# 2021 SUMMARY OF DEPOSITS HIGHLIGHTS

## Introduction

The 2021 Summary of Deposits (SOD) Survey responses reflect the continued effects of the COVID-19 pandemic and funding from government stimulus programs, changing spending patterns, and the availability and use of electronic banking applications on deposit and branch levels.[1] Total deposits at FDIC-insured institutions increased 10.7 percent during the most recent SOD reporting period (year ending June 30, 2021), down from the year-earlier rate, which was the highest growth rate on record since the 1940s.[2] However, deposit growth was up from the pre-pandemic levels reported in 2019. Deposit growth rates were higher for community banks than for noncommunity banks on a merger-adjusted basis during the year ending June 30, 2021.[3]

Along with elevated deposit growth, the 2021 SOD survey responses reflect a record rate of decline in the number of branches. The number of branches of FDIC-insured depository institutions continued to decline across all census categories—metropolitan, micropolitan, and rural areas—with closures of noncommunity bank branches occurring at a rate higher than closures of community bank branches.

## Total Deposits Continued to Grow at More Than Double the Pre-Pandemic Growth Rate

Total deposits increased 10.7 percent, from $15.5 trillion to $17.2 trillion, during the 2021 SOD reporting period. While this growth rate is less than half the extraordinarily high growth rate reported in 2020, deposit growth was more than twice as high as it was before the beginning of the pandemic (Chart 1). The growth was widespread: deposits increased at community banks and noncommunity banks, banks in all SOD asset size groups, banks in all but one lending specialization (credit card lending), and banks across all census categories.[4]

Noncommunity banks, which hold a high share of the banking industry's total deposits, nearly matched the industry's total deposit growth rate, while the deposit growth rate for community banks exceeded that of noncommunity banks. The merger-adjusted deposit growth rate of 10.3 percent for noncommunity banks was twice as high as the rate reported in 2019 but less than half the growth rate reported in 2020 (Table 1). Deposit growth at community banks in the year ending June 30, 2021, remained elevated at 13.5 percent but was down slightly from the 16.6 percent growth rate on a merger-adjusted basis reported in the year ending June 30, 2020.

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

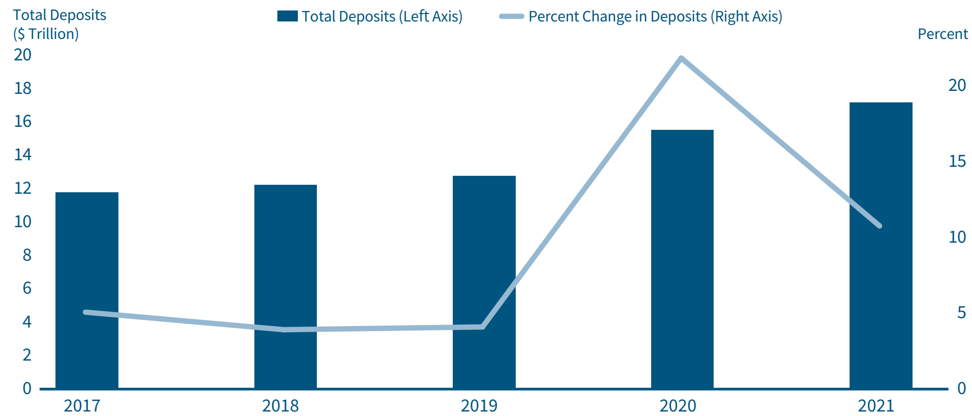
[2] The FDIC's 2020 Annual Report shows growth in domestic deposits of 26.2 percent in 1942, 24.2 percent in 1943, and 46 percent in 1989, all of which are higher than the 21.7 percent deposit growth reported in the 2020 SOD survey. The high growth in 1989 is because 1989 was the first year in which deposits of institutions covered under both the Bank Insurance Fund and the Savings Association Insurance Fund were included in the domestic deposit totals shown in the Annual Report. According to FDIC Call Report data, if institutions covered under both the Bank Insurance Fund and the Savings Association Insurance Fund are included in the sum of total domestic deposits in 1988, deposit growth in 1989 would be much lower at 2.9 percent. Given that growth in domestic deposits in 1989 was driven by this change in how deposit totals were reported, 1943 is the most recent year in which deposit growth was higher than the 2020 SOD growth. Importantly, the Annual Report shows deposit totals as of December 31 of each year while the SOD survey reports deposit totals as of June 30 of each year, so year-over-year growth rates calculated based on these two sources would be close but not identical. See FDIC Annual Report 2020: 140, https://www.fdic.gov/about/financial-reports/reports/2020annualreport/2020ar-final.pdf.

[3] Community banks are defined by criteria in the FDIC 2012 Community Banking Study. The definition encompasses small banks and larger banks that focus on traditional lending and deposit-taking activities. See https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-full.pdf. Merger adjustment is a way of excluding the effects of mergers from a growth calculation in order to measure the "organic growth" of a cohort of institutions. For example, in calculating one-year merger-adjusted deposit growth of community banks, deposits of community banks acquired during the year by noncommunity banks would be excluded from the prior year total for community bank deposits. For more information see Eric C. Breitenstein and Derek K. Thieme, "Merger Adjusting Bank Data: A Primer," FDIC Quarterly 13, no. 1 (2019): 31–49, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2019-vol13-1/fdic-v13n1-4q2018-article.pdf.

[4] SOD bank asset size groups as discussed in this article are banks with assets greater than $250 billion; banks with assets between $10 billion and $250 billion; banks with assets between $1 billion and $10 billion; and banks with assets less than $1 billion.

**Chart 1**

**Deposits Continued to Grow in 2021, but the Growth Rate Was Lower Than in 2020**




Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2021.

