University of New Mexico
UNM Digital Repository

Anderson School of Management Theses & Dissertations

Electronic Theses and Dissertations

5-21-1965

A Further Inquiry into the Question of Branch Banking and Economic Growth: A Comparative Nation-Wide Study of Statewide Branch Banking, Limited Area Branch Banking, and Unit Banking

Donald J. MacKay

Follow this and additional works at: https://digitalrepository.unm.edu/anderson_etds

Part of the Business Administration, Management, and Operations Commons, Management Sciences and Quantitative Methods Commons, and the Organizational Behavior and Theory Commons

UNIVERSITY OF NEW MEXICO LIBRARY

MANUSCRIPT THESES

Unpublished theses submitted for the Master's and Doctor's degrees and deposited in the University of New Mexico Library are open for inspection, but are to be used only with due regard to the rights of the authors. Bibliographical references may be noted, but passages may be copied only with the permission of the authors, and proper credit must be given in subsequent written or published work. Extensive copying or publication of the thesis in whole or in part requires also the consent of the Dean of the Graduate School of the University of New Mexico.

This thesis by Donald J. MacKay has been used by the following persons, whose signatures attest their acceptance of the above restrictions.

A Library which borrows this thesis for use by its patrons is expected to secure the signature of each user.

NAME AND ADDRESS DATE

A FURTHER INQUIRY INTO THE QUESTION OF BRANCH BANKING AND ECONOMIC GROWTH: A COMPARATIVE NATION-WIDE STUDY OF STATEWIDE BRANCH BANKING, LIMITED AREA BRANCH BANKING, AND UNIT BANKING, 1946-1962

By

Donald J. MacKay

A Thesis

Submitted in Partial Fulfillment of the

Requirements for the Degree of

Master of Business Administration

University of New Mexico

1965

This thesis, directed and approved by the candidate's committee, has been accepted by the Graduate Committee of the University of New Mexico in partial fulfillment of the requirements for the degree of

MASTER
OF

BUSINESS ADMINISTRATION

M. J. Hendrickson
Dean

Date May 21, 1965

BY

DONALD J. MACKAY

Thesis committee

Ralph L. Edgel
Chairman

Ledyard B. Goode

Perry T. Mori

354524

XX
LD
3781
N563M192

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

LIST OF TABLES

LIST OF TABLES
(Continued)

LIST OF TABLES
(Continued)

CHAPTER I

THE PROBLEM

I. BACKGROUND

Since the passage of the National Banking Act of 1933, the right of banks to branch has been determined by state law. Prior to the passage of the Act, inconsistencies between federal and state legislation made the controversy over branch banking an issue of national prominence.[1] The change in 1933 removed the disharmonies between state and federal law by allowing state law to be the determining one with respect to the right of banks to branch.[2] With the matter left in the hands of individual states, the controversy over branch banking has faded as a vital issue of national banking policy and lost the heated and excited tone of the 1920's and early 1930's.

The branch banking question, however, remains unresolved and sporadically returns to the limelight as efforts

---

[1] Charles W. Collins referred to the issue as "the most important question of domestic banking policy before the country." The Branch Banking Question (New York: The Macmillan Co., 1926), p. 1.

[2] C. E. Cagle, "Branch, Chain, and Group Banking," in Board of Governors of the Federal Reserve System, Banking Studies (Washington, D. C.: U. S. Government Printing Office, 1949), p. 117.

are made to alter the banking code in states that restrict branch banking. Illinois[1] and Missouri,[2] both strongholds of unit banking, have been recent sites of bitter battles to liberalize the laws prohibiting branch banking (both failed). The success of City banks in New York in 1960 in easing restrictions on their branching attracted national attention and touched off speculation--subsequently proved unwarranted--that the prospects for liberalizing restrictions on branching in Wisconsin, Illinois, and Missouri would improve.[3]

A brief series of arguments concerning the pros and cons of statewide branch banking as opposed to limited area banking developed during 1960 in New Mexico with the publication of a study[4] of the impact of branching restrictions

---

[1]See "Branch Banking Debate Continues," Banking, Vol. 54, No. 1 (July, 1961), p. 14.

[2]See "Branch Banking Faces a Test," Business Week (October 11, 1958), p. 38.

[3]"Big Boost for Branch Banking," Business Week (March 26, 1960), p. 32.

[4]Paul D. Butt, "The Branch Banking Question in New Mexico and Arizona: A Comparative Study" (unpublished Master's thesis, University of New Mexico, 1959). Published in abridged and edited form under the title Branch Banking and Economic Growth in Arizona and New Mexico (New Mexico Studies in Business and Economics, No. 7; Albuquerque: University of New Mexico, Bureau of Business Research, 1960).

on economic development, and the passage of a law allowing statewide branch banking was urged.[1]

Another recent development in the branch banking controversy came in 1961 when the Commission on Money and Credit, a body charged with reviewing the adequacy of financial institutions and practices in the United States, advocated what amounted to branch banking on a basis limited by economic constraints, rather than the political boundaries of states.[2] U. S. Currency Comptroller Saxon has also given his support to the extension of branch banking,[3] a factor which has added fuel to the more recent debate over branch banking.[4]

Perhaps the major reason that there has been renewed interest in branch banking in recent years is the fact that branches have figured heavily in changes in the nation's banking structure. In 1921, less than 5 percent of all banking offices were branches, when the number of banks in the nation was at a record high. By 1945, branches accounted for

---

[1]See William J. Parish, "Economic Development in New Mexico Needs a Change in the State Banking Structure," New Mexico Business, Vol. 13, No. 11 (November, 1960, pp. 2-7.

[2]Commission on Money and Credit, Money and Credit: Their Influence on Jobs, Prices, and Growth (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1961), pp. 164-65.

[3]James Saxon, "Restrictions on Branch Banking Hurt the Economy," Commercial and Financial Chronicle, Vol. 197, No. 6234 (January 31, 1963), pp. 470-71.

[4]See "The Outlook," Wall Street Journal, Vol. 33, No. 68 (April 6, 1964), p. 1.

