2023 SUMMARY OF DEPOSITS HIGHLIGHTS

INTRODUCTION

- **Domestic deposits declined 4.8 percent in the year ending June 2023**
- **Deposit declines were greatest at large banks**
- **Community banks reported deposit growth over the year**
- **Community banks opened offices in metro, micro, and rural counties**

Responses to the Summary of Deposits (SOD) Survey for the year ending June 30, 2023, reflected a decline in deposits following extraordinary growth in the years ending June 2020 and June 2021, and more moderate growth in the year ending June 2022. The surge in deposits from the fiscal and monetary stimulus during the pandemic, coupled with decreased consumer spending, began to decline in 2022. These deposits began leaving as interest rates increased, and again in the weeks following three bank failures in early 2023. Total domestic deposits of FDIC-insured institutions decreased 4.8 percent in the year ending June 2023, the first annual decline in deposits since 1995, while the number of banks decreased 2.6 percent.[1] The largest rate of deposit decline occurred at institutions with assets greater than $250 billion and institutions located in metropolitan counties. Deposit outflows largely subsided by second quarter 2023, declining slightly from $18.7 trillion to $18.6 trillion between March 31, 2023, and June 30, 2023. By June 30, 2023, deposit levels were still 9.2 percent above where they would have been using the pre-pandemic (June 2010 to June 2019) average annual growth rate of 5.4 percent.

The SOD Survey also showed a deceleration in office closures. Between June 2022 and June 2023, the number of offices fell 1.7 percent, continuing a 14-year trend of decline. This was a slower rate of office closures than the 3.8 percent in 2021 and the 3.2 percent in 2022. Banks located in metropolitan counties reported the largest decline in offices, a 1.9 percent decrease. Community banks reported a 0.3 percent increase in offices, while noncommunity banks reported a 2.7 percent decrease.

[1] An annual decline in deposits refers to a net decline in domestic deposits over the previous four quarters. The last annual decline in deposits occurred in March 1995, when deposits declined 0.1 percent between March 31, 1994, and March 31, 1995. The last quarterly decline in deposits—0.2 percent—occurred in second quarter 2018.

SUMMARY OF DEPOSITS OVERVIEW

The Summary of Deposits (SOD) Survey 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 domestic 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 survey 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
- Deposits assigned to offices for manager compensation or similar purposes

Other methods for assigning deposits to offices may also be used. 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.

TOTAL DEPOSITS DECLINED FOR THE FIRST TIME SINCE 1995

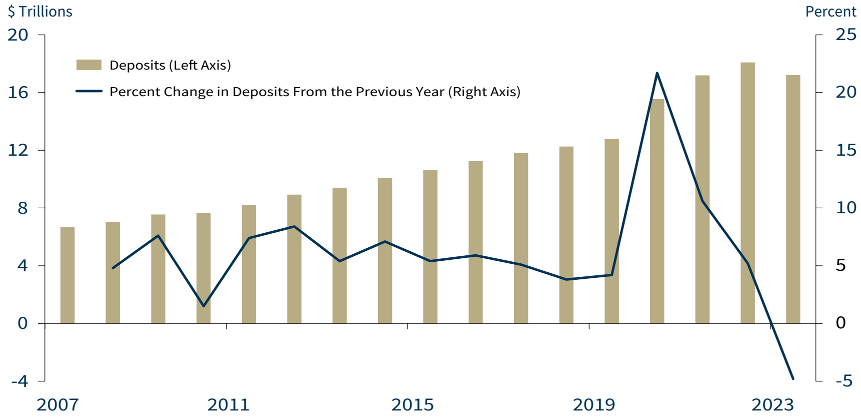
Between June 2022 and June 2023, deposits decreased $874.1 billion to $17.2 trillion (4.8 percent).[2] This was the first year-over-year decrease in deposits since 1995 and a notable shift in deposit trends since the 2008 financial crisis (Chart 1). The increase in deposit balances in 2020 and 2021 followed changes in consumer behavior and fiscal and monetary responses stemming from the COVID-19 pandemic. However, by 2022, fiscal and monetary assistance had waned and deposit growth neared its pre-pandemic rate. The annual decline in deposits in 2023 followed a decline that began in second quarter 2022 and had moderated by second quarter 2023.