Federal pandemic-related economic assistance programs supported deposit growth at FDIC-insured institutions during the year ending June 30, 2021. U.S. fiscal and monetary authorities continued to provide relief to Americans affected by the COVID-19 pandemic through additional economic impact payments, the Pandemic Emergency Unemployment Compensation Program, and the U.S. Small Business Administration Paycheck Protection Program between June 30, 2020, and June 30, 2021. Further, the Federal Reserve maintained low interest rates and continued to purchase financial instruments, including U.S. Treasury securities and mortgage-backed securities, to support the flow of credit to U.S. households and businesses and to promote financial stability throughout 2021.[5] This funding, along with elevated savings rates, contributed to higher deposit balances at FDIC-insured institutions.[6]

**Table 1**

**Deposit Growth Remained Elevated for Community Banks but Moderated for Noncommunity Banks in 2021**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| | Year-Over-Year Percent Change | | | | |
| All Banks | 5.1 | 3.8 | 4.2 | 21.7 | 10.6 |
| | Year-Over-Year Percent Change (Not Adjusted for Mergers) | | | | |
| Noncommunity Banks | 5.5 | 4.3 | 4.5 | 23.9 | 10.4 |
| Community Banks | 2.9 | 0.9 | 2.2 | 8.9 | 12.1 |
| | Year-Over-Year Percent Change (Adjusted for Mergers) | | | | |
| Noncommunity Banks | 4.9 | 3.8 | 4.0 | 22.6 | 10.3 |
| Community Banks | 6.1 | 4.7 | 5.4 | 16.6 | 13.5 |

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2021.

Note: Merger-adjusted figures for community banks depict the growth through time of the combined deposits of the June 30, 2021, cohort of community banks and the deposits of all the institutions they acquired since June 30, 2016; merger-adjusted figures for noncommunity banks are calculated similarly.

[5] See Coronavirus Aid, Relief, and Economic Security Act: H.R. 748 Section 2107; Coronavirus Aid, Relief, and Economic Security Act: H.R. 748 Section 1102; Board of Governors of the Federal Reserve System, "Paycheck Protection Program Liquidity Facility," https://www.federalreserve.gov/monetarypolicy/ppplf.htm; U.S. Department of the Treasury, "Fact Sheet: The American Rescue Plan Will Deliver Immediate Economic Relief to Families," https://home.treasury.gov/news/featured-stories/fact-sheet-the-american-rescue-plan-will-deliver-immediate-economic-relief-to-families; Richard H. Clarida, Burcu Duygan-Bump, and Chiara Scotti, "The COVID-19 Crisis and the Federal Reserve's Policy Response," Federal Reserve, June 3, 2021, https://www.federalreserve.gov/econres/feds/the-covid-19-crisis-and-the-federal-reserves-policy-response.htm.

[6] Total personal income increased in first quarter 2021, reflecting primarily an increase in government social benefits. Savings as a percentage of disposable personal income increased between second quarter 2020 and second quarter 2021. See U.S. Bureau of Economic Analysis, "Personal Income and Outlays, March 2021," news release no. BEA 21-19, April 30, 2021, https://www.bea.gov/news/2021/personal-income-and-outlays-march-2021.

### The Market Share of Deposits Held by the Largest Banks Continued to Grow

Banks in the largest asset size group (those with assets greater than $250 billion) continued to hold most of the banking industry's deposits in the year ending June 30, 2021, despite year-over-year unadjusted growth rates among the asset size groups being volatile. Deposit growth was highest among banks with assets of $10 billion to $250 billion: total deposits for this group of banks increased 13.8 percent during the year ending June 30, 2021. Deposit growth for the smallest banks (those holding less than $1 billion in total assets) reversed a four-year declining trend, with a 3.9 percent year-over-year increase in total deposits. Banks with assets greater than $250 billion saw a mere 9.6 percent increase in deposits in 2021, up from 2020. This stands in stark contrast to the previous year when the largest banks saw a 41.2 percent increase.

Total deposits have grown over the past five years for each of the asset size groups in Table 2 except for the smallest banks (assets less than $1 billion). Deposits increased most for banks in the greater than $250 billion asset size group—71.7 percent between 2016 and 2021. Banks with assets of less than $1 billion and banks with assets of $1 billion to $10 billion saw their share of total deposits decrease each year from 2017 through 2021, in sharp contrast with that of the largest banks. The largest banks continued to hold a majority share of total deposits in 2020 and 2021.

**Table 2**

**Large Banks Continued to Hold the Highest Share of Total Deposits**

| | Percentage Change in Total Deposits | | | | | |
|---|---|---|---|---|---|---|
| | Not Adjusted for Mergers | | | | | |
| | 2016–2017 | 2017–2018 | 2018–2019 | 2019–2020 | 2020–2021 | 2016–2021 |
| Assets Greater Than $250 Billion | 4.7 | 2.0 | 3.9 | 41.2 | 9.6 | 71.7 |
| Assets $10 Billion to $250 Billion | 8.5 | 10.5 | 7.0 | 3.1 | 13.8 | 50.5 |
| Assets $1 Billion to $10 Billion | 2.5 | –2.2 | 1.4 | 18.9 | 10.1 | 32.9 |
| Assets Less Than $1 Billion | –1.4 | –4.1 | –2.8 | –0.7 | 3.9 | –5.2 |
| All Banks | 5.1 | 3.8 | 4.2 | 21.7 | 10.6 | 53.0 |
| | Share of Deposits (Percent) | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Assets Greater Than $250 Billion | 46.2 | 46.1 | 45.3 | 45.2 | 52.4 | 51.9 |
| Assets $10 Billion to $250 Billion | 32.4 | 33.4 | 35.5 | 36.5 | 30.9 | 31.8 |
| Assets $1 Billion to $10 Billion | 12.0 | 11.7 | 11.1 | 10.8 | 10.5 | 10.5 |
| Assets Less Than $1 Billion | 9.4 | 8.8 | 8.1 | 7.6 | 6.2 | 5.8 |

Source: FDIC Summary of Deposits June 30, 2016, to June 30, 2021.

### Deposit Growth Was Widespread Across Census Categories

Total deposits increased for branches across all census categories—metropolitan, micropolitan, and rural (Table 3) in the SOD reporting period ending June 30, 2021.[7] Branches in metropolitan areas continued to hold an overwhelming majority of deposits—nearly 93.4 percent of total deposits. Over the previous five years, the share of total domestic deposits in metropolitan areas ranged from 92.7 percent in 2016 to a high of 93.5 percent in 2021. Not surprisingly, deposits in metropolitan areas accounted for most of the increase in domestic deposits.

[7] Counties are labeled metropolitan, micropolitan, or rural depending on whether they are 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 referred to as rural areas.

