2022 SUMMARY OF DEPOSITS HIGHLIGHTS

Responses to the Summary of Deposits (SOD) Survey for the year ending June 30, 2022, reflected moderation in deposit growth following extraordinary growth in the years ending June 2020 and June 2021. Total deposits of domestic offices of FDIC-insured institutions increased 5.2 percent during the most recent SOD reporting period.[1] In the aggregate, banks in all asset size groups, community and noncommunity banks, banks in metropolitan, micropolitan, and rural areas, and banks designated as Minority Depository Institutions (MDIs) all reported increases in deposits for the year ending June 30, 2022.

Deposit growth for this survey period follows near-record deposit growth in the preceding two years. The 2020 SOD Survey showed a 21.7 percent increase in deposits, the largest one-year percentage increase since the 1940s.[2] The 2021 SOD Survey showed deposit growth of 10.6 percent, nearly double the pre-pandemic (June 2010 to June 2019) average annual rate of 5.4 percent.[3]

The moderation in the annual deposit growth rate came with a slight deceleration in bank office closures. Between June 2021 and June 2022, the number of bank offices fell 3.1 percent, continuing a 13-year trend of decline, but the rate of decline in 2022 was slightly lower than the record rate of decline of 3.8 percent reported in 2021. In aggregate, banks in all asset size groups, in both community and noncommunity banks, and in metropolitan, micropolitan, and rural areas reported net office closures.

More than two years since the onset of the COVID-19 pandemic, migration effects of the pandemic on bank offices may be appearing in SOD Survey results. Changes in the number of offices between 2021 and 2022 show some relationship to reported migration patterns in metropolitan statistical areas (MSAs) between 2020 and 2021.

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

[2] Joseph R. Harris III, Caitlyn R. Kasper, Camille A. Keith, and Derek K. Thieme, "2020 Summary of Deposits Highlights," *FDIC Quarterly* 15, no. 1 (2021): 51–63.

[3] The period June 2010 to June 2019 is used consistently throughout this article as the pre-pandemic period. It begins one year after the end of the Great Recession and ends in the final SOD Survey period before the onset of the pandemic in early 2020.

SUMMARY OF DEPOSITS OVERVIEW

The Summary of Deposits (SOD) is a unique source of information about the number and physical locations of the tens of thousands of bank offices across the United States. The SOD data also include a dollar amount of deposits for each bank office. While SOD data are informative, they have some limitations due to the varying methods used by banks for attributing deposits to bank offices, as described below.

The full reporting instructions for the SOD can be found at https://www.fdic.gov/resources/bankers/call-reports/summary-of-deposits/summary-of-deposits-reporting-instructions.pdf.

The relevant reporting instructions are summarized below.

Institutions should assign deposits to each office in a manner consistent with their existing internal record-keeping practices. The following are examples of procedures for assigning deposits to offices:

- Deposits assigned to the office in closest proximity to the accountholder's address,
- Deposits assigned to the office where the account is most active,
- Deposits assigned to the office where the account was opened, and
- Deposits assigned to offices for branch manager compensation or similar purposes.

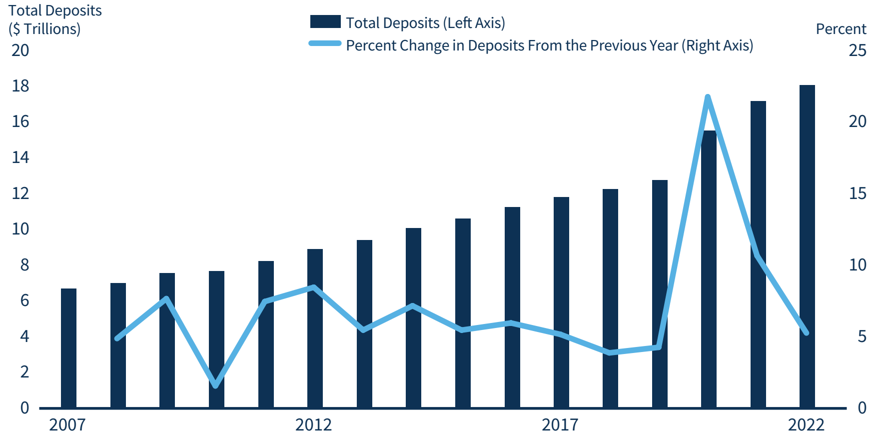
Other methods that logically reflect the deposit gathering of the financial institution's branch offices may also be used. It is recognized that certain classes of deposits and deposits of certain types of customers may be assigned to a single office for reasons of convenience or efficiency. However, deposit allocations that diverge from the financial institution's internal record-keeping systems and misstate or distort the deposit gathering of an office should not be used.