22 percent of all banking offices. Since the end of World War II, there has been a marked acceleration in the growth of branches.[1] This growth is reflected by the fact that slightly over 50 percent of the nation's banking offices were branches by the end of 1962. In large measure, the postwar growth in branches has resulted from the establishment of branches in suburban business centers.[2]

II. PURPOSE, SCOPE, AND METHOD OF INVESTIGATION

Purpose and Scope of Thesis

It seems apparent, then, that the branch banking question is not a dead issue; rather it is one of growing importance, and, in the interests of sound banking policy, an attempt should be made to reach some conclusions regarding the desirability of allowing banks to branch. All the aspects of the branch banking controversy cannot possibly be treated in a study of modest dimensions. In fact, the writer intends to limit the scope of the present thesis to the comparative role that branch banking plays in economic development. Butt[3] explored this topic with respect to the postwar economic growth of Arizona and New Mexico. Generally speaking, he concluded that the statewide branch banking system of Arizona

---

[1] Federal Deposit Insurance Corporation, Annual Report: 1960 (Washington, D. C.: U. S. Government Printing Office, 1961), p. 38.

[2] "Changes in Banking Structure, 1952-62," Federal Reserve Bulletin, Vol. 49, No. 9 (September, 1963), p. 1192.

[3] Butt, op. cit.

contributed more to the economic development of that state than the limited branch banking system of New Mexico aided economic advancement in New Mexico. His conclusions, of course, apply to a given period of time and to a rather limited geographic area. However, Butt's conclusions would seem to imply that statewide branch banking in general has more to offer in terms of its potential for economic growth than either limited branch banking or unit banking.

Thus, the present writer sees a need to undertake a broader study than that which Butt conducted, if the roles that differing commercial banking structures play in economic development are to be more fully assessed. By examining a broader geographic and economic area--the conterminous United States--the hypothesis that statewide branch banking contributes more to economic growth than limited branch banking or unit banking can be tested more thoroughly.

The present thesis will be concerned with banking in the forty-eight conterminous states during the period 1946 through 1962. In the interests of analytical clarity, the forty-eight states will be grouped and compared as statewide branch states, limited area branch states, and unit states, rather than individually focusing upon each state. However, the banking systems and economies of several selected states will be compared individually before any final conclusions are drawn.

Method of Investigation

Probably the most difficult task faced in this thesis is that of attempting to isolate and measure the impact of banking institutions upon economic development. Complete isolation and precise measurement is impossible given the present tools of research; economic forces tend to interact in a variety of ways with one another, thereby making the measurement and assessment of the specific contribution of the banking system to economic activity quite problematic. Nevertheless, the general significance of banking institutions and their practices to economic advancement can be identified and assessed. The writer intends to use two basic approaches to this complex problem of measurement. One obvious approach is to compare rates of economic growth as measured by personal income, population, and employment in statewide branch states, limited area branch states, and unit states.

However, the fact that the relative contribution of the banking system to economic development may be greater in one state than in another does not itself insure a greater economic growth rate. Therefore, the other approach that will be used is to examine the practices of banking systems themselves for the significance certain of these practices may have on economic growth. For reasons that will be explained in Chapter II, the most important effects of a banking system upon local development are likely to be felt through its lending practices. The lending behavior that will be examined and compared among the three types of banking under study is indicated by: (1) the relationship of loans to assets and deposits; (2) the composition of loan portfolios; (3) and the relationship of interest income to the volume of loans. A banking system which is found to display a greater proportion of loans among its assets and/or a higher ratio of loans to deposits will be assumed to make a greater relative contribution to economic development than a system with lower ratios. A banking system which exhibits a lower ratio of interest income to the volume of loans than another will be assumed to provide capital at a lower cost to borrowers, thereby facilitating the process of economic development.

In addition, bank deposits and loans will be related to personal income to give an indication of the comparative success of banking institutions in collecting funds from a potential capital source for re-deployment in economic development.

In making the above-mentioned comparisons and associations, differences among banking systems and states will be considered meaningful only if they are significant. A "significant" degree of difference is defined as one in which the relative magnitude of difference or the absolute size of difference, in the writer's opinion, is important, logical, and does not appear to be a random occurrence. Under the circumstances, the construction of a statistical significance level for each relationship examined is not considered feasible.

Limitations of Method

The proposed method of testing the hypothesis has its limitations (which for the most part are noted as the investigation proceeds). However, there are certain limitations which should be brought to the reader's attention at this point. The hypothesis might be more fully tested if the bank balance sheet were more thoroughly examined. For instance, a comparison of loans to earning assets (loans and securities), earning assets to total assets, or cash items to earning assets would disclose additional information concerning the significance of the indicated use of funds to economic development. Relating the capital accounts of banks to personal income and loans would provide a further measure of the success of banks in facilitating the process of capital formation and its use by banks in the process of economic development.

There are other methods of assessing the contribution of banking practices to economic development, including the geographic dispersion or concentration in the availability of banking offices.[1] There are also measures of economic development which are not included--e.g., net business formation. Numerous other indicators and techniques would undoubtedly shed additional light on the subject under study, but they are beyond the modest scope of this thesis. The writer recognizes that the conclusions reached in this

---

[1] See Butt, *op. cit.*, pp. 42-57.

thesis constitute neither absolute proof nor the last word on the relative merits of branch banking.

CHAPTER II

COMPARISON OF BANKING SYSTEMS

The discussion in Chapter I implies there are fundamental differences between unit banking and branch banking. The distinction stems from a legal dichotomy between multiple-office banking and single-office, or unit banking. Branch banking is a form of multiple-office banking, as are group and chain banking.

The purpose of this chapter is to define and compare unit, branch, group, and chain banking; briefly examine the relative merits of branch and unit banking; and indicate the reasons for supposing that branch and unit banking could have different effects upon economic growth.

I. TYPES OF BANKING SYSTEMS

Unit and Branch Banking

The principal factor that differentiates branch banking from unit banking is that under the former system a number of banking offices at separate locations are operated by a single corporation. Only one legal ownership entity exists in a branch system. Cartinhour has defined a branch system as one in which "the parent bank may operate city, county, or statewide branches, all functioning under one head office with a common capitalization available for all branches and with identical stockholders and a single charter."[1]

Under a unit banking system each banking office is maintained and operated by a separate corporation. In jurisdictions limited to the unit system, the banking code typically states that banks must limit their operations to one office, or building.