[2] Quarterly deposit data come from the *FDIC Quarterly Banking Profile*, which has published Consolidated Reports of Condition and Income (Call Report) data since 1984.

A confluence of factors contributed to the decline in deposits. Higher-than-normal inflation in late 2021 led to contractionary monetary policy beginning in early 2022. From January 2022 to June 2023, the federal funds rate increased 500 basis points while the overall cost of deposits increased only 166 basis points.[3] Lower yields on deposit rates lagged other market interest rates, such as those paid by money market funds, contributing to the decline in deposits. The rate of deposit decline increased following three bank failures in the first half of 2023, causing the largest quarterly decline in deposits since Consolidated Reports of Condition and Income (Call Report) data collection began in 1984.[4] Most of the quarterly deposit decline was in uninsured deposits, which include deposits in excess of the standard deposit insurance coverage limit of $250,000 per depositor, per FDIC-insured bank, per ownership category.[5]

Chart 1

Deposits Declined in 2023 After a Near-Record Increase in 2020



Source: FDIC Summary of Deposits, June 30, 2007, to June 30, 2023.

[3] The cost of deposits represents annualized total interest expense on deposits as a percentage of average deposits. The cost of deposits was 0.12 percent in fourth quarter 2021 and 1.78 percent in second quarter 2023. Source: Call Report data from December 31, 2021, to June 30, 2023.

[4] Quarterly Call Report data and annual SOD data became more standardized in 1984.

[5] "Insured Institution Performance," *FDIC Quarterly* 17, no. 2 (2023):1–7, https://www.fdic.gov/analysis/quarterly-banking-profile/qbp/2023mar/qbp.pdf#page=1.

DEPOSIT DECLINES WERE GREATEST AT LARGE BANKS

Banks with assets greater than $10 billion reported deposit declines in 2023, while banks with less than $10 billion in assets reported slight growth or no growth (Table 1).[6] Banks with total assets greater than $250 billion reported the largest decline in deposits, $675 billion or 6.8 percent. These 14 institutions represented about 77.5 percent of the total decline in the industry's deposits in the year ending June 30, 2023. Banks with assets between $1 billion and $10 billion reported 1.2 percent deposit growth, and the smallest banks reported slight deposit declines of 0.1 percent.

Despite the deposit declines from second quarter 2022 through second quarter 2023, the five-year trend in deposit growth remained strong across bank asset size categories, with average annual compound-adjusted deposit growth of more than 6.5 percent between 2018 and 2023 for all size categories. Banks with total assets less than $1 billion reported deposit growth at a cumulative 47.6 percent, and banks with total assets between $1 billion and $10 billion reported deposit growth at a cumulative 56.1 percent. The largest institutions reported the slowest cumulative deposit growth, 37.1 percent.

Table 1

Large Bank and Noncommunity Bank Deposit Growth Fell Behind Other Groups

Bank Size	Year-Over-Year Deposit Growth, Adjusted for Mergers (Percent)						Number of Banks
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Assets Greater Than $250 Billion	3.1	24.5	9.6	4.6	–6.8	37.1	14
Assets $10 Billion to $250 Billion	4.9	19.6	11.4	4.8	–4.1	40.5	142
Assets $1 Billion to $10 Billion	6.3	18.4	12.7	8.8	1.2	56.1	840
Assets Less Than $1 Billion	4.5	16.0	13.5	7.3	–0.1	47.6	3,649
Bank Designation							
Noncommunity Banks	3.9	22.6	10.3	4.8	–5.6	38.9	455
Community Banks	5.5	16.5	13.5	8.4	1.0	52.8	4,190

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Bank count is as of the June 30, 2022, to June 30, 2023, period.