NATIONAL DEPOSIT GROWTH MODERATED FROM RECENT HIGHS

Between June 2021 and June 2022, deposits increased by $895.1 billion (5.2 percent) to $18.1 trillion. Deposit growth continued to slow from the near-record growth rate reported in 2020, and was slightly below the average pre-pandemic rate of 5.4 percent (Chart 1). Deposit growth in 2020 and 2021 was due largely to conditions related to the pandemic, but by 2022, fiscal and monetary assistance related to the pandemic had waned. That development, and yields on deposits that lagged the general increase in interest rates that began in the first half of 2022, contributed to a slowdown in deposit growth to more normal levels.

Chart 1

Deposit Growth Continued to Moderate After a Near-Record Increase in 2020



Source: FDIC Summary of Deposits, June 30, 2007, to June 30, 2022.

LARGE BANKS REPORTED THE LARGEST DEPOSIT GROWTH AS BANKS MOVED INTO HIGHER ASSET SIZE GROUPS

On a non-merger-adjusted basis, reflecting the changing structure of the banking industry, the smallest banks reported declining deposit balances compared with the largest banks. Banks with more than $250 billion in assets in June 2022 reported 73.0 percent growth in deposits between 2017 and 2022, while banks with less than $1 billion in assets reported a 2.7 percent decline in deposits during that period (Table 1).

The non-merger-adjusted results reflect the effects of changes in the universe of banks that fall into each asset size group. For example, Table 1 compares the deposits of the nine banks with more than $250 billion in assets that existed as of June 30, 2017, to the 13 that existed as of June 30, 2022. Without adjusting for mergers and organic asset growth that can contribute to the change in the number of banks in each size group, it might appear that the smallest banks are losing the competition for deposits or losing their deposit base. However, some small bank deposits "became" large bank deposits because some small banks were acquired by large banks, two small banks merged

Table 1

Large Banks Reported the Largest Deposit Growth From 2017 to 2022 on a Non-Merger-Adjusted Basis

Bank Size	Year-Over-Year Deposit Growth, Not Adjusted for Mergers (Percent)					
	2018	2019	2020	2021	2022	2017 to 2022
Assets Greater Than $250 Billion	2.0	3.9	41.2	9.6	5.5	73.0
Assets $10 Billion to $250 Billion	10.5	7.0	3.1	13.8	6.0	47.1
Assets $1 Billion to $10 Billion	−2.2	1.4	18.9	10.1	3.4	34.2
Assets Less Than $1 Billion	−4.1	−2.8	−0.7	3.9	1.2	−2.7
All Banks	**3.8**	**4.2**	**21.7**	**10.6**	**5.2**	**53.2**

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

into one large bank, or some small banks crossed the threshold into a larger asset size group. In these instances, some small banks' deposits would contribute to the growth of larger banks and subtract from the growth of smaller banks.[4]

To control for these effects, bank deposit data can be "merger-adjusted" to identify the changes in deposit growth that resulted solely from the organic growth of deposits, as opposed to changes resulting from the effects of mergers. In such an analysis, the specific banks in each asset size group are identified as of the most recent quarter. Then, the banks that those banks acquired over the period being analyzed are identified, and the deposits of the acquired banks are added to the deposits of the acquiring bank in the previous period.[5]

On a merger-adjusted basis, deposit growth was more evenly distributed among asset size groups (Table 2). For example, between 2017 and 2022, the smallest banks reported merger-adjusted deposit growth of 54.0 percent. This figure was higher than the deposit growth rate reported by the largest size group and was much larger than the non-merger-adjusted deposit decline of 2.7 percent.

Table 2

When Adjusting for Mergers and the Movement of Banks Between Asset Size Groups, Large Bank Deposit Growth Falls in Line With Other Groups

	Year-Over-Year Deposit Growth, Adjusted for Mergers (Percent)					
Bank Size	2018	2019	2020	2021	2022	2017 to 2022
Assets Greater Than $250 Billion	1.7	3.1	24.5	9.6	4.6	49.6
Assets $10 Billion to $250 Billion	6.0	4.9	19.6	11.4	4.8	55.3
Assets $1 Billion to $10 Billion	5.9	6.3	18.4	12.7	8.8	63.4
Assets Less Than $1 Billion	4.2	4.5	16.0	13.5	7.3	54.0

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

DEPOSIT GROWTH REMAINED ELEVATED FOR COMMUNITY BANKS

Community banks reported deposit growth of 4.8 percent and noncommunity banks reported deposit growth of 5.3 percent in the year ending June 30, 2022 (Table 3).[6] These reported numbers are not adjusted for mergers and indicate that annual deposit growth rates are higher for noncommunity banks.