Among census categories, total deposit growth was lowest in metropolitan areas (10.8 percent) during the year ending June 30, 2021. But deposit growth in metropolitan areas during the most recent reporting period was close to double the peak year-over-year growth (6.2 percent) reported between 2016 and 2019.

Total deposits in micropolitan areas have also grown rapidly since 2020. Increases in total deposits in micropolitan counties ranged from 2.3 percent to 3.4 percent between 2016 and 2019 year over year, while total deposits in micropolitan counties increased 15.3 percent in 2020 and 12.3 percent in 2021.

In rural areas, the deposit growth rate of 11.3 percent, during the year ending June 30, 2021, was much higher than growth rates reported in previous years, which ranged from 1.4 percent to 3.1 percent between 2016 and 2019. The deposit growth rate in rural areas was below that of micropolitan areas but higher than that of metropolitan areas during the most recent SOD reporting period.

**Table 3**

**The Deposit Growth Rate in Micropolitan Counties Rose Most Among Census Areas in 2021**

| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| **Metropolitan** | Total Domestic Deposits ($ Billions) | 10,421.2 | 10,965.4 | 11,395.9 | 11,881.6 | 14,532.2 | 16,102.8 |
| | Year-Over-Year Percent Change | 6.2 | 5.2 | 3.9 | 4.3 | 22.3 | 10.8 |
| **Micropolitan** | Total Domestic Deposits ($ Billions) | 470.8 | 486.9 | 498.1 | 511.5 | 589.9 | 662.2 |
| | Year-Over-Year Percent Change | 2.6 | 3.4 | 2.3 | 2.7 | 15.3 | 12.3 |
| **Rural** | Total Domestic Deposits ($ Billions) | 349.6 | 360.3 | 368.3 | 378.8 | 422.6 | 470.5 |
| | Year-Over-Year Percent Change | 1.4 | 3.1 | 2.2 | 2.9 | 11.6 | 11.3 |
| **All** | Total Domestic Deposits ($ Billions) | 11,241.6 | 11,812.5 | 12,262.4 | 12,771.9 | 15,544.7 | 17,235.5 |
| | Year-Over-Year Percent Change | 5.9 | 5.1 | 3.8 | 4.2 | 21.7 | 10.9 |

Source: FDIC Summary of Deposits June 30, 2016, to June 30, 2021.
Note: Data are not adjusted for mergers.

## Deposits Increased Across Banks of All Lending Specializations Except Credit Card Banks

Banks in all lending specializations except credit card lending reported an increase in deposits during the most recent SOD reporting period.[8] Banks with a credit card lending specialization, the pool of which remained unchanged year over year, reported a 4.4 percent decline in total deposits during the year ending June 30, 2021, compared with a 3.7 percent increase in deposits during the previous reporting period (June 30, 2019 to June 30, 2020). Despite a decline in growth from the previous year, deposits increased most—19 percent on a merger-adjusted basis—for banks with a mortgage lending specialization, followed by banks with a consumer lending specialization (16.4 percent)

[8] There are nine bank lending specializations (these groups are hierarchical and mutually exclusive):
- International—Assets exceed $10 billion and more than 25 percent of assets are in foreign offices.
- Agricultural—Agricultural production loans and real estate loans secured by farmland total more than 25 percent of total loans and leases.
- Credit card—Credit card loans and securitized receivables total more than 50 percent of total assets plus securitized receivables.
- Commercial lending—Commercial and industrial loans, real estate construction and development loans, and loans secured by commercial real estate total more than 25 percent of total assets.
- Mortgage lending—Residential mortgage loans and mortgage-backed securities total more than 50 percent of total assets.
- Consumer lending—Residential mortgage loans, credit card loans, and other loans to individuals total more than 50 percent of total assets.
- Other specialized less than $1 billion—Assets are less than $1 billion. Loans and leases are less than 40 percent of total assets.
- All other less than $1 billion—Assets are less than $1 billion, and the institution does not meet any of the definitions above. There is significant lending activity with no identified concentrations.
- All other greater than $1 billion—Assets are greater than $1 billion, and the institution does not meet any of the definitions above. There is significant lending activity with no identified concentrations.

(Table 4). A merger between two depository institutions may affect loan portfolio composition. As a result, the merged institution may no longer meet the asset concentration thresholds that define a lending specialization, even if no underlying change in loan balances or strategies has occurred.

**Table 4**

**Mortgage Lending Specialists Reported the Highest Deposit Growth on a Merger-Adjusted Basis**

| Year-Over-Year Deposit Growth (Percent) Not Adjusted for Mergers | | | | | | |
|---|---|---|---|---|---|---|
| Lending Specialty | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Agricultural | 4.5 | 3.8 | 1.9 | 1.6 | -3.2 | 6.1 |
| Commercial Lending | 15.1 | 0.2 | 4.3 | 6.3 | 17.5 | -0.2 |
| Consumer Lending | 15.1 | 26.1 | -18.5 | 3.1 | -40.7 | 19.9 |
| Credit Card | 0.6 | -3.1 | 31.5 | -4.3 | 0.0 | -4.4 |
| International | 8.3 | 7.3 | 1.9 | 4.4 | 28.0 | 15.1 |
| Mortgage Lending | -6.6 | -9.8 | -2.2 | -0.5 | 92.8 | 13.2 |
| Other < $1 Billion | -6.5 | -13.2 | -19.6 | -5.4 | 1.0 | 79.0 |
| All Other < $1 Billion | -14.8 | -6.6 | -16.4 | -7.7 | 14.6 | 41.9 |
| All Other > $1 Billion | -3.1 | 11.7 | 4.7 | 3.1 | 25.0 | 20.1 |
| **Year-Over-Year Deposit Growth (Percent) Adjusted for Mergers** | | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Agricultural | 2.8 | 1.8 | 2.2 | -12.0 | 6.5 | 12.7 |
| Commercial Lending | 1.5 | 5.1 | 5.0 | 4.1 | 6.9 | 11.1 |
| Consumer Lending | 33.4 | -16.0 | -0.5 | -50.4 | 30.9 | 16.4 |
| Credit Card | 11.5 | 20.6 | -4.4 | 4.7 | 3.7 | -4.4 |
| International | 6.1 | 5.0 | 4.0 | 2.3 | 28.0 | 15.1 |
| Mortgage Lending | -8.1 | 1.9 | -0.9 | 49.7 | 24.9 | 19.0 |
| Other < $1 Billion | -12.7 | -21.0 | -3.4 | -10.9 | 79.7 | 15.4 |
| All Other < $1 Billion | -7.0 | -15.2 | -7.9 | 3.7 | 40.8 | 13.9 |
| All Other > $1 Billion | 12.3 | 6.0 | 4.0 | 5.4 | 36.3 | 8.3 |

Source: FDIC Summary of Deposits, June 30, 2016, to June 30, 2021.