[6] All growth rates for deposits and offices are merger-adjusted unless specified otherwise.

DEPOSIT GROWTH WAS SUSTAINED FOR COMMUNITY BANKS

Community banks continued to report deposit growth in 2023, while noncommunity banks reported a decline in deposits. Community bank year-over-year deposit growth was 1 percent or $22.4 billion, and noncommunity bank deposits fell 5.6 percent or $892.8 billion year over year. Community banks are smaller institutions, generally under $1 billion in total assets, with a business model focused on a limited geographic area.[7] By contrast, noncommunity banks are defined as banks with nontraditional business models or banks that serve three or more Metropolitan Statistical Areas (MSAs) or four or more states. As of June 30, 2023, there were 4,196 community banks holding 13 percent of total domestic deposits and 457 noncommunity banks holding 87 percent of total domestic deposits. Over the five-year period from 2018 to 2023, both noncommunity and community banks reported average annual deposit growth of more than 5 percent, resulting in 38.9 percent cumulative deposit growth for noncommunity banks and 52.8 percent cumulative deposit growth for community banks.

METROPOLITAN AND RURAL BANKS REPORTED DEPOSIT DECLINES

Annual deposit growth rates in micropolitan areas slowed for the year ending June 30, 2023, while deposits declined in metropolitan and rural areas (Table 2).[8] Growth rates for offices in metropolitan areas declined 5.2 percent after increasing 5.2 percent one year earlier, and growth rates in rural areas decreased 2.5 percent after increasing 4.3 percent the previous year. Growth rates in micropolitan areas slowed from 5.9 percent to 1.1 percent.

From 2018 to 2023, offices in metropolitan areas reported the highest deposit growth rate of the three county types, with a 40.8 percent cumulative increase in deposits. Banks in micropolitan areas had the second-highest five-year growth at 40.5 percent. Banks in rural areas had the lowest cumulative deposit growth at 30.9 percent. As of 2023, offices in metropolitan areas continued to hold the majority of total deposits ($15.8 trillion or 91.6 percent of total deposits), followed by offices in micropolitan areas ($796.3 billion or 4.6 percent of total deposits) and rural areas ($653.4 billion or 3.8 percent of total deposits).[9]

[7] Community banks are defined by the 2012 FDIC Community Banking Study, https://www.fdic.gov/resources/community-banking/report/2012/2012-cbi-study-full.pdf. The definition encompasses small banks and larger banks that focus on traditional lending and deposit-taking activities.

[8] The U.S. Census Bureau defines micropolitan Core-Based Statistical Areas (CBSAs) as statistical areas that consist of one or more counties "associated with at least one urban cluster of at least 10,000 but less than 50,000 population." Metropolitan CBSAs consist of one or more counties that "contain a city of 50,000 or more inhabitants, or contain a Census Bureau-defined urbanized area (UA) and have a total population of at least 100,000."

[9] CBSAs were redrawn in 2023, such that geographical coverage differed between 2023 and 2020. The 2023 SOD metro-micro-rural designations reflect the new 2023 census delineations, while 2020–2022 SOD reports used the 2020 census delineations. Therefore, reported 2023 findings cannot be cross-compared with previous years.

Table 2

Deposits in Micropolitan Counties Rose and Deposits in Metropolitan and Rural Counties Fell in 2023

County Type	Year-Over-Year Change (Percent)						
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**
Metropolitan	3.9	4.2	22.5	10.6	5.2	–5.2	40.8
Micropolitan	3.7	3.9	14.6	10.1	5.9	1.1	40.5
Rural	2.1	3.0	12.7	11.0	4.3	–2.5	30.9

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Data are not adjusted for mergers.