The unit banking system has been described as a pattern in which "each institution acts independently of all other units and is completely autonomous."[2] This description, however, is somewhat misleading. A bank in a unit system may act in varying degrees of concert with other banking institutions and may have its policies partly or wholly established by other banks or banking groups in that system. A situation such as this could result if the unit bank in question were a member of a banking chain or group, to say nothing of the correspondent relationship.[3]

---

[1] Gaines T. Cartinhour, Branch, Group, and Chain Banking (New York: The Macmillan Co., 1931), p. 277.

[2] W. Ralph Lamb, Group Banking (New Brunswick, N. J.: Rutgers University, 1962), p. 4.

[3] Of course, a branch bank could also be a member of a group banking system, but one would not expect to find a branch bank as a member of a chain.

Group and Chain Banking

Lamb has defined group banking as:

> . . . A form of multiple-office banking whereby any member of independently incorporated banks are brought under unified control of a corporation, business trust, or similar organization through their stockholder relationship. The term 'holding company' is frequently applied to the controlling organization under the business corporation laws of the state and is not empowered to engage in banking itself.[1,2]

A banking chain, according to the Federal Reserve, is a "multiple-office banking structure in which three or more independently incorporated banks are owned by the same individual or individuals."[3] Generally, the chain relationship implies majority ownership by the controlling organization; however, in connection with the study conducted by the Federal Reserve in 1929, it was found that it was not always possible to determine the actual amount of centralized control and that the form of control could be direct or indirect.[4]

---

[1] Ibid., p. 58.

[2] There is evidence which suggests that the development of group banking has been stimulated by the restrictions placed on branch banking in the United States. Ibid., p. 9 et passim; also see "Branch and Chain Banking Developments," Federal Reserve Bulletin, Vol. 15, No. 12 (December, 1929), pp. 762-71, for a similar view of chain banking.

[3] Federal Reserve Bulletin, Vol. 33, No. 4 (April, 1947), p. 463.

[4] "Branch and Chain Banking Developments," op. cit., p. 766.

The differences between chain and group banking are far from precise, but the critical distinction between these two forms of multiple-office banking and branch banking is well stated by Butt:

> . . . [S] ince members of a chain or group are separate corporations, the full resources of the entire chain or group are not readily accessible to the individual members, whereas the separate offices of a branch system do have access to the entire resources of the system.[1]

Forms of Branch Banking

Although the usual distinction is between branch and unit banking systems, the former may take various forms. An "unlimited" branch banking system generally refers to a statewide system. A "limited" branch banking system may consist of a number of possible restrictions on branching, ranging from only a city-wide scope to a county-wide or larger zone in which branching is permissible (a county-wide system is the most common). Under the limited form of branch banking, however, the area in which branching is allowed is less than statewide.

In addition to geographic restrictions, some states restrict the type of business that may be transacted at so-called branches. The "agency," or "office" system, permits additional offices of parent banks to take deposits and cash checks, but not to make loans.

---

[1] Butt, Branch Banking and Economic Growth in Arizona and New Mexico, p. 3.

II. RELATIVE MERITS OF UNIT AND BRANCH BANKING

The scope of this thesis has been limited to unit banking and branch banking; group and chain banking are mentioned only because they are forms of multiple-office banking that may be found among unit or branch systems. Although the concern is with comparing the relative merits of branch and unit banking with respect to economic growth, the branch banking controversy embraces other considerations, and, to put the problem into the proper perspective, the full dimensions of the controversy must be mentioned.

The oldest and most fundamental argument against branch banking is that it leads to a concentration of economic power, and concentration of power in the hands of a few is inconsistent with political democracy. Use of this argument can be traced to the critics who opposed the First Bank of the United States (1791-1811) and the Second Bank of the United States (1816-1836), two of the earlier and more successful branch systems which aroused opposition.[1]

It is alleged that branch banking drives unit banks out of business or absorbs them, thereby paving the way for monopolistic control over banking resources.[2] The "monopoly"

---

[1] See Lester V. Chandler, The Economics of Money and Banking (New York: Harper and Brothers, Inc., 1948), pp. 209-16.

[2] Donald S. Southworth, Branch Banking in the United States (New York: McGraw-Hill Book Co., 1928), p. 188.

argument has been challenged on at least two grounds. First, the fact that branch banking _may_ lead to a monopoly is not considered _prima facie_ evidence for opposing branch banking--one must establish that the monopoly is indeed undesirable on social and economic grounds.[1]

Second, it has not been conclusively demonstrated that branch banking does in fact lead to a monopoly[2] or that branch banks operate as the monopolist of economic theory--i.e., restrict output, freedom of entry, and extract excessive profits.[3]

With the "bigness" of branch banks there is said to develop an excessive amount of red tape and reliance on a cumbersome and impersonal organization superimposed over each banking office. It is contended that the local unit bank, organized and operated by the citizens of the community, is more responsive and sympathetic to the needs of the community. On the other hand, proponents of branch banking

---

[1] _Ibid_.

[2] Lamb, _op. cit._, Chapter 2; Commission on Money and Credit, _op. cit._, p. 165.

[3] David A. Alhadeff, _Monopoly and Competition in Banking_ (Berkeley: University of California Press, 1954), pp. 220-32; also see Almarin Phillips, "Competition, Confusion, and Commercial Banking," _Journal of Finance_, Vol. 19, No. 1 (March, 1964), p. 37; Bernard Shull and Paul M. Horvitz, Branch Banking and the Structure of Competition," _National Banking Review_, Vol. 1, No. 3 (March, 1964), pp. 315-41.

[4] Raymond P. Kent, _Money and Banking_ (3rd ed.; New York: Rinehart and Company, 1956), p. 170.

argue that the impartiality of a large organization makes for sounder banking practices,[1] and with a larger staff there can be more specialization and development of management talent in depth.[2]

Those who favor branch banking maintain that branch banking makes possible a diversification of bank loans among various industries and over a widespread geographic area--an objective much less attainable under unit banking.[3] With greater diversification of risk, there is greater safety for the depositors of the bank. Moreover, the fact that idle funds can be easily shifted from one community to another, where deposits have been absorbed by local credit needs, results in a mobility of funds not possible under unit banking.[4] It is also asserted that branch banks are able to make larger loans than unit banks. National banks cannot grant loans in excess of 10 percent of their capital and surplus to any one borrower, and most state-chartered banks are similarly restricted. Because the entire capitalization of the branch bank system stands behind each member of the system, branch banks can offer larger loans to individual customers.[5]

---

[1] Ibid.