## Total Number of Branches Declined at a Record Rate

Branch closures, net of openings, increased 3.7 percent (a net decline of 3,164 branches) during the year ending June 30, 2021 (Chart 2). This was the highest net percentage reduction in branches since at least 1987. The net branch closure rate was 1.6 percent (1,410 net branch closures) during the previous reporting period.[9]

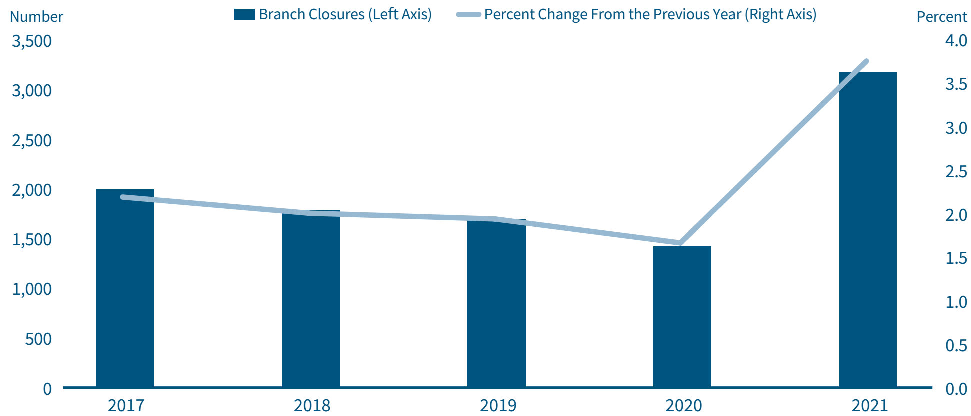
The historically high rate of branch closures occurred even though the number of banks reporting branch openings outpaced the number of banks reporting branch closures. Of the 4,940 banks that existed on both June 30, 2020, and June 30, 2021, 485 banks (9.8 percent) opened branches, 401 banks (8.1 percent) closed branches, and the number of branches owned by 4,054 banks (82.1 percent) remained unchanged.[10]

[9] Offices acquired through mergers were closed at a slightly higher rate (6.2 percent) in the year ending June 30, 2021, compared with 4.6 percent as of the year ending June 30, 2020.

[10] The total number of banks reporting as of June 30, 2021, was 4,951, including ten de novo banks and one bank that sold most of its assets but retained a deposit insurance certificate.

Chart 2

**Branch Closures Increased at a Higher Rate in 2021**




Source: FDIC Summary of Deposits, June 30, 2016, to June 30, 2021.

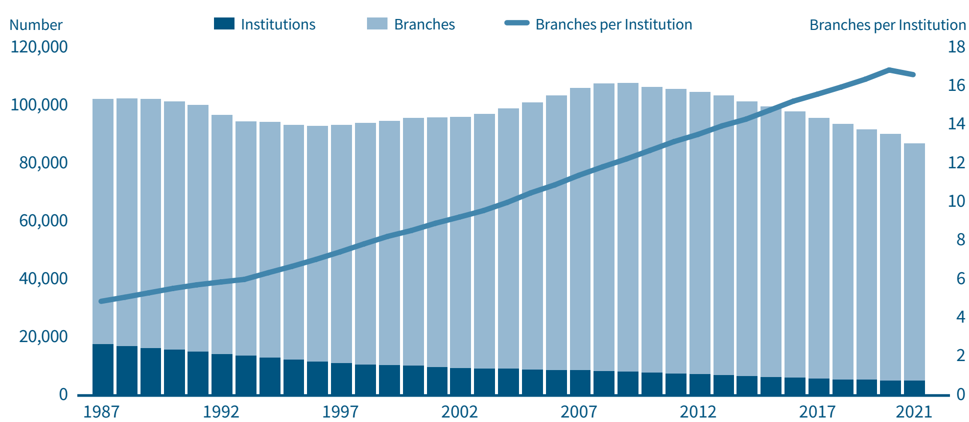
## The Number of Branches per Institution Declined

The number of branches per institution declined in the year ending June 30, 2021, as the number of FDIC-insured institutions fell from 5,066 to 4,950 and the number of branches fell from 84,972 to 81,808. An increase in deposits combined with a decrease in the number of institutions and branches drove increases in both average deposits per institution and average deposits per branch during the year ending June 30, 2021.

Although the number of branches per institution declined, this measure remains high after several years of growth (Chart 3). The decline in the number of institutions (18.3 percent) outpaced the decline in the number of branches (10.9 percent) between June 30, 2016, and June 30, 2021, resulting in an increase in the average number of branches per institution from 15.2 branches in 2016 to 16.5 branches in 2021 (Table 5).

Chart 3

**2021 Ended a Decades-Long Trend of Increasing Numbers of Branches per Institution**




Source: FDIC Summary of Deposits, June 30, 1987, to June 30, 2021.

**Table 5**

**Branches per Institution Declined Slightly in 2021**

| Year | Number of Institutions | Number of Branches | Branches per Institution | Total Deposits ($ Billions) | Deposits per Institution ($ Millions) | Deposits per Branch ($ Thousands) |
|---|---|---|---|---|---|---|
| 2017 | 5,787 | 89,839 | 15.5 | 11,813 | 2,041 | 131,486 |
| 2018 | 5,541 | 88,065 | 15.9 | 12,262 | 2,213 | 139,242 |
| 2019 | 5,303 | 86,382 | 16.3 | 12,772 | 2,408 | 147,854 |
| 2020 | 5,066 | 84,972 | 16.8 | 15,546 | 3,069 | 182,958 |
| 2021 | 4,950 | 81,808 | 16.5 | 17,196 | 3,474 | 210,202 |

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2021.
Note: Data are not adjusted for mergers.