NUMBER OF BANKS AND OFFICES CONTINUED TO DECREASE

Between June 2022 and June 2023, the number of banks declined from 4,771 to 4,645 and the number of offices declined from 79,214 to 77,786 (Table 3). Although the number of banks and offices continued to decrease, offices per bank have remained relatively stable because the rate of office consolidation has not outpaced the rate of bank consolidation. Banks that acquire other banks will often keep some office locations to retain depositors of the acquired bank.

A 4.8 percent decline in deposits outpaced the 2.6 percent decline in the number of banks, resulting in a 2.3 percent decline in deposits per institution. The average balance of deposits per office decreased 3.1 percent in 2023 to $221.3 million.

Table 3

Deposits Decreased While Offices Per Bank Remained Stable in 2023

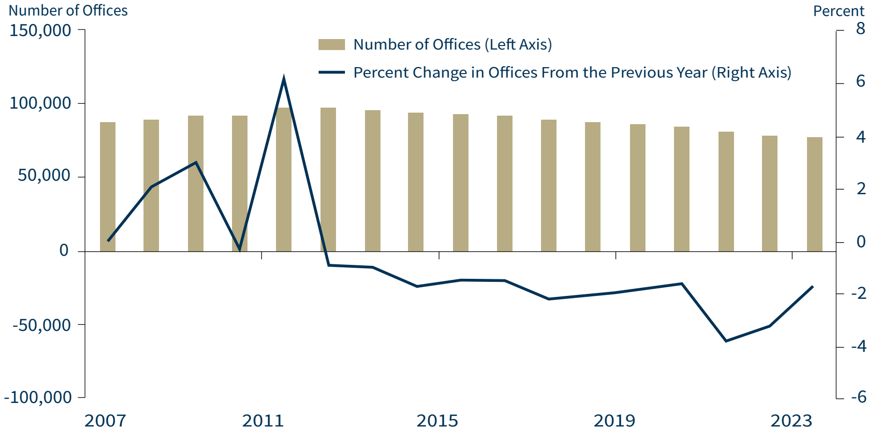
Year	Number of Banks	Number of Offices	Offices Per Bank	Deposits ($ Billions)	Deposits Per Institution ($ Millions)	Deposits Per Office ($ Thousands)
2018	5,541	88,065	15.9	12,262	2,213	139,242
2019	5,303	86,382	16.3	12,772	2,408	147,854
2020	5,066	84,972	16.8	15,546	3,069	182,958
2021	4,950	81,781	16.5	17,196	3,474	210,271
2022	4,771	79,214	16.6	18,091	3,792	228,385
2023	4,645	77,786	16.7	17,217	3,706	221,333

Source: FDIC Summary of Deposits, June 30, 2023.
Note: Data are not adjusted for mergers.

THE RATE OF OFFICE CLOSURES CONTINUED TO DECLINE AND RETURNED TO PRE-PANDEMIC LEVELS

The rate of office decline was stable from 2012 to 2020, ranging from 0.9 percent to 2.2 percent. The rate increased after 2020 to 3.8 percent in 2021 and 3.2 percent in 2022. The number of offices declined 1.7 percent between June 2022 and June 2023, slightly above the pre-pandemic average decline of 1.4 percent (Chart 2).[10] Only 482 (10.4 percent) banks reported net office closures in 2023, while 293 (6.3 percent) reported net office openings, and 3,861 (83.1 percent) reported no net change in office count.

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, 2023.

LARGE BANKS REPORTED THE LARGEST REDUCTION IN OFFICES

The largest banks reported the largest decline in offices in the year ending June 30, 2023, a reduction of 3.5 percent or 843 offices (Table 4). Banks with assets between $10 billion and $250 billion reported an annual office reduction of 2.7 percent or 590 offices. Conversely, banks with assets between $1 billion and $10 billion reported no change, and the smallest banks reported a year-over-year increase in offices of 0.7 percent or 108 offices. From 2018 to 2023, banks with assets between $10 billion and $250 billion reported a total decline in offices of 17.9 percent and banks with assets over $250 billion reported a total decline in offices of 20.6 percent, while the smallest banks increased their number of offices 4.2 percent. Banks with assets between $1 billion and $10 billion reported a modest decline in offices from 2018 to 2023, closing a net of only six offices in 2023 and reporting a cumulative reduction of just 2.9 percent or 545 offices over the five-year period.