[2] Southworth, op. cit., p. 58.

[3] Cartinhour, op. cit., pp. 302-03.

[4] Ibid., p. 309.

[5] Southworth, op. cit., p. 58.

Those who make a case for unit banking claim that mobility of funds is not an exclusive feature of branch banking. The correspondent relationship permits a shifting of funds to areas where more credit is needed; furthermore, the existence of commercial paper and bankers' acceptance markets enables unit banks to diversify loans beyond the local trade area.[1] The correspondent system is also said to allow smaller unit banks to accept large loan requests which exceed the limitations placed upon the size of a loan that can be granted to a given borrower.[2]

It is also contended that branch banking lowers the cost of borrowing and tends to make interest rates more uniform because of diversification of risk and more uniform credit practices.[3] Those who defend the adequacy of unit banking challenge the validity of this evidence and point to the uniformity of interest rates as a possible indication of monopoly.[4]

---

[1] Lamb, _op. cit._, p. 45.

[2] Special Committee of the New Mexico Bankers' Association, "A Review of Paul D. Butt's Branch Banking and Economic Growth in Arizona and New Mexico," _New Mexico Business_, Vol. 13, No. 11 (November, 1960), pp. 11-12.

[3] Cartinhour, _op. cit._, pp. 312-13; Butt, _Branch Banking and Economic Growth in Arizona and New Mexico_, pp. 11-12.

[4] Special Committee of the New Mexico Bankers' Association, _op. cit._, pp. 10-11.

III. BANKING AND ECONOMIC GROWTH

The arguments regarding the mobility of capital, the diversification and size of loans, and the costs of borrowing are important to the question of economic development because of their impact on lending activity. Commercial banks have been described as institutions which gather "the temporarily idle money of the general public for the purpose of advancing it to others for expenditure."[1] This definition emphasizes the lending and investment functions of banking. But bank loans, rather than investments in securities, are the primary means by which a bank affects the *local* economy. Historically, commercial banks have been the great general purpose source of business and agricultural credit. The traditional basis for bank loans has been for the short-term working capital purposes of the farmer and businessman; however, in recent years banks have greatly expanded the scope of lending in consumer loans, mortgage lending, and term loans to business and government.[2] Thus, not only do bank loans enable the local businessman or farmer to purchase raw materials, meet current operating expenses, and even acquire capital goods; but they enable consumers to buy automobiles, residential property, and other durable or nondurable goods.

---

[1] Kent, *op. cit.*, p. 103.

[2] *Ibid.*, pp. 279-90.

The investment in bonds and securities made by a commercial bank, however, reflect a lesser impact upon the local economy. Typically, the securities that a bank holds consist heavily of United States government obligations--an investment that is not as greatly felt by the local economy as, say, a loan to a local businessman. Nevertheless, bank investments in bonds and securities do have an impact on economic welfare, especially when the economy is viewed in broader terms. Taken together, bank loans and investments in securities have played an important part in the development of the American economy. Trescott states, "Bank credit has financed capital outlays of business, government, and consumers, which have enabled our economy to accumulate a vast treasure of useful and productive wealth and to achieve rising levels of productivity and real income."[1]

It should be clear, then, that there are grounds for supposing that bank credit practices exert a persuasive influence on economic growth. Furthermore, it should be apparent from the discussion in earlier sections that bank credit practices, or lending patterns, could differ as a result of the institutional structures of branch banking and unit banking; and that in accordance with the greater branching restrictions under the limited area system, the differences between it and the unit system would be less than those between the latter and the statewide branch system.

---

[1]Paul B. Trescott, <u>Financing American Enterprise</u> (New York: Harper and Row, Inc., 1963), p. 2.

CHAPTER III

LENDING PATTERNS OF BANKS IN STATEWIDE BRANCH BANKING STATES, LIMITED AREA BRANCH STATES, AND UNIT BANKING STATES OF THE UNITED STATES, 1946-1962

The theoretical arguments concerning branch banking and unit banking have been briefly set forth in the preceding chapter. The importance of bank lending practices to economic development has been stressed, and it has been hypothesized that the institutional differences between branch and unit systems of banking will affect lending behavior.

In the present chapter, the forty-eight conterminous states will be grouped into statewide branch banking areas, limited area branch banking areas, and unit banking areas in accordance with the type of banking prevalent in each state. Then, the lending patterns of banks in areas which permit the two branch systems and the unit banking areas will be examined empirically to determine if systematic differences do, in fact, exist and can be associated with the type of banking system. Except as noted, the analysis covers the insured commercial banks operating in the forty-eight conterminous states during the period 1946-1962.[1] Since commercial banks insured by the Federal Deposit Insurance Corporation during the period under study represent 95 to 98 percent of all operating commercial banks, our findings should give a virtually complete picture of the lending practices of all banks.

I. CLASSIFICATION OF STATES

As mentioned earlier, state banking laws have decisively influenced the development of banking in the United States and particularly the development of branch banking.[2] It is a relatively easy task to classify and group the forty-eight conterminous states as statewide branch states, limited area branch states, and unit states in accordance with the legal restrictions on branching in each state. Although such a scheme has the virtue of simplicity, it ignores the case where branching is legal but so restricted that it is not operationally an important segment of the state banking structure. For example, limited area branch banking was

---

[1] In Tables 2 through 9, New York State has been excluded from the computations for limited area branch states. Because New York City banks dominate banking in the State and represent the financial center of the nation, banking statistics for New York State are generally unlike those of other limited area branch states. Consequently, a more representative picture of the lending patterns of limited area branch banking is provided when New York banking data have been excluded.

[2] See Chapter I, p. 1; also Federal Deposit Insurance Corporation, Annual Report: 1960 (Washington, D. C.: Government Printing Office, 1961), p. 45.

permitted in New Mexico by legislative enactment in 1941,[1] but unit banking remained the most dominant form of banking in the state until the early 1950's.[2]

Since interest would seem more appropriately centered on the prevalent operational form, rather than the legally permitted form of banking organization within a state, and unit banking is found among states which permit branch banking, a scheme will be employed which classifies the states according to the type of banking organization operationally prevalent within the states.