[4] For example, between 2021 and 2022, 17 banks with a total of $30.1 billion in deposits dropped into smaller asset size groups, while 79 banks with $191.4 billion in deposits crossed the threshold into larger asset size groups.

[5] In this article, merger-adjusting is conducted in one-year increments. For example, the merger-adjusted growth rate of the largest institutions between 2021 and 2022 depicts the growth over that year of the combined deposits of the June 30, 2022, cohort of the largest institutions and the deposits of all the institutions they acquired between 2021 and 2022. The same process is conducted for each increment of one year. The five-year growth rate is the compounded growth rate based on each growth rate between 2018 and 2022. For an explanation of the reasons for and process of merger adjusting bank data, read Eric C. Breitenstein and Derek K. Thieme, "Merger Adjusting Bank Data: A Primer," *FDIC Quarterly* 13, no. 1 (2019):31-49.

[6] 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.

Table 3

Deposit Growth Remained Elevated for Community Banks but Moderated for Noncommunity Banks in 2022						
	2018	2019	2020	2021	2022	2017 to 2022
Bank Designation	Year-Over-Year Domestic Deposit Growth, Not Adjusted for Mergers (Percent)					
Noncommunity Banks	4.3	4.5	23.9	10.4	5.3	57.0
Community Banks	0.9	2.2	8.9	12.1	4.8	32.0
	Year-Over-Year Domestic Deposit Growth, Adjusted for Mergers (Percent)					
Noncommunity Banks	3.7	3.9	22.6	10.3	4.8	52.6
Community Banks	4.9	5.5	16.5	13.5	8.4	58.7

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

On a merger-adjusted basis, deposit growth was higher for community banks than noncommunity banks in 2022. Community bank year-over-year deposit growth was 8.4 percent and noncommunity bank year-over-year deposit growth was 4.8 percent. The merger-adjusted deposit growth of community banks reflects the change in deposits over the previous year of the banks identified as community banks as of June 30, 2022. Non-merger-adjusted growth, by contrast, compares the deposits of the 4,490 identified community banks as of June 30, 2021, to those of the 4,333 identified community banks as of June 30, 2022.

METROPOLITAN DEPOSIT GROWTH LAGGED BEHIND THAT OF MICROPOLITAN AND RURAL AREAS

Annual deposit growth rates in metropolitan, micropolitan, and rural areas slowed and converged to between 5 and 6 percent for the year ending June 30, 2022 (Table 4).[7] Growth rates in micropolitan and rural areas remained slightly higher than growth rates in metropolitan areas.

Offices in metropolitan areas continued to hold the majority of deposits ($16.9 trillion or 93.4 percent of the total), followed by offices in micropolitan areas ($701.4 billion or 3.9 percent of the total) and rural areas ($497.5 billion or 2.7 percent of the total).

Slower deposit growth in metropolitan areas than in other areas for the years ending June 30, 2021, and June 30, 2022, stands in contrast to the pattern of the previous four years. Still, between 2017 and 2022, offices in metropolitan areas reported the highest deposit growth rate of the three county types, with a 54.1 percent increase in deposits. As a result, the share of deposits in metropolitan areas increased from 92.8 to 93.4 percent during the same period. Banks in micropolitan areas experienced the second-highest five-year growth at 44.1 percent but experienced a slight decline in total

[7] Counties are metropolitan, micropolitan, or rural depending on whether they are in areas designated by the U.S. Office of Management and Budget 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. As of 2020, there were 1,174 metropolitan counties (37.8 percent), 655 micropolitan counties (21.1 percent), and 1,279 rural counties (41.2 percent) with offices of banks.

market share from 4.1 percent to 3.9, largely due to the deposit surge in metropolitan areas. Banks in rural areas experienced the lowest deposit growth at 38.1 percent, with total market share declining from 3.1 percent to 2.7 percent.

Table 4

Deposits in Micropolitan Counties Rose Most Among County Types in 2022

	Year-Over-Year Change (Percent)						
County Type	2017	2018	2019	2020	2021	2022	2017 to 2022
Metropolitan	5.2	3.9	4.3	22.3	10.5	5.2	54.1
Micropolitan	3.4	2.3	2.7	15.3	12.3	5.9	44.1
Rural	3.1	2.2	2.9	11.4	11.5	5.7	38.1

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.
Note: Data are not adjusted for mergers.