[10] The period June 2010 to June 2019 is used throughout this article as the pre-pandemic average 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. See Angela Hinton, Michael Hoffman, Caitlyn R. Kasper, and Joycelyn Lu, "2022 Summary of Deposits Highlights," FDIC Quarterly 17 no. 1, (2023):48–55, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2023-vol17-1/fdic-v17n1-4q2022.pdf.

Table 4

When Adjusting for Mergers and the Movement of Banks Between Size Groups, the Smallest Banks Opened Offices on Net From 2018 to 2023

Bank Size	Year-Over-Year Office Growth, Adjusted for Mergers (Percent)					
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**
Assets Greater Than $250 Billion	−3.9	−2.5	−6.9	−5.6	−3.5	−20.6
Assets $10 Billion to $250 Billion	−3.7	−3.6	−4.6	−4.8	−2.7	−17.9
Assets $1 Billion to $10 Billion	0.1	0.0	−2.0	−1.0	0.0	−2.9
Assets Less Than $1 Billion	1.4	1.1	0.4	0.5	0.7	4.2

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

COMMUNITY BANKS OPENED OFFICES IN ALL CENSUS CATEGORIES IN 2023

In the year ending June 30, 2023, community banks opened a net 82 offices, with net office increases reported in all three county types (Table 5). Community banks increased offices by 1.5 percent between 2018 and 2023. On the other hand, noncommunity banks closed 1,413 offices in 2023, resulting in an annual decline of 2.7 percent across the three county types. Noncommunity banks reduced offices by 17.5 percent between 2018 and 2023.

Table 5

Community Banks Added Offices in 2023 and From 2018 to 2023, While Noncommunity Bank Offices Declined

County Type		Year-Over-Year Change in Offices, Adjusted for Mergers (Percent)						Number of Offices
		2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Metropolitan	Noncommunity Banks	−3.2	−2.5	−5.4	−4.6	−2.6	−17.0	44,207
	Community Banks	1.4	1.0	0.0	0.0	0.2	2.6	15,760
Micropolitan	Noncommunity Banks	−4.3	−3.1	−6.5	−5.6	−2.7	−20.4	3,821
	Community Banks	0.3	0.0	−0.6	−0.3	0.5	−0.1	5,108
Rural	Noncommunity Banks	−3.5	−4.3	−5.8	−5.8	−3.7	−21.1	3,006
	Community Banks	0.2	−0.2	−0.2	−0.3	0.4	−0.1	5,884
All	Noncommunity Banks	−3.3	−2.6	−5.5	−4.7	−2.7	−17.5	51,034
	Community Banks	0.9	0.5	−0.2	−0.1	0.3	1.5	26,752

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

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

Office locations of FDIC-insured institutions are geographically widespread, with offices in 99 percent of the counties in the United States. Of all U.S. counties with an office presence, 4.7 percent have a single office. Most counties with a single office are rural (76.5 percent) and a majority of these counties are served by a community bank (65.8 percent). Of the 1,279 rural counties with an office presence, 65 percent are served by at least one community bank, underscoring the ongoing importance of community banks in rural areas.

MERGER ADJUSTING OVERVIEW

Merger adjusting Summary of Deposits (SOD) data is a way to analyze annual SOD data while holding the underlying set of institutions constant within designated categories like size groupings or community bank status. Non-merger-adjusted SOD growth rates reflect the effects of changes in the universe of banks that fall into each category. For example, an unadjusted SOD deposit growth rate between June 30, 2019, and June 30, 2020, would compare the deposits of the 9 banks with more than $250 billion in assets that existed as of June 30, 2019, with the 13 that existed as of June 30, 2020. Without adjusting for mergers and organic asset growth that can contribute to the change in the number of banks in this size group, it might appear that the largest banks are winning the competition for deposits or that small banks are losing their deposit base. However, over time, some smaller bank deposits "become" larger bank deposits as some smaller banks are acquired by larger banks, two smaller banks merge to form a larger bank, or some smaller banks cross the threshold into a larger asset size group. Without controlling for the change in bank categorization in these instances, some smaller banks' deposits would contribute to the growth of the larger bank category and subtract from the growth of the smaller bank category.