Perhaps the most meaningful method of measuring the prevailing form of banking organization in a state is to consider the relative amounts of total bank deposits in the state held by the various types of banking organizations. Deposits are the major source of bank resources and, hence, the relative amount held by branch banks or unit banks would provide a good measure of either system's control over the banking resources of the state and its relative importance.

Such a scheme, although conceptually more sound than the one which will be used in this study, is too complex and detailed for our purposes. Rather, the approach taken here is to examine the relative number of state banking offices which are branches to determine whether branch banking is

---

[1] Laws of New Mexico, 1941, Chapter 25, Section I, p. 43.

[2] By 1946 branch offices accounted for only 12.0 percent of all banking offices; however, by 1953 this figure had grown to 32.5 percent (see Appendix A).

prevalent in the state in question. The classification of states is based upon an examination of the banking structure in each of the forty-eight states during the years 1946, 1950, 1953, 1955, 1958, 1960, and 1962. States in which 20 percent of all operating commercial offices are branches, and in which the relative number of branches during the period are growing at a significant rate, will arbitrarily be considered as states in which statewide or limited area branch banking is prevalent, depending upon which form of branching is permitted by law.

This classification scheme is similar to that employed by Schweiger and McGee in their exhaustive comparison of multiple-office banking with unit banking.[1] The authors treated states in which 15 percent or more of the commercial banking offices were part of a branch or holding company system as multiple-office banking states; states below the 15 percent mark were considered as unit banking states.[2]

Using the percentage classification scheme outlined above, in 1962 there were fourteen states in which statewide branch banking was prevalent, sixteen states in which limited area branch banking was prevalent, and eighteen states in which unit banking was prevalent (Table 1). However, the status of ten states changed between 1946 and 1960 from unit

---

[1] Irving Schweiger and John T. McGee, "Chicago Banking," Journal of Business, Vol. 34, No. 3 (July, 1961), pp. 203-366.

[2] Ibid., p. 245.

TABLE 1

CLASSIFICATION OF THE CONTERMINOUS
STATES ACCORDING TO TYPE OF
BANKING SYSTEM PREVALENT*

1946-1962

Statewide Branch Banking Prevalent	Limited Area Branch Banking Prevalent	Unit Banking Prevalent
Arizona	Alabama (1958)	Arkansas
California	Georgia (1960)	Colorado
Connecticut (1950)	Indiana (1953)	Florida
Delaware	Kentucky (1958)	Illinois
Idaho	Louisiana	Iowa
Maryland	Maine	Kansas
Nevada	Massachusetts	Minnesota
North Carolina	Michigan	Missouri
Oregon	Mississippi	Montana
Rhode Island	New Jersey	Nebraska
South Carolina (1950)	New Mexico (1950)	New Hampshire
Utah (1950)	New York	North Dakota
Vermont	Ohio	Oklahoma
Washington	Pennsylvania (1953)	South Dakota
	Tennessee (1950)	Texas
	Virginia	West Virginia
		Wisconsin
		Wyoming

*Figures in parenthesis indicate the year branch offices in states which changed classifications accounted for 20 percent or more of banking offices.

Source: Developed from data in the Federal Deposit Insurance Corporation, Annual Reports for 1946, 1950, 1953, 1955, 1958, 1960, and 1962 (see Appendix A).

banking states to branch banking states, reflecting the general postwar growth in the number of branch offices. Between December 1946 and 1960, limited area branch banking became prevalent in seven states formerly dominated by unit banking (Alabama, Georgia, Indiana, Kentucky, New Mexico, Pennsylvania, and Tennessee); statewide branch banking became prevalent in three states (Connecticut, South Carolina, and Utah). Iowa, South Dakota, and Wisconsin are states which allow limited area branch banking, and branches accounted for roughly one-fifth of all banking offices throughout the years examined; however, because of the failure of branches to exhibit any significant growth in relative importance over the years, these states have been classified as unit banking states.[1]

II. LENDING PATTERNS OF COMMERCIAL BANKS

Having identified the statewide branch banking states, the limited area branch banking states, and the unit banking states of the nation, the bank lending patterns in each of the three state groups can be studied to see if any systematic differences exist.

Loans, discounts, and overdrafts--usually referred to simply as "loans"--represent a general account on the asset side of the bank balance sheet. When this account is related

---

[1]On a nation-wide basis, the relative importance of branch offices has grown tremendously since 1945 (see Chapter I, pp. 3-4). Consequently, the four states mentioned above are atypical with respect to branching development. It is assumed, therefore, that limited area branch banking in these states played a subordinate role to unit banking during the period under examination.

to total assets, an indication of the extent to which a bank or group of banks are able or willing to commit their resources for lending purposes is provided. Since the major source of bank resources is deposits--a liability item on the balance sheet--a comparison of the volume of loans to deposits furnishes a measure of the effectiveness of banks in channeling funds deposited by the general public to those needing and worthy of credit.

Tables 2 and 3 present the loans and discounts of insured commercial banks in statewide branch states, limited area branch states, and unit states as a percentage of total assets and deposits for selected years 1946-1962. The figures given are the mean percentages of those exhibited by banks in each state of the three groups of states, and, in this sense, reflect the behavior of banks in a hypothetical "average" statewide branch state, limited area branch state, and unit state. The data rather conclusively support the contention that branch banks are able to place a greater portion of their assets and deposits in loans than unit banks do, presumably because the opportunities for diversification of the loan portfolio are greater under branch banking. Also, it is of interest to note that banks in statewide branch states consistently committed a greater percentage of their assets and deposits in loans than banks in limited area states, and, by these measures, outperformed banks in unit states by a heavier margin than did banks in limited area branch states.

TABLE 2

LOANS AND DISCOUNTS AS A PERCENTAGE OF TOTAL ASSETS OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Average of Reported Balances on Call Dates[a])

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	20.4	17.7	16.6
1950	33.5	27.8	27.0
1953	39.2	33.2	31.6
1955	40.4	36.1	34.6
1958	45.2	39.9	33.7
1960	50.8	45.4	42.1
1962	50.7	46.2	40.8
Average	40.0	35.1	32.3

[a]Balances are averages of figures reported at the beginning, middle, and end of year.

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports for the years indicated (see Appendix B-1).