## Branch Closures Continued to Outpace Branch Openings in Metropolitan Areas

Among census categories, the number of branch closures was highest in metropolitan areas on a gross, proportional, and unadjusted basis (Table 6). While both noncommunity and community banks in all census categories reported net reductions in branches between 2016 and 2021, the largest reduction in the number of branches occurred in metropolitan areas (11.6 percent). In metropolitan areas, community bank branches closed at a higher rate (14.2 percent) than noncommunity bank branches (10.6 percent).

In micropolitan areas, the five-year branch closure rate (2016 to 2021) was 9.7 percent. Unlike the pattern in metropolitan areas, in micropolitan areas, noncommunity bank branches closed at a rate higher than community bank branches. Branches of noncommunity banks in micropolitan areas closed at a rate of 11.1 percent, compared with an 8.7 percent closure rate for community bank branches.

In rural areas, branches closed at a rate of 6.7 percent in the five years ending June 30, 2021. As in metropolitan areas, community banks closed branches at a higher rate (7.2 percent) than noncommunity banks (5.5 percent).

**Table 6**

**The Number of Branches in All Census Groups Has Declined Over The Last Five Years**

| Census Group | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | % Change 2016–2021 |
|---|---|---|---|---|---|---|---|---|
| Metropolitan | All Banks | 72,889 | 71,213 | 69,731 | 68,301 | 67,200 | 64,451 | –11.6 |
| | Noncommunity Banks | 52,749 | 51,887 | 50,985 | 50,127 | 49,622 | 47,176 | –10.6 |
| | Community Banks | 20,140 | 19,326 | 18,746 | 18,174 | 17,578 | 17,275 | –14.2 |
| Micropolitan | All Banks | 10,129 | 9,931 | 9,755 | 9,592 | 9,452 | 9,145 | –9.7 |
| | Noncommunity Banks | 4,365 | 4,309 | 4,204 | 4,076 | 4,041 | 3,882 | –11.1 |
| | Community Banks | 5,764 | 5,622 | 5,551 | 5,516 | 5,411 | 5,263 | –8.7 |
| Rural | All Banks | 8,806 | 8,695 | 8,579 | 8,489 | 8,388 | 8,212 | –6.7 |
| | Noncommunity Banks | 2,409 | 2,389 | 2,311 | 2,293 | 2,310 | 2,277 | –5.5 |
| | Community Banks | 6,397 | 6,306 | 6,268 | 6,196 | 6,078 | 5,935 | –7.2 |
| All | All Banks | 91,824 | 89,839 | 88,065 | 86,382 | 85,040 | 81,808 | –10.9 |
| | Noncommunity Banks | 59,523 | 58,585 | 57,500 | 56,496 | 55,973 | 53,335 | –10.4 |
| | Community Banks | 32,301 | 31,254 | 30,565 | 29,886 | 29,067 | 28,473 | –11.9 |

Source: FDIC Summary of Deposits June 30, 2016, to June 30, 2021.
Note: Data are not adjusted for mergers.

**Branch Openings Were Most Prevalent in Texas in the Most Recent Reporting Period**

Texas was home to the most branch openings (121) among all states; the metropolitan area reporting the most branch openings (Houston-The Woodlands-Sugar Land); and the second-highest number of metropolitan areas reporting branch openings (15) in the year ending June 30, 2021. The Houston-The Woodlands-Sugar Land (Houston) metropolitan area—which has a relatively low number of total branches (1,411) for a large metropolitan area—had the highest number of branch openings among all metropolitan areas (50 branches) during the most recent SOD reporting period (Table 7).

Branch opening activity was also prominent in the New York-Newark-Jersey City, NY-NJ-PA (New York City) metropolitan area, which reported the second-highest number of branch openings and the highest number of branch closings among metropolitan areas during the most recent SOD reporting period. The New York City metropolitan area reported 44 branch openings, with an equal number of branch openings (22) in the states of New York and New Jersey, and 257 branch closures for a net decline of 213 branches during the year ending June 30, 2021. The reduction in branches in the New York City metropolitan area was led by closures in New York County, New York (42 branches), Bergen County, New Jersey (27), and Nassau County, New York (23). Despite the net reduction in branches, the New York metropolitan area still had the largest number of branches (4,697) among metropolitan areas as of June 30, 2021 (Table 8).

**Table 7**

**The Houston Metropolitan Area Had the Highest Number of Branch Openings**

| Metropolitan Area Name | Number of Branches Opened |
|---|---|
| Houston-The Woodlands-Sugar Land, TX (Houston) | 50 |
| New York-Newark-Jersey City, NY-NJ-PA (New York) | 44 |
| Dallas-Fort Worth-Arlington, TX (Dallas) | 34 |
| Boston-Cambridge-Newton, MA-NH (Boston) | 30 |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD (Philadelphia) | 30 |

Source: FDIC Summary of Deposits, June 30, 2020, to June 30, 2021.
Note: Table depicts top five metropolitan areas ranked by number of branch openings.

**Table 8**

**The New York Metropolitan Area Had the Highest Number of Branch Closures**

| Metropolitan Area Name | Number of Branches Closed |
|---|---|
| New York-Newark-Jersey City, NY-NJ-PA (New York) | 257 |
| Chicago-Naperville-Elgin, IL-IN-WI (Chicago) | 131 |
| Washington-Arlington-Alexandria, DC-VA-MD-WV (Washington) | 116 |
| Los Angeles-Long Beach-Anaheim, CA (Los Angeles) | 114 |
| Atlanta-Sandy Springs-Alpharetta, GA (Atlanta) | 82 |

Source: FDIC Summary of Deposits, June 30, 2020, to June 30, 2021.
Note: Table depicts top five metropolitan areas ranked by number of branch closures.