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 or movement between designated categories. 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.

In this article, merger adjusting is conducted in one-year increments. For example, the merger-adjusted growth rate of the largest institutions (those with more than $250 billion in assets) between 2022 and 2023 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 2022 and 2023. Any bank that was not involved in a merger, but became a bank with more than $250 billion in assets in that time period, is assigned to the $250 billion group in the previous period. 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 2023.

For a comprehensive primer on the 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, https://www.fdic.gov/analysis/quarterly-banking-profile/fdic-quarterly/2019-vol13-1/fdic-v13n1-4q2018-article.pdf.

NON-MERGER-ADJUSTED ANALYSIS

Data that are non-merger-adjusted provide value by showing shifts in industry composition. In this raw non-merger-adjusted data, the smallest banks and the largest banks reported declining deposit balances in 2023, while banks with assets between $1 billion and $10 billion reported marginal deposit growth (Table 6). Banks with more than $250 billion in assets in June 2023 reported 67.5 percent growth in deposits between 2018 and 2023, while banks with less than $1 billion in assets reported a 4.2 percent decline in deposits during that period.

Table 6

Large Banks Reported the Largest Deposit Growth From 2018 to 2023 on a Non-Merger-Adjusted Basis							
Bank Size	Year-Over-Year Deposit Growth, Not Adjusted for Mergers (Percent)						Number of Banks
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**	**2023**
Assets Greater Than $250 Billion	3.9	41.2	9.6	5.5	–1.3	67.5	14
Assets $10 Billion to $250 Billion	7.0	3.1	13.8	6.0	–12.5	16.5	142
Assets $1 Billion to $10 Billion	1.4	18.9	10.1	3.4	1.5	39.2	840
Assets Less Than $1 Billion	–2.8	–0.7	3.9	1.2	–5.6	–4.2	3,649
Bank Designation							
Noncommunity Banks	4.5	23.9	10.4	5.3	–4.8	43.2	455
Community Banks	2.2	8.9	12.1	4.8	–4.8	24.5	4,190

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.
Note: Bank count is as of the June 30, 2022, to June 30, 2023, period.

Community banks and noncommunity banks reported deposit declines of 4.8 percent in the year ending June 30, 2023. From 2018 to 2023, community banks reported deposit growth of 24.5 percent and noncommunity banks reported deposit growth of 43.2 percent. Much of the deposit growth for noncommunity banks was a result of merger activity and re-designations in 2020, when there were 57 community banks acquired by noncommunity banks and 33 community banks re-designated as noncommunity banks.

On a non-merger-adjusted basis, the smallest banks reported the largest net decline from 2018 to 2023 in the offices they operated. This contrasts with the merger-adjusted results for offices operated by the smallest banks, which increased over this timeframe. Banks with less than $1 billion in assets as of June 2023 reported a 26.1 percent decline in offices between 2018 and 2023 (Table 7). Banks with assets between $1 billion and $10 billion increased offices, reporting a 4.1 percent increase over this period.