TABLE 3

LOANS AND DISCOUNTS AS A PERCENTAGE OF DEPOSITS OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Average of Reported Balances on Call Dates[a])

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	21.5	18.8	17.7
1950	36.2	29.9	29.1
1953	42.6	43.0	34.0
1955	44.0	39.4	37.4
1958	49.7	43.8	41.5
1960	56.3	50.6	46.6
1962	56.4	51.7	45.3
Average	43.8	39.6	35.9

[a]See footnote to Table 2.

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports for the years indicated (see Appendix B-1).

Although the data indicate clearly that the ability of banks to commit assets and deposits to the lending function follows the restrictions placed on branching in the three groups of states, it is important that this finding be clarified. It is essential that more facts be established concerning the composition of the loan portfolios of the three systems of banking in order to evaluate some of the implications of the risks presumed to be associated with the different emphasis on lending and further assess the possible economic impact of lending activity. Accordingly, the following sections are devoted to an examination of the three major types of loans: commercial and industrial loans, real estate loans, and personal loans. Also, the cost of loans will be examined.

Commercial and Industrial Loans

Of special importance to the question of economic development are commercial and industrial loans. These are loans extended to businessmen for the purpose of carrying inventories, financing customer obligations, meeting operating expenses, and, to a more limited but growing extent, acquiring capital equipment. Hence, one might infer that commercial and industrial loans would have rather direct significance to the development of commercial enterprise and, more broadly, provide an important contribution for general economic advancement. Furthermore, it can be assumed that a banking system which places a greater relative amount of its assets in such loans makes a greater contribution to industrial development.

Commercial and industrial loans of insured commercial banks in the three groups of states are shown as a percentage of total assets for selected years 1946-1962 in Table 4.

With the exception of the years 1950 and 1953, banks in statewide branch banking states displayed a greater percentage of assets placed in commercial and industrial loans than banks in unit states during each of the selected years for an average of 13.7 percent as compared to 13.1 percent for unit states. However, during 1950 and 1953, banks in unit states experienced a higher commitment than banks in statewide branch states. The significant point of comparison between the two types of banking, however, is revealed by the growing margin of difference in the percentage of assets in commercial and industrial loans since 1955. Apparently, banks in unit states have stabilized at around 14.7 percent, while the percentage in statewide branch states steadily increased from 13.8 percent in 1955 to 17.8 percent by 1962. Thus, especially in more recent years, banks in statewide branch states have given commercial and industrial loans greater stress than banks in unit states.

These findings are similar to those of the Schweiger-McGee study. Upon examining branch and unit banks classified according to deposit volume, the authors found that smaller branch banks (deposits of $200 million or less) provided more commercial and industrial loans relative to assets than unit banks of comparable size. Larger unit banks (deposits of more than $200 million) tended to have a slightly higher

TABLE 4

COMMERCIAL AND INDUSTRIAL LOANS AS A PERCENTAGE OF TOTAL ASSETS OF THE INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Year-end Balances)

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	8.9	7.6	8.5
1950	11.6	10.3	13.5
1953	12.3	11.5	12.5
1955	13.8	13.0	13.5
1958	15.4	14.0	14.7
1960	16.4	14.0	14.6
1962	17.8	13.7	14.7
Average	13.7	12.0	13.1

Source: Computed from Federal Deposit Insurance Corporation, Call Reports of December 31 or nearest date for the years indicated (see Appendix B-2).

portion of assets in commercial and industrial loans than branch banks of similar size; however, all branch banks had nearly twice the relative amount of assets placed in such loans as did all unit banks.[1] However, it should be noted that the banks surveyed by Schweiger and McGee included only the 6,233 member banks of the Federal Reserve System for the year 1959, and no distinction was made between limited area branch banks and statewide branch banks.

In comparing the behavior of banks in limited area branch states and unit states, the data in Table 4 reveal that banks in unit states placed an average of 1.1 percentage points more of their assets in commercial and industrial loans during each of the years examined than banks in limited area branch states.[2] Thus, it can be concluded that commercial and industrial loans received greater emphasis in unit banking states, and that the pattern in unit states more

---

[1] *Ibid.*, p. 229.

[2] Had New York State been included in the computations for limited area branch states, the percentage commitment of assets in commercial and industrial loans by banks in limited area branch states would have exceeded that of banks in unit states during each of the selected years and that of banks in statewide branch states for several of the selected years. Similar patterns would have been observed for personal and real estate loans in the sections that follow if New York had not also been excluded from the computations. However, the reader may be interested to know that the inclusion of New York banking data in Tables 2 and 3, which relate to *total* loans, would not have materially changed the relative position of the limited area branch banking states.

closely paralleled that of statewide branch states than that of the limited area branch states. Assuming that commercial and industrial loans are a measure of the contribution of banks to commercial and industrial development, the relative contribution of the three banking systems to such development was in the following order of magnitude: statewide branch banks, unit banks, and limited area branch banks.

Actually, one would suspect that the commercial and industrial lending pattern in limited area branch states would more closely resemble statewide branch states, since the former more closely approximate the latter from an institutional standpoint than does unit banking. The evidence is thus not wholly consistent with the hypothesis that lending patterns follow an inverse relationship to the restrictions placed on branching, although banks in statewide branch states (those with most liberal restrictions) did outshine those in unit states (having the most stringent restrictions).

Personal Loans

Personal loans, or as termed by the Federal Deposit Insurance Corporation, "loans to individuals for personal expenditures," consist of retail automobile and other installment loans, residential modernization and repair installment loans, cash installment loans, and single payment loans. Generally speaking, these personal loans are consumer loans, i.e., used by individuals to finance current purchases of goods and services. An important difference between commercial loans and personal loans is that the latter are not self-liquidating. Unlike most commercial loans, personal loans are not repaid out of an income stream related to the purpose for which the loan was obtained. As a consequence, personal loans as a class are generally considered more risky than commercial loans, all other things being equal.

In terms of their ultimate economic impact, consumer loans probably do not differ materially from commercial loans--both contribute to increased economic activity. However, the more immediate effects of consumer loans are likely to be felt through demand, whereas the commercial loan will have a greater impact on supply. Both demand and supply are necessary economic components, but the existence of an effective demand is likely to furnish the incentive for supply rather than vice versa; therefore, to the extent consumer loans contribute more immediately to demand, the relative importance of consumer loans may be greater. However, the validity of this position is subject to question, and its truth should not be considered essential to the analysis which follows.