Of the metropolitan areas with the highest number of branch closures, only two areas had disproportionately high branch closures (in the sense that the area's share of U.S. branch closures exceeded its share of U.S. branches). The share of branch closures in the Washington-Arlington-Alexandria, DC-VA-MD-WV (Washington) metropolitan area and the Atlanta-Sandy Springs-Alpharetta, GA (Atlanta) metropolitan area both exceeded the share of total branches in these areas. In each area, however, one or two institutions drove the high number of closures. For example, branch closures in the Washington metropolitan area represented 3 percent of branch closings among all metropolitan areas nationwide while branches in this metropolitan area represented 2 percent of total branches in metropolitan areas nationwide. Of the 25 banks that closed branches in the Washington metropolitan area, two banks accounted for more than half (51 percent) of the 116 branch closures. Similarly, branch closures in the Atlanta metropolitan area represented 2 percent of branch closures in metropolitan areas while branches in this area represented 1.8 percent of branches in metropolitan areas nationwide. While 17 banks closed branches in the Atlanta metropolitan area, two banks were responsible for 62 percent of branch closures in this area.

## Community Banks Continued to Serve Less-Populated Areas

Community banks continued to operate most of the branches in both rural areas and micropolitan areas. The share of community bank branches in micropolitan areas has increased over the past five years, up from 56.6 percent in the year ending June 30, 2017, to 57.6 percent in the year ending June 30, 2021. Similarly, the share of branches operated by community banks in rural areas declined from 72.5 percent in the year ending June 30, 2017, to 72.3 percent in the year ending June 30, 2021.

## Brick-and-Mortar Branches Led the Overall Reduction in the Number of Branches

The closings of brick-and-mortar branches—the most prevalent branch service type—contributed most to the overall decline in the number of branches during the most recent SOD reporting period. As shown in Table 9, full-service brick-and-mortar branches represented more than 92.5 percent of all branches.[11] Because of the large number of brick-and-mortar branches, this group experienced the lowest percentage decline (3 percent or 2,337 branches) among branch types during the year ending June 30, 2021. The proportion of brick-and-mortar branches increased slightly from 91.8 percent to 92.5 percent year over year despite the decline in the number of branches.

The rate of decline in the number of full-service retail branches, the second-largest category among branch service types, was the highest of all branch service types at 16.8 percent. As a result, the proportion of full-service retail branches declined from 4.7 percent of all branch service types to 4.1 percent of all branch service types. Home banking and limited-service branches declined at faster rates in 2021 when compared with closure rates reported in 2020, but the proportion of branches in this category remained relatively stable.

[11] The number of brick-and-mortar branches was 75,674 as of the most recent reporting period, which, divided by the total number of branches (81,808), yields 92.5 percent. The SOD survey collects information on the service type of each branch

- full-service brick-and-mortar—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
- full-service retail—full-service branches in a retail facility such as a store or supermarket
- home banking—full-service branches that customers can access on a website or by telephone
- limited-service—branches 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 pages 31-32 of the Summary of Deposits reporting instructions, https://www.fdic.gov/regulations/resources/call/sod/sod-instructions.pdf.

**Table 9**

**Full-Service Brick-and-Mortar Branch Closures Led the Overall Reduction in Branches**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| **Full-Service, Brick-and-Mortar** | 83,236 | 81,760 | 80,425 | 79,054 | 78,011 | 75,674 |
| Change, number | –1,059 | –1,476 | –1,335 | –1,371 | –1,043 | –2,337 |
| Change, percent | –1.3 | –1.8 | –1.6 | –1.7 | –1.3 | –3.0 |
| **Full-Service, Retail** | 5,014 | 4,706 | 4,441 | 4,250 | 4,002 | 3,329 |
| Change, number | –247 | –308 | –265 | –191 | –248 | –673 |
| Change, percent | –4.7 | –6.1 | –5.6 | –4.3 | –5.8 | –16.8 |
| **Full-Service, Home Banking*** | 179 | 189 | 192 | 194 | 191 | 203 |
| Change, number | 0 | 10 | 3 | 2 | –3 | 12 |
| Change, percent | 0.0 | 5.6 | 1.6 | 1.0 | –1.5 | 6.3 |
| **Limited-Service Branches** | 3,395 | 3,184 | 3,007 | 2,884 | 2,768 | 2,602 |
| Change, number | –132 | –211 | –177 | –123 | –116 | –166 |
| Change, percent | –3.7 | –6.2 | –5.6 | –4.1 | –4.0 | –6.0 |
| **All Branches** | 91,824 | 89,839 | 88,065 | 86,382 | 84,972 | 81,808 |
| Change, number | –1,438 | –1,985 | –1,774 | –1,683 | –1,410 | –3,164 |
| Change, percent | –1.5 | –2.2 | –2.0 | –1.9 | –1.6 | –3.7 |

Source: FDIC Summary of Deposits, June 30, 2016, to June 30, 2021.
Note: Data are not adjusted for mergers.
*Home banking branches are sometimes called "cyber branches" because they are typically accessed online.

## Average Deposits per FDIC-Insured Institution and Branch Increased

Average deposits per institution increased 13.2 percent in the year ending June 30, 2021. This growth rate is slightly above the five-year (2016 to 2020) average growth rate in deposits per institution of 13.1 percent as lower growth rates in 2018 and 2019 offset the unprecedented growth rate in 2020. However, deposit growth per institution remains well above growth rates reported in 2018 and 2019.

Growth in average deposits per branch was higher than the five-year average growth rate, but lower than the growth rate reported during the year ending June 30, 2020. Average deposits per branch increased at an average rate of 10.2 percent between 2016 and 2020, and, in 2021, average deposits per branch increased 14.9 percent.

## Most Counties in the United States Have at Least One Branch of an FDIC-Insured Institution

Branch locations are geographically widespread across the United States albeit with varying density, and most counties in the United States (98.6 percent) have a branch presence as of the most recent SOD reporting period. Unsurprisingly, the counties with no branch presence are sparsely populated, with populations ranging from 90 to approximately 8,100 residents.[12] Of all U.S. counties, 19.3 percent have only a community bank branch presence. Texas and Kansas have the highest number of counties with only a community bank branch presence. Three out of four states have at least one county with only a community bank branch presence, underscoring the important role that community banks play in serving their communities.

[12] References population estimates as of July 2020 from the U.S. Census Bureau. Population data are not available for all counties without a branch presence.