AVERAGE DEPOSITS PER BANK AND OFFICE CONTINUED TO INCREASE

The number of banks declined from 4,950 to 4,771 between June 2021 and June 2022, and the number of offices declined from 81,781 to 79,214 (Table 5). While the number of banks and offices decreased, offices per bank increased and continued to exceed the pre-pandemic average.

An increase in deposits combined with a decrease in the number of banks and offices drove increases in both average deposits per bank and average deposits per office during the year ending June 2022. The balance of deposits per office increased 8.6 percent in 2022, slowing from the record increase of 23.7 percent reported in 2020, but higher than the pre-pandemic average growth rate of 6.9 percent.

Table 5

The Pace of Net Office Closures Slowed in 2022 After a Record Year for Closures in 2021

Year	Number of Banks	Number of Offices	Offices per Bank	Deposits ($ Billions)	Deposits per Bank ($ Millions)	Deposits per Office ($ 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	81,781	16.5	17,196	3,474	210,271
2022	4,771	79,214	16.6	18,091	3,792	228,385

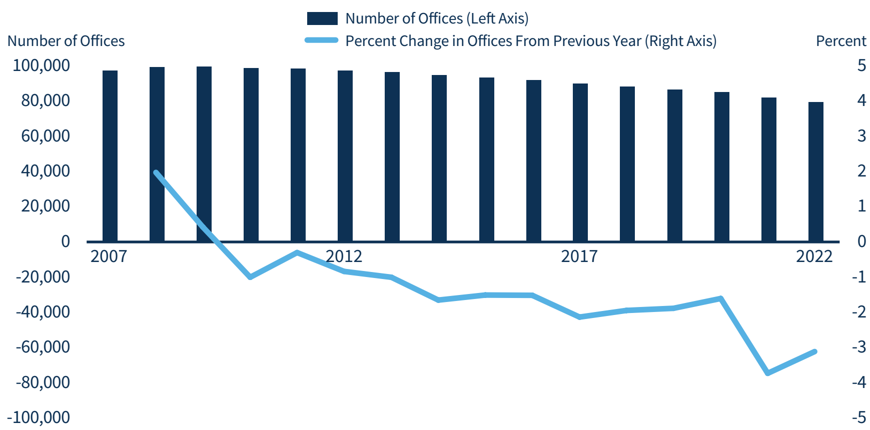
Source: FDIC Summary of Deposits, June 30, 2022.
Note: Data are not adjusted for mergers.

THE NUMBER OF OFFICES CONTINUED TO DECLINE, BUT THE RATE OF DECLINE SLOWED FROM A RECORD HIGH

The number of offices declined 3.1 percent between June 2021 and June 2022, slightly lower than the historically high decline of 3.8 percent reported in 2021 though still higher than the pre-pandemic average of 1.4 percent (Chart 2). Of the 4,771 banks that existed as of June 30, 2022, 556 (11.7 percent) reported net office openings, 367 (7.7 percent) reported net office closures, and 3,848 (80.7 percent) reported no net change in office count. Only 11.8 percent of banks closed any offices. A larger share of noncommunity banks (41.1 percent) closed offices than did community banks (8.8 percent).

Chart 2

The Rate of Office Closures Slowed After a Record Rate of Decline in 2021



Source: FDIC Summary of Deposits, June 30, 2007, to June 30, 2022.

SMALL BANKS REPORTED THE LARGEST REDUCTION IN OFFICES AS BANKS MOVED INTO HIGHER ASSET SIZE GROUPS

On a non-merger-adjusted basis, the smallest banks reported the largest net decline in the offices they operated from 2017 to 2022. Banks with less than $1 billion in assets as of June 2022 reported a 27.4 percent decline in offices between 2017 and 2022 (Table 6).

Table 6 illustrates how non-merger-adjusted data can be volatile as banks move in and out of asset size groups due to asset growth, mergers, or acquisitions. For example, the number of offices operated by banks with more than $250 billion in assets grew 10.2 percent between June 2019 and June 2020, while the number of offices of the banks with between $10 billion and $250 billion in assets declined 9.4 percent. This shift was heavily influenced by two banks in the smaller size group merging to form one bank with more than $250 billion in assets, shifting their offices into the larger size group. The numbers in Table 6 reflect not just openings and closures of offices, but shifts in the ownership of offices resulting from mergers and asset growth.