It, therefore, appears reasonable to assume that the relative amount of bank assets placed in personal loans can be used as a measure of the effectiveness of a given system of banking in fostering general economic development and as a partial indication of the risk that the banking system is able or willing to bear. Table 5 presents the percentage of assets placed in personal loans by insured commercial banks

TABLE 5

LOANS TO INDIVIDUALS FOR PERSONAL EXPENDITURES AS A PERCENTAGE OF TOTAL ASSETS OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Year-end Balances)

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	2.8	3.2	3.0
1950	7.1	7.4	5.9
1953	8.8	8.7	6.9
1955	9.0	9.6	7.7
1958	9.2	12.3	8.2
1960	11.9	12.5	9.5
1962	11.2	12.1	9.7
Average	8.6	9.4	7.2

Source: Computed from Federal Deposit Insurance Corporation, _Call Reports_ of December 31 or nearest date for the years indicated (see Appendix B-2).

expressed as the average for statewide branch states, limited area branch states, and unit states during selected years 1946-1962. The data indicate that banks in statewide branch states placed a significantly higher percentage of assets in personal loans than did banks in unit states. On the average, banks in statewide branch states had 8.6 percent of their assets in such loans, against a 7.2 percent average over the selected years for banks in unit states. The margin of difference between the two groups of states during the over-all period is more significant than was found with respect to commercial and industrial loans.

The figures that are rather surprising in Table 5 are those for banks in limited area branch states. The hypothesis implied that statewide branch states would display a higher percentage than unit banking states, but it was not expected that banks in limited area states would surpass banks in statewide branch states. However, banks in limited area branch states consistently displayed a higher percentage of personal loans, averaging 0.8 of a percentage point more than banks in statewide branch states during the years examined. The reasons for the unanticipated relationship between statewide branch states and limited area branch states perhaps cannot be explained solely in terms of restrictions on branching but further study of the nature and composition of personal loans may serve to clarify the situation somewhat.

In terms of repayment, personal loans consist of single repayment and installment loans. The former are generally of fairly short maturity and small average balance. Because of longer maturity and greater average balance, the latter type of personal loan is generally more risky than the single repayment loan. Thus, an examination of the installment type of personal loan reveals the degree to which the three types of banking systems are able to take on a more risky type of personal loan. One might suspect that branch banking, because of its alleged advantages for diversification or risk, would therefore be more closely associated with installment lending than unit banks. Also, excluding single repayment loans from total personal loans might be expected to bring the differences between the two types of branch banking into sharper focus.[1]

An examination of the data in Table 6 reveals that banks in statewide branch states did evidence a greater percentage of assets placed in personal installment loans than did banks in unit states during the selected years over the period 1946-1962. In fact, the spread between the two was greater than when total personal loans are considered, which, given the hypothesis, is what one would expect to find. Moreover, the greater commitment of assets in personal loans on the part of banks in limited area branch states vis-a-vis banks in statewide branch states disappears when only personal installment loans are considered. Banks in both groups of branch states display about the same pattern, with banks

---

[1] Cf. Parish, op. cit., p. 4.

TABLE 6

PERSONAL INSTALLMENT LOANS* AS A PERCENTAGE OF TOTAL ASSETS OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Year-end Balances)

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	1.7	1.4	1.4
1950	5.5	4.8	3.7
1953	7.0	6.1	4.6
1955	6.9	6.7	5.1
1958	7.0	7.2	5.7
1960	8.4	9.1	6.7
1962	8.3	8.2	6.7
Average	6.4	6.2	4.6

*Includes installment loans for automobiles, other retail goods, residential repair and modernization, and other cash installment loans.

Source: Computed from Federal Deposit Insurance Corporation, Call Reports of December 31 or nearest date for the years indicated (see Appendix B-2).

in statewide states averaging 6.4 percent and banks in unit states averaging 6.2 percent during the years examined. Therefore, it can be inferred that the reason that banks in limited area branch states exhibited a greater portion of assets in total personal loans than banks in unit states rests with the fact that the former had relatively more assets represented by single repayment loans. As mentioned earlier, single repayment loans generally bear less risk than installment loans, so the significance of the fact that limited area branch banks surpassed statewide branch banks in total personal loans during the period is diminished somewhat.

An analysis of personal installment lending by the three banking systems thus gives substance to the hypothesis. Relative to assets, banks in statewide branch states granted a significantly greater amount of consumer installment loans than banks in unit states and by a rather small margin also granted more of this type of loan than banks in limited area branch states. And again, the above findings are in general accord with those of the Schweiger-McGee study.[1]

Real Estate Loans

In addition to commercial and personal loans, real estate loans constitute a key segment of bank loan portfolios. However, real estate loans are typically of a larger average amount and longer maturity than commercial

---

[1] Schweiger and McGee, *op. cit.*, p. 227.

or personal loans and, hence, generally bear a greater element of risk. The comparative degree of risk between commercial and real estate loans is also intensified by the conditions mentioned above regarding the relationship of the purpose of the loan to the repayment source.

Because of the lengthy amortization period of real estate loans, the banker relates them to one of his more stable sources of funds--the general volume of savings deposits his bank is able to attract.[1] Even though savings deposits are not left with the bank indefinitely, they are not subject to the constant drawing of demand deposits and, hence, are a logical source of funds for real estate loans. Therefore, real estate loans represent a re-deployment of savings for economic and community development.

The Schweiger-McGee study found that unit banks tended to collect a lower volume of savings than branch banks. It also found that unit banks, as a class, tended to make comparatively fewer home mortgage loans, relative to savings deposits and total assets, than branch banks.[2] In view of this evidence and the alleged advantages for risk diversification under branch banking, it seems likely that banks in statewide branch states would display the greatest percentage of total assets allocated to real estate loans

---

[1] Willis R. Bryant, Mortgage Lending (2nd ed.; New York: McGraw-Hill Book Company, 1962), p. 64.

[2] Schweiger and McGee, op. cit., pp. 227 and 229.

of the three banking systems under comparison, while banks in unit states would exhibit the lowest percentage of the three.