## Minority Depository Institutions Continued to Serve an Important Role, Supported by a Merger-Adjusted Net Gain in Branches

Minority depository institutions (MDIs) play an important role in creating jobs, growing small businesses, and building wealth in low- and moderate-income communities.[13] MDI banks and branches tend to support economic growth in low- and moderate-income communities. MDIs are primarily located in areas characterized by dense populations, with 89 percent of MDI branches located in a metropolitan area. Like community banks, MDIs typically have smaller geographic footprints than noncommunity banks and rely on core deposits to fund loan growth. Most MDIs also met the FDIC's definition of a community bank as of June 30, 2021.[14] Of the 144 banking institutions identified as MDIs as of that date, 122 met the FDIC's definition of a community bank.

The number of branches operated by MDIs declined slightly during the most recent SOD reporting period. Collectively, MDIs operated 1,537 branches as of June 30, 2021, compared with 1,540 branches a year ago. This 0.2 percent decline in the number of branches operated by MDIs was far less than the 3.8 percent decline in the number of branches operated by the U.S. banking industry. The net decline in branches resulted from changes in MDI branch networks including 44 branch openings and 47 branch closures during the year ending June 30, 2021 (Table 10). Institutions designated as Hispanic MDIs reported the highest number of net branch closings. Black MDIs also reported a net decline in branches, as closings outpaced openings. Asian MDIs reported a net opening of branches and multiracial MDIs reported no change.

**Table 10**

**Hispanic Minority Depository Institutions Opened the Most Offices in the Past Year on a Merger-Adjusted Basis**

| Designation | Number of Openings | Number of Closings | Net Openings/Closings |
|---|---|---|---|
| | Not Adjusted for Mergers | | |
| Asian | 34 | 17 | 17 |
| Black | 1 | 2 | –1 |
| Hispanic | 3 | 28 | –25 |
| Native American | 6 | 0 | 6 |
| Multiracial | 0 | 0 | 0 |
| **Total** | **44** | **47** | **–3** |
| | Adjusted for Mergers | | |
| Asian | 11 | 17 | –6 |
| Black | 2 | 1 | 1 |
| Hispanic | 28 | 18 | 10 |
| Native American | 2 | 0 | 2 |
| Multiracial | 0 | 0 | 0 |
| **Total** | **43** | **36** | **7** |

Sources: FDIC Summary of Deposits, June 30, 2020, to June 30, 2021, and FDIC MDI List.
Note: MDI is Minority Depository Institution.

[13] The FDIC's Statement of Policy Regarding Minority Depository Institutions defines an MDI as a federally insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals, or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. See https://www.fdic.gov/news/board-matters/2021/2021-06-15-notice-sum-b-fr.pdf, Federal Deposit Insurance Corporation, Policy Statement Regarding Minority Depository Institutions (2002). For more information about MDIs, see FDIC, "2019 Minority Depository Institutions: Structure, Performance, and Social Impact," https://www.fdic.gov/regulations/resources/minority/2019-mdi-study/full.pdf.

[14] Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 requires the Secretary of the Treasury and the federal financial institution regulatory agencies to consult on the best ways to achieve the goal of preserving minority ownership of MDIs, most of which are also community banks. For more information about section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, see https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title12-section1463&num=0&edition=prelim - Public Law 101–73, title III, § 308, Aug. 9, 1989, 103 Stat. 353, as amended by Public Law 111–203, title III, § 367(4), July 21, 2010, 124 Stat. 1556, codified at 12 U.S.C. 1463 note.

Focusing on the MDIs in operation as of June 30, 2021, and adjusting for the effects of mergers provides a different perspective on the branching trends. After adjusting for the effects of mergers, MDIs increased the number of branches they operated, from 1,530 to 1,537. For MDIs designated as community banks, the merger-adjusted increase in the number of branches operated was more pronounced, from 714 branches on a merger-adjusted basis as of the year ending June 30, 2020, to 745 branches as of the most recent SOD reporting period. Branch trends at MDI community banks thus differed from other community banks. On a merger-adjusted basis, community banks in total had a 0.3 percent reduction in branches. Non-MDI community banks had a 1.1 percent reduction in branches, but community bank MDIs had a 4.3 percent increase in branches.

## Advancements in Technology Supported the Ability to Perform Bank Transactions Remotely

Various factors are likely contributing to the ongoing reduction in the number of branches. The growing prevalence of mobile banking, which increased in importance during the pandemic, may have played a role in the accelerated branch reduction rate reported in the year ending June 30, 2021.

While not all bank transactions can be performed remotely and access to banking services remains a challenge for underserved communities, many bank customers, businesses, and governmental entities have increasingly used online and mobile banking applications to conduct routine banking transactions. These platforms were particularly helpful during the pandemic to support social distancing. Bank customers are performing more bank transactions remotely, many banks that operate with no physical branch locations have reported elevated deposit growth in recent years, and the dollar amount and number of electronic funds payments continues to grow.

Bank customers are increasingly performing routine banking transactions using online or mobile banking applications. Results from the FDIC's 2019 survey on household use of banking and financial services reflect a decline in the percentage of households that rely on bank tellers (from 28.2 percent to 21 percent) and an increase in the percentage of households that rely on mobile banking applications for bank account access (from 9.5 percent to 34 percent) between 2015 and 2019.[15] In addition, a survey of mobile banking application use conducted by S&P Global Market Intelligence in 2021 shows that more than half of mobile banking customers increased their use of mobile banking applications and reduced the number of branch visits during the pandemic.[16] Further, according to S&P's survey, since the beginning of the pandemic, many mobile application users took advantage of features such as peer-to-peer money payments and photo-based remote check deposit for the first time.

Although some banks operate home banking branches, also called cyber branches, and branches of other service types, some banks operate no physical branches. These banks, called "online-only banks" for this discussion, have reported strong deposit growth in recent years despite the absence of brick-and-mortar branches.[17] As of June 30, 2021, the FDIC insured six online-only banks, and five (81.8 percent) were noncommunity banks. Deposits for these banks totaled $152.3 billion, an increase of 5.4 percent during the year ending June 30, 2021, and an increase of 18.6 percent compared with the pre-pandemic level (the year ending June 30, 2019).

[15] FDIC, "How America Banks: Household Use of Banking and Financial Services, 2019 FDIC Survey," https://www.fdic.gov/analysis/household-survey/index.html.