Table 6

The Smallest Banks Reported the Largest Decline in Offices From 2017 to 2022 on a Non-Merger-Adjusted Basis

Bank Size	Year-Over-Year Office Growth, Not Adjusted for Mergers (Percent)					
	2018	2019	2020	2021	2022	2017 to 2022
Assets Greater Than $250 Billion	–2.8	–3.9	10.2	–6.9	–3.0	–7.2
Assets $10 Billion to $250 Billion	6.4	0.8	–9.4	–1.4	–3.7	–7.8
Assets $1 Billion to $10 Billion	–7.5	0.0	5.0	–0.2	–1.8	–4.8
Assets Less Than $1 Billion	–5.6	–4.6	–10.6	–6.1	–4.0	–27.4
All Banks	**–2.0**	**–1.9**	**–1.6**	**–3.8**	**–3.1**	**–11.8**

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

On a merger-adjusted basis, the results are reversed, reflecting that small banks—after accounting for asset growth and mergers—have opened offices on net. The largest banks reported the largest decline in offices from 2017 to 2022 (Table 7). Conversely, the smallest banks reported year-over-year increases in offices in each of the five years of analysis.

Table 7

When Adjusting for Mergers and the Movement of Banks Between Size Groups, the Smallest Banks Opened Offices on Net From 2017 to 2022

Bank Size	Year-Over-Year Office Growth, Adjusted for Mergers (Percent)					
	2018	2019	2020	2021	2022	2017 to 2022
Assets Greater Than $250 Billion	–2.8	–3.9	–2.5	–6.9	–5.6	–20.1
Assets $10 Billion to $250 Billion	–3.9	–3.7	–3.6	–4.6	–4.7	–18.8
Assets $1 Billion to $10 Billion	–0.9	0.1	0.0	–2.0	–0.9	–3.7
Assets Less Than $1 Billion	0.8	1.4	1.1	0.4	0.6	4.3

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

OFFICE CLOSINGS WERE RELATIVELY LESS FREQUENT IN RURAL COUNTIES

The number of offices across all county types, and between community and noncommunity banks, continued to decline through June 30, 2022. Among the three county types, both the number and the rate of net office closures were highest in metropolitan areas, followed by micropolitan areas and then rural areas, through June 30, 2022.

Metropolitan areas contain the vast majority of bank offices, roughly 62,000 of 79,000 total offices, or 78.6 percent. Between 2017 and 2022, banks reduced offices in metropolitan areas by 8,981 (12.6 percent). Community banks reduced offices in metropolitan areas at a slightly higher rate (13.7 percent) than did noncommunity banks (12.2 percent) (Table 8). As these figures are not adjusted for mergers, this does not mean that community banks closed 13.7 percent of offices in metropolitan counties in that time, but rather that 13.7 percent of their offices closed or became offices of noncommunity banks through mergers or reclassification.[8]

Micropolitan and rural county types fared slightly better than metropolitan areas in net office closings. Community banks serve micropolitan and rural areas with more offices than do noncommunity banks—72.2 percent of the office locations in rural areas and 57.5 percent of the office locations in micropolitan areas are of community banks.

Table 8

The Number of Offices in All County Types Has Declined Over the Past Five Years

Bank Designation		Year-Over-Year Change in Offices, Not Adjusted for Mergers (Percent)					
		2018	2019	2020	2021	2022	2017 to 2022
Metropolitan	Noncommunity Banks	–1.7	–1.7	–1.1	–4.9	–3.4	–12.2
	Community Banks	–3.0	–3.1	–3.4	–1.7	–3.5	–13.7
	All Banks	–2.1	–2.1	–1.7	–4.0	–3.4	–12.6
Micropolitan	Noncommunity Banks	–2.4	–3.0	–0.9	–3.9	–2.2	–11.9
	Community Banks	–1.3	–0.6	–2.0	–2.8	–2.4	–8.7
	All Banks	–1.8	–1.7	–1.5	–3.2	–2.3	–10.1
Rural	Noncommunity Banks	–3.3	–0.8	0.4	–1.0	–1.8	–6.3
	Community Banks	–0.6	–1.1	–2.0	–2.3	–1.9	–7.8
	All Banks	–1.3	–1.0	–1.4	–2.0	–1.9	–7.4
All	Noncommunity Banks	–1.9	–1.7	–1.0	–4.7	–3.2	–11.9
	Community Banks	–2.2	–2.2	–2.8	–2.0	–2.9	–11.6

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

On a merger-adjusted basis, community banks increased their offices by 1.7 percent between 2017 and 2022, while noncommunity banks reduced offices by 17.9 percent during that period (Table 9). In the year ending June 30, 2022, community banks closed a net 13 offices after adjusting for mergers, while noncommunity banks closed roughly 2,500 offices, equating to an annual rate of decline of 4.7 percent across the three county types. Similar to merger adjustment of deposits, merger adjustment of offices tracks the net change in offices through time of a current cohort of banks and all the banks that the cohort acquired during the analysis period. The results of the merger-adjusted analysis just described indicate, in short, that community banks closed far fewer offices than noncommunity banks during the time period described.

