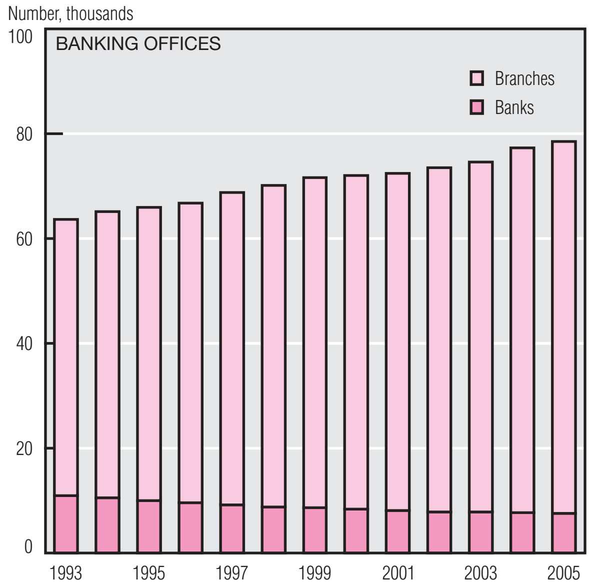
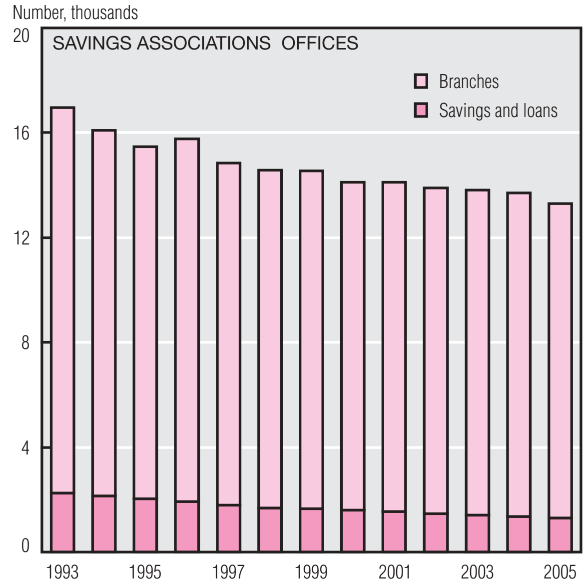
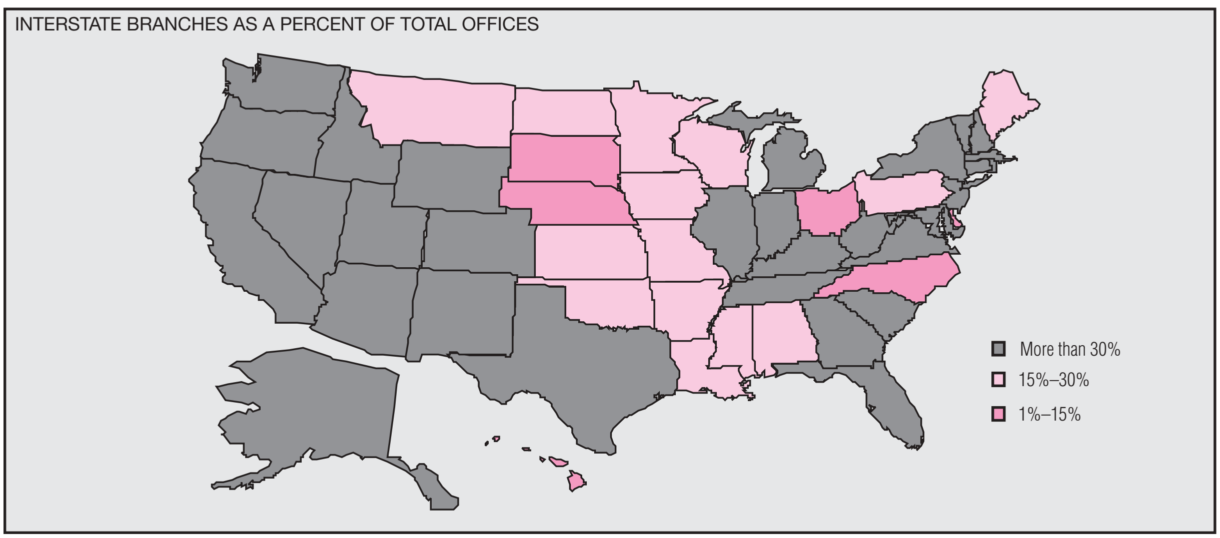
Banking Structure







NOTE: All 2005 data are as of the end of the third quarter.
SOURCES: Federal Deposit Insurance Corporation, *Quarterly Banking Profile* and *QBP Graph Book*, September 30, 2005.

Passage of the 1994 Reigle–Neal Act, which regulates interstate banking, has spurred the consolidation of depository institutions. The number of FDIC-insured commercial banks fell from 9,971 at the end of 1995 to 7,541 at the end of 2005:IIIQ, a decline of more than 24%. Over the same period, the number of FDIC-insured savings associations fell by more than 35%, from 2,030 in 1995 to 1,314 at the end of 2005:IIIQ.

The number of savings associations' offices also declined, but less sharply than the number of institutions (only around 14%, from 15,462 in 1995 to 13,291 at the end of 2005:IIIQ.) The total number of banking offices, however, increased about 19% over that period, from 65,888 to 78,492. From the end of 1995 to September 30, 2005, the total number of FDIC-insured depository institutions' offices increased nearly 13%, from 81,350 to 91,783. This count does not include other channels for delivering banking services, such as automated teller machines, telephone banking, and online banking. Hence, the reduction in the number of insured depository institutions has not decreased the availability of bank services for most consumers.

The effects of the banking industry's interstate consolidation are evident: All but six states now report that more than 15% of depository institutions' branches are part of an out-of-state bank or savings association. And in over half the states, 30% or more of all branches are offices of out-of-state depository institutions.