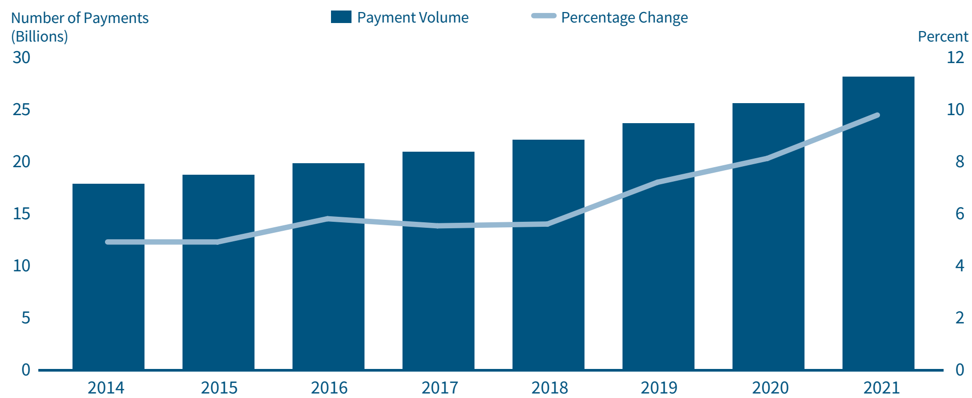
[16] S&P 2021 U.S. Mobile Banking Market Report.

[17] Online-only banks are defined as banks that meet each of the following criteria: the bank does not belong to a multibank holding company; the bank operates only a main branch and no additional branches; and the main branch is listed as a cyber branch.

The volume and number of automated clearinghouse (ACH) payments continue to rise as bank customers and governmental entities increasingly use remote banking applications to meet financial needs (Chart 4, Chart 5).[18] The ACH network supports electronic funds payments to and from bank accounts, enabling customers to perform many routine banking transactions remotely. The number of ACH payments processed in first quarter 2021 was the highest on record, with 2.7 billion payments processed, including 110 million economic impact payments distributed by the U.S. government. The level of ACH payments, including direct deposits, consumer bill pay, person-to-person, and business-to-business payments, has continued to trend upward over the past ten years. Compared with first quarter 2020, the number of ACH payments increased 9.9 percent (up 655 million) and total dollar volume of ACH payments increased 24.6 percent, including a 28.7 percent increase in business-to-business ACH payments.

**Chart 4**

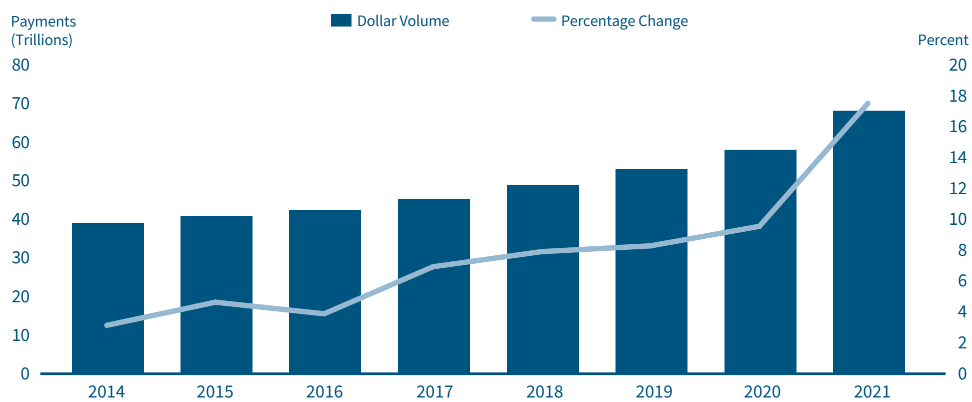
**The Number of Automated Clearinghouse Payments Continues to Rise**




Source: Nacha.
Note: Data are totals from third quarter of the previous year to second quarter of the year shown.

**Chart 5**

**The Volume of Automated Clearinghouse Payments Rose Sharply in 2021**




Source: Nacha.
Note: Data are totals from third quarter of the previous year to the second quarter of the year shown.

[18] All ACH payment data are derived from Nacha, formerly known as the National Automated Clearinghouse Association.

The U.S. government delivers most of its payments to the public electronically using ACH or direct deposit payments, eliminating the need to visit a brick-and-mortar branch or automated teller machine to cash or deposit a physical check. These ACH payments include 99.5 percent of federal salaries, 99 percent of Social Security benefits, 90 percent of tax refunds, and 79 percent of economic impact payments.[19] The growth of ACH payments that flow directly into the banking system supports deposit growth in the banking industry in a way that does not depend on the number or location of physical branches.

## Conclusion

Total deposits in domestic branches of FDIC-insured institutions continued to grow at a rate that exceeded the pre-pandemic average but was lower than the extraordinarily high growth rate reported as of June 30, 2020. Continued government payments to consumers and businesses, and fiscal and monetary policy responses to the pandemic helped support the elevated deposit growth rate during the year ending June 30, 2021. Growth in total deposits was widespread, reflecting increased deposit holdings for community banks and noncommunity banks; banks of different asset size groups; banks with a wide variety of lending specializations; and banks in metropolitan, micropolitan, and rural areas.

The net number of branches nationwide continued to decline. Community banks not only continued to operate more branches than noncommunity banks in rural and micropolitan areas but also closed branches at slower rates in those areas. The relatively large presence of community banks in rural and micropolitan areas reflects the continued importance of community banks in serving local communities. MDIs, primarily a subset of community banks, continued to serve their communities as well. MDIs were among the few subgroups of the banking industry that reported a net merger-adjusted addition of branches during the most recent SOD reporting period. Bank customers have continued to use mobile and internet banking platforms and applications at an increasing rate to perform banking transactions, potentially reducing the need for physical branches.

Authors:

**Caitlyn R. Kasper**
Financial Analyst
Division of Insurance and Research

**Camille A. Keith**
Economic Analyst
Division of Insurance and Research

**Erica J. Tholmer**
Senior Financial Analyst
Division of Insurance and Research

**Anthony M. Waltrich**
Economic Research Assistant
Division of Insurance and Research

[19] For more information about direct deposits of government payments, see https://www.nacha.org/content/government-affairs.