[8] Such reclassifications are for FDIC research purposes and do not reflect any regulatory designation.

Table 9

Community Banks Closed Very Few Offices in 2022

County Type		Year-Over-Year Change in Offices, Adjusted for Mergers (Percent) 2018	2019	2020	2021	2022	2017 to 2022
Metropolitan	Noncommunity Banks	3.0	−3.2	−2.5	−5.4	−4.6	−17.4
	Community Banks	0.6	1.4	1.0	0.0	0.1	3.1
Micropolitan	Noncommunity Banks	−4.4	−4.4	−3.3	−6.7	−5.1	−21.7
	Community Banks	0.4	0.5	0.0	−0.5	−0.1	0.1
Rural	Noncommunity Banks	−4.4	−3.6	−4.1	−5.9	−5.8	−21.7
	Community Banks	−0.1	0.0	−0.2	−0.3	−0.3	−0.9
All	Noncommunity Banks	−3.2	−3.3	−2.6	−5.5	−4.7	−17.9
	Community Banks	0.4	0.9	0.5	−0.2	0.0	1.7

Source: FDIC Summary of Deposits, June 30, 2017, to June 30, 2022.

ALMOST ALL COUNTIES IN THE UNITED STATES HAVE AT LEAST ONE OFFICE OF AN FDIC-INSURED INSTITUTION

Office locations are geographically widespread, with offices in 99 percent of the counties in the United States. Counties with no office presence are sparsely populated, with populations ranging from 90 to 8,100 residents as of the 2020 census. Of all U.S. counties with an office presence, 5 percent have a single office. Approximately 76 percent of single-office counties are rural and 65 percent of single-office counties are served by a community bank. Of the 1,279 rural counties with an office presence, 92 percent are served by at least one community bank, underscoring the importance of community bank presence in rural areas.

MDIS, SUPPORTED BY AN INCREASE IN DEPOSITS, CONTINUED TO SERVE AN IMPORTANT PURPOSE

MDIs play an important role in supporting growth in low- and moderate-income communities by creating jobs, growing small businesses, and building wealth.[9] MDIs are primarily in areas characterized by dense populations, with 88.6 percent of MDI offices in metropolitan areas. Like community banks, MDIs typically have smaller geographic footprints than noncommunity banks and rely on core deposits to fund loan growth. Most MDIs (120 of 144) also met the FDIC's definition of a community bank as of June 30, 2022.[10]

From 2021 to 2022, banks of every MDI designation reported an increase in deposits (Table 10). Not adjusted for mergers, deposits rose 4.7 percent ($12.7 billion), with the largest percentage increases in institutions identified as multiracial (up 64.7 percent, or $164.2 million) and Native American (up 22.6 percent, or $1.1 billion). On a merger-adjusted basis, MDI deposits increased 5.2 percent ($13.9 billion), with the largest percentage increases in institutions

[9] FDIC, Minority Depository Institutions Program, Mission-Driven Bank Fund.

[10] 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. For more information about MDIs read: FDIC, "2019 Minority Depository Institutions: Structure, Performance, and Social Impact."

identified as multiracial (up 64.7 percent or $164.2 million) and Black (up 17.6 percent or $942.1 million).[11]

The number of offices operated by MDIs declined slightly during the most recent SOD reporting period. Collectively, as of June 30, 2022, the number of MDI offices declined by ten, to 1,522 offices. This 0.7 percent decline in offices operated by MDIs was far less than the 3.1 percent decline in offices operated by all banks. The net decline in offices resulted from changes in MDI office networks, including 55 office openings and 65 office closings during the year ending June 30, 2022. After adjusting for the effects of mergers, MDI offices declined by seven.

