20.47
Washington	87	92	5	83	88	5	73.52	73.73	.21
Total	1,481	1,344	−137	1,459	1,270	−189			
Limited branching									
Alabama	238	268	30	238	268	30	39.26	32.47	−6.79
Georgia	362	421	59	345	406	61	56.93	51.72	−5.21
Indiana	437	409	−28	435	407	−28	29.82	26.94	−2.88
Kentucky	344	340	−4	343	339	−4	33.89	33.24	−.65
Louisiana	190	229	39	190	229	39	40.15	29.78	−10.37
Massachusetts	162	155	−7	141	136	−5	64.17	63.68	−.49
Michigan	374	330	−44	374	330	−44	50.00	47.57	−2.43
Mississippi	191	183	−8	191	183	−8	28.42	32.62	4.20
New Hampshire	70	75	5	64	69	5	34.87	36.35	1.48
New Jersey	249	227	−22	249	227	−22	22.87	21.34	−1.53
New Mexico	57	64	7	53	58	5	55.69	50.38	−5.31
New York	379	298	−81	365	267	−98	54.89	57.40	2.51
Ohio	582	521	−61	560	491	−69	33.42	31.46	−1.96
Pennsylvania	680	490	−190	680	490	−190	38.66	36.75	−1.91
Tennessee	291	301	10	285	293	8	49.94	40.44	−9.50
Wisconsin	557	602	45	545	558	13	33.33	31.32	−2.01
Total	5,163	4,913	−250	5,058	4,751	−307			
Unit banking									
Arkansas	232	245	13	232	245	13	23.87	20.55	−3.32
Colorado	164	220	56	162	205	43	47.87	46.78	−1.09
Florida	313	462	149	302	377	75	21.75	25.82	4.07
Illinois	967	1,072	105	964	1,070	106	42.31	38.45	−3.86
Iowa	641	659	18	626	639	13	19.24	16.99	−2.25
Kansas	585	600	15	585	600	15	19.27	16.10	−3.17
Minnesota	679	721	42	566	608	42	63.11	58.66	−4.45
Missouri	613	660	47	609	643	34	35.38	29.47	−5.91
Montana	121	135	14	95	103	8	57.31	59.14	1.83
Nebraska	394	435	41	390	431	41	41.25	35.45	−5.80
North Dakota	153	166	13	122	137	15	54.34	48.37	−5.97
Oklahoma	386	424	38	386	424	38	37.44	33.52	−3.92
Texas	999	1,146	147	990	1,136	146	26.99	22.43	−4.56
West Virginia	181	195	14	181	195	14	22.10	18.34	−3.76
Wyoming	55	70	15	53	68	15	45.97	37.35	−8.62
Total	6,483	7,210	727	6,263	6,881	618			

NOTE.—Data are for insured commercial banks; those for 1969 are preliminary.