Table 7

The Smallest Banks Reported the Largest Decline in Offices From 2018 to 2023 on a Non-Merger-Adjusted Basis						
Bank Size	Year-Over-Year Office Growth, Not Adjusted for Mergers (Percent)					
	2019	**2020**	**2021**	**2022**	**2023**	**2018 to 2023**
Assets Greater Than $250 Billion	–3.9	10.2	–6.9	–3.0	2.6	–2.0
Assets $10 Billion to $250 Billion	0.8	–9.4	–1.4	–3.8	–6.8	–19.3
Assets $1 Billion to $10 Billion	0.0	5.0	–0.2	–1.9	1.1	4.1
Assets Less Than $1 Billion	–4.6	–10.6	–6.1	–4.0	–3.8	–26.1
All Banks	**–1.9**	**–1.6**	**–3.8**	**–3.2**	**–1.7**	**–11.7**

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

Table 7 illustrates how non-merger-adjusted data for offices 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 2.6 percent between June 2022 and June 2023, while the number of offices of banks with between $10 billion and $250 billion in assets declined 6.8 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 7 reflect not just openings and closures of offices, but shifts in the ownership of offices resulting from mergers and asset growth.

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, 2023. 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.

Table 8

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

County Type		Year-Over-Year Change in Offices, Not Adjusted for Mergers (Percent)					Number of Offices
		2019	**2020**	**2021**	**2022**	**2018 to 2023**	**2023**
Metropolitan	Noncommunity Banks	−1.7	−1.1	−4.9	−3.4	−1.2	−11.8
	Community Banks	−2.9	−3.3	−1.7	−3.6	−3.8	−14.5
	All Banks	−2.1	−1.7	−4.1	−3.4	−1.9	−12.5
Micropolitan	Noncommunity Banks	−2.7	−0.5	−3.7	−3.0	0.5	−9.2
	Community Banks	−0.9	−2.0	−2.8	−2.4	−2.1	−9.8
	All Banks	−1.7	−1.4	−3.2	−2.6	−1.0	−9.5
Rural	Noncommunity Banks	−0.7	−0.8	−2.0	−3.0	0.4	−6.0
	Community Banks	−1.4	−2.1	−2.2	−1.8	−2.0	−9.1
	All Banks	−1.1	−1.7	−2.1	−2.2	−1.2	−8.1
All	Noncommunity Banks	−1.7	−1.0	−4.7	−3.3	−1.0	−11.2
	Community Banks	−2.2	−2.8	−2.0	−3.0	−3.1	−12.5

Source: FDIC Summary of Deposits, June 30, 2018, to June 30, 2023.

Metropolitan areas contain the vast majority of bank offices, roughly 60,000 of 78,000 total offices, or 77.1 percent. Between 2018 and 2023, banks reduced offices in metropolitan areas by 8,558 (12.5 percent). Community banks reduced offices in metropolitan areas at a slightly higher rate (14.5 percent) than did noncommunity banks (11.8 percent) (Table 8). As these figures are not adjusted for mergers, this does not mean that community banks closed 14.5 percent of offices in metropolitan counties in that time, but rather that 14.5 percent of their offices closed or became offices of noncommunity banks through mergers or re-designations.

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—66.2 percent of the office locations in rural areas and 57.2 percent of the office locations in micropolitan areas are of community banks.

CONCLUSION

Large banks and small banks, community banks and noncommunity banks, and banks in metropolitan areas and rural areas all reported deposit declines and office closures in 2023. Banks with less than $1 billion in assets and community banks maintained or grew their deposits between June 30, 2022, and June 30, 2023. Banks with more than $10 billion in assets reported the largest deposit declines, driven by declines in uninsured deposits.

Smaller institutions reported net office openings in the year ending June 30, 2023, while larger institutions continued to close offices. Community banks also reported net office openings in all census categories, while noncommunity banks reported office closings in all census categories. Community banks continue to operate more offices than noncommunity banks in rural counties and have closed offices at slower rates in those counties. The relatively large presence of community banks in rural counties reflects their important role in serving local communities.

After adjusting for mergers, banks growing into and out of asset categories, and census re-designations, banks of all sizes, community and noncommunity banks, and banks in metropolitan, micropolitan, and rural areas all reported strong deposit growth over the past five years. The banking industry continues to shift due to mergers and acquisitions, new bank charters, bank failures, and re-designations of geographical areas.

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