Table 10

MDIs Reported an Increase in Deposits on a Merger–Adjusted and Non–Merger–Adjusted Basis

Designation	Number of Banks in 2022	Year-Over-Year Change in Deposits (Percent): Not Adjusted for Mergers	Year-Over-Year Change in Deposits (Percent): Adjusted for Mergers	Net Office Openings/Closings (Number): Not Adjusted for Mergers	Net Office Openings/Closings (Number): Adjusted for Mergers
Asian	73	4.8	6.3	5	14
Black	19	15.4	17.6	0	1
Hispanic	30	3.2	2.8	–30	–31
Native American	20	22.6	14.5	14	8
Multiracial	2	64.7	64.7	1	1
All MDIs	**144**	**4.7**	**5.2**	**–10**	**–7**

Sources: FDIC Summary of Deposits, June 30, 2021, to June 30, 2022, and FDIC MDI List.
Note: MDI is Minority Depository Institution.

THE COVID-19 PANDEMIC CHANGED MIGRATION PATTERNS

The COVID-19 pandemic fostered a work from home environment that allowed people to move further away from their offices, which changed migration patterns. Before the pandemic, people were generally moving out of the Northeast and Midwest, and into the South and West. However, from 2020 to 2021, people moved out of the Northeast and into the South at a faster rate, and began to move out of the West.

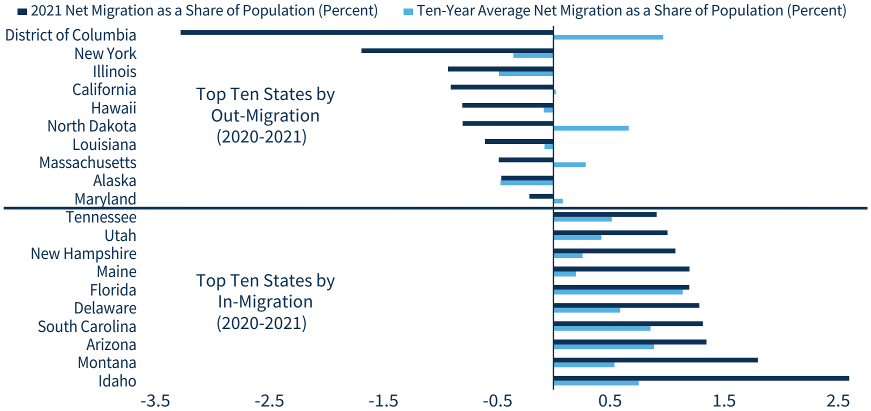
Out-migration from 2020 to 2021 was led mostly by expensive, densely populated states, while in-migration was led by less densely populated states mostly in the South and West (Chart 3). Seven of the ten states leading out-migration were among the states with the highest cost of living in 2022.[12] The District of Columbia, California, North Dakota, and Massachusetts experienced in-migration in the ten years before the pandemic but were among the top ten states leading out-migration from 2020 to 2021. All top ten states by in-migration had experienced in-migration in the ten years before the pandemic but experienced it at a much faster rate from 2020 to 2021.

[11] Of the six institutions that were designated as MDIs in 2021 but not in 2022, four merged into institutions that were not designated as MDIs in 2022. Two institutions merged into institutions of the same MDI type. Additionally, six institutions were designated as MDIs in 2022 that were not previously designated as MDIs in 2021.

[12] Cost of living data come from Missouri Economic Research and Information Center.

Chart 3

Out-Migration in 2021 Was Led by Densely Populated States

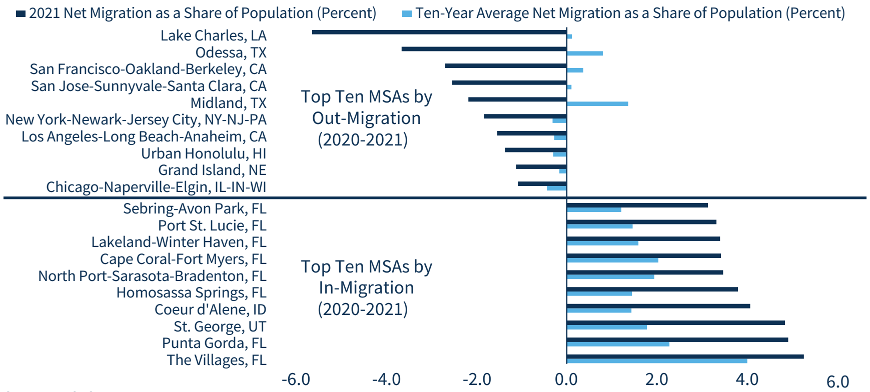


Source: U.S. Census Bureau.
Note: The ten-year average is 2010 through 2020.

Drilling down to the MSA level shows similar patterns in out-migration, with mostly expensive, more densely populated cities also leading out-migration (Chart 4). The largest cities in California, New York, and Illinois drove out-migration, while MSAs in Florida as well as metropolitan areas in the Mountain West largely led in-migration. It is reasonable to assume that office trends would eventually follow population trends.

Chart 4

Out-Migration in 2021 Was Led by More Expensive, Densely Populated Cities, While In-Migration Was Led by Southern Cities



Source: U.S. Census Bureau.
Note: The ten-year average is 2010 through 2020.

THE NET CHANGE IN NUMBER OF OFFICES FOLLOWED MIGRATION PATTERNS

The top ten MSAs by number of net office openings were concentrated in MSAs in less densely populated states, while net office closings were highest in the largest MSAs, similar to the trend of out-migration patterns (Table 11). Six of the cities in the top ten states or MSAs by out-migration were also in the top ten for net office closings. Larger MSAs historically have experienced higher net office closures, and migration due to the pandemic may have reinforced this trend.[13]

While there was no overlap in the top ten MSAs by in-migration and top ten MSAs by net office openings, three of the top ten MSAs by net openings were within the top states by in-migration (Nashville-Davidson-Murfreesboro-Franklin, TN; Portland-South Portland, ME; Provo-Orem, UT).

Table 11

Office Closings Outpace Office Openings in Metropolitan Areas, and the Largest Cities Had the Most Net Office Closings Over the Past Year

Top MSAs by Net Openings	Net Openings	Top MSAs by Net Closings	Net Closings
Minneapolis-St. Paul-Bloomington, MN-WI	7	New York-Newark-Jersey City, NY-NJ-PA*	–218
Jonesboro, AR	4	Washington-Arlington-Alexandria, DC-VA-MD-WV*	–101
Nashville-Davidson-Murfreesboro-Franklin, TN*	4	Chicago-Naperville-Elgin, IL-IN-WI*	–88
Albuquerque, NM	2	Detroit-Warren-Dearborn, MI	–79
Auburn-Opelika, AL	2	Los Angeles-Long Beach-Anaheim, CA*	–79
Bend, OR	2	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	–78
Burlington-South Burlington, VT	2	Boston-Cambridge-Newton, MA-NH*	–64
Des Moines-West Des Moines, IA	2	Miami-Fort Lauderdale-Pompano Beach, FL	–62
Portland-South Portland, ME*	2	Atlanta-Sandy Springs-Alpharetta, GA	–56
Provo-Orem, UT*	2	Baltimore-Columbia-Towson, MD*	–44
Sioux Falls, SD	2		

Source: FDIC Summary of Deposits, June 30, 2021, to June 30, 2022.
Note: MSAs are metropolitan statistical areas. Asterisks denote MSAs that followed state-level or MSA-level migration trends.

Patterns of net office openings and closings appear broadly consistent with migration patterns. In contrast, the data do not reveal any readily apparent correspondence between changes in the location of SOD-reported deposits and migration patterns. Possible explanations for the difference could include a lag effect in the location of offices that banks report deposits in, banks reporting deposits where the account was opened, or other factors such as the decreasing reliance by some customers on physical branches. Future analysis of deposit and office data relative to population levels and flows may be of interest.

[13] Joseph R. Harris III, Caitlyn R. Kasper, Christopher J. Raslavich, and Derek K. Thieme, "2019 Summary of Deposits Highlights," *FDIC Quarterly* 14, no. 1 (2019): 31–43.

CONCLUSION

The SOD Survey results for the year ending June 30, 2022, showed moderating deposit growth and net office closures from recent highs. As the structure of the banking industry has shifted over the past several years, so too has the composition of deposits and offices at FDIC-insured institutions. Larger institutions and noncommunity banks have reported strong deposit growth. The smallest institutions have declined in number, and so too have their deposits and offices.

The comparatively high increase in deposits and comparatively low net office closures at larger banks resulted from mergers and movement of banks across asset size groups. A merger-adjusted analysis that focuses on identifying organic deposit growth and changes in the number of offices that are unrelated to mergers paints a different picture. Merger-adjusted deposit growth at the group of institutions designated the smallest as of June 30, 2022, and at community banks more broadly, exceeded that of their larger peers in the past year. Similarly, after accounting for the movement of banks in and out of size groups, and for mergers and acquisitions, smaller institutions reported much lower office reductions than larger institutions. Deposit growth in micropolitan and rural areas continued to outpace deposit growth in metropolitan areas in 2022, while net office closings were highest in the largest MSAs, similar to out-migration trends. Like their community bank peers, MDIs reported deposit growth in the year ending June 30, 2022, allowing them to continue to lend to the communities they serve.

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