As evidenced by the data in Table 7, the pattern emerges as expected. Throughout the postwar years examined, the percentage of assets placed in real estate loans by insured commercial banks was nearly twice as great in statewide branch states as in unit states. Banks in limited area branch states also lent substantially more relative to assets than those in unit states during each of the selected years, averaging almost half again as much as banks in unit states. The distinction between banks in statewide branch states and those in unit states with respect to the relative volume of real estate loans is more significant than for any other loan type examined. The same holds true for the disparity between banks in limited area branch states and unit states. Furthermore, institutional variations among the three banking systems almost certainly explain the patterns. In this respect, it can be concluded that the commitment of the banks to long-term economic and community development was inversely related to the restrictions on branching.

Cost of Loans--Inferred Interest Rates

If bank loans have a bearing on economic development, it follows that the cost of borrowing from banks has salient implications for economic development. It appears logical to hypothesize that the banking system which charges lower interest rates on loans than other banking systems makes a

TABLE 7

REAL ESTATE LOANS AS A PERCENTAGE OF TOTAL ASSETS OF INSURED COMMERCIAL BANKS IN THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

(Year-end Balances)

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	8.4	7.3	4.0
1950	14.3	10.0	7.1
1953	15.1	8.9	6.4
1955	16.2	12.0	10.0
1958	16.6	15.2	8.2
1960	16.9	13.6	8.7
1962	17.1	11.4	9.0
Average	15.0	12.0	7.6

Source: Computed from Federal Deposit Insurance Corporation, Call Reports of December 31 or nearest date for the years indicated (see Appendix B-2).

greater comparative contribution to economic development, because it makes at least one source of capital available at a lower cost for use in the economy. An important assumption implied by this hypothesis is that under all systems of banking interest costs reasonably and rather uniformly reflect the cost of loans, and that the relative amount of bank funds placed in loans by different banking systems is about the same.

As early as 1931, evidence sustained the hypothesis that branch banking lowers the interest rate and makes it more uniform.[1] In his study of interest rates in the statewide branch state of Arizona and the limited area branch state of New Mexico during the period 1947-1959, Butt found that "Arizona banks were not only making a greater proportion of their funds available to borrowers, they were also making them available at somewhat lower rates."[2] Butt estimated an inferred interest rate on bank loans in each state by relating interest and discount income earned on loans during the year to the balance of loans outstanding at the end of the year. The figures in Table 8 were computed in a like manner, except that the average balance of loans during the year, rather than the year-end balance, was used to arrive at the inferred interest rate.

---

[1] Cartinhour, _op_. _cit_., pp. 312-13.

[2] Butt, _Branch Banking and Economic Growth in Arizona and New Mexico_, p. 12.

TABLE 8

INTEREST AND DISCOUNT ON LOANS AS A PERCENTAGE OF AVERAGE[a] LOANS AND DISCOUNTS OUTSTANDING OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	3.8	3.2	3.8
1950	5.0	4.7	4.5
1953	5.3	5.0	4.9
1955	5.1	5.0	4.9
1958	5.6	6.9	5.4
1960	6.0	6.0	5.8
1962	6.2	6.0	6.3
Average	5.3	5.3	5.1

[a]See footnote to Table 2.

Source: Computed from Federal Deposit Insurance Corporation, _Call Reports_ of December 31 or nearest date for the years indicated (see Appendix B-2).

An analysis of the data indicates that, as a group, unit banking states enjoyed a lower inferred interest rate than statewide branch banking states during all but one (1962) of the years examined. However, the unit states averaged only 0.2 of a percentage point below statewide branch states during the years, so the difference is not very significant. Apparently the disparity between the two groups of states was greatest in the early 1950's and has narrowed significantly since. The inferred interest rate in limited area branch states averages out to be the same as that of statewide branch states (5.3 percent); however, it would have more closely approached that of the unit states had there not been an extraordinarily high rate (6.9 percent) in 1958.

The data in Table 8, thus, at first glance suggest that the hypothesis that branch banking lowers interest rates is incorrect, or at least inconsistent with available factual evidence. Although such a conclusion may not be in error, it may be premature and illusory. The figures in Table 8 are developed through inference and by relating <u>total</u> interest income to <u>total</u> loans for a composite rate. As mentioned earlier, the total loan account consists of loans which, even broadly categorized, can be characterized as bearing distinct degrees of risk. As a general rule, personal and real estate loans are more risky to the lender and more costly to the borrower than commercial loans, but it is recognized that the risk and cost will vary with each of these three loan types in accordance with the specific purpose of each loan, the credit rating of the borrower, general economic conditions, and a host of other factors. Since it has been observed that banks operating under statewide branch banking carried nearly twice the relative amount of assets in real estate loans and a third more in personal installment loans during the period 1946-1962, perhaps it is only reasonable to expect the composite interest rate to be greater in statewide branch states, and it is surprising that differences in the rates of statewide branch states and unit states were not greater. Likewise, banks in limited area branch states also carried a greater percentage of assets in real estate and personal loans than did banks in unit states, which may also explain why the composite interest rate in these states was not lower than in unit states.[1] Yet, the fact that the composite interest rate was greater in branch

---

[1] It seems obvious that personal loans are more costly than commercial loans; but with FHA-insured and VA-guaranteed real estate loans bearing stated interest rates of 4 to 5-1/2 percent during the postwar period and conventional real estate loans largely bearing rates of about a percentage point more, it may appear outlandish to maintain that real estate loans are more costly than commercial loans. It must be recognized, however, that fees are charged for the granting, processing, and/or servicing of real estate loans which are not included in the stated interest rate. Although the bank may not receive all these fees, a bank charge of 1 percent or slightly more on the full amount of the loan is common (for further details, see Bryant, op. cit., pp. 34 and 125). Since such fees are treated as loan income, they would be included in the inferred interest rates computed for all three groups of states in Table 9.

TABLE 9

PERCENTAGE DISTRIBUTION OF TOTAL LOAN PORTFOLIO BY MAJOR TYPE OF LOAN OF THE INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES

(Year-end Balances)

Averages for Period 1946 through 1962[a]

	Statewide States	Limited Area States, Except New York	Unit States
Commercial and Industrial Loans	33.0	33.2	39.3
Personal Expenditure Loans	20.7	25.2	21.6
Real Estate Loans	35.9	30.5	22.0
Other[b]	10.4	11.1	17.1
Total	100.0	100.0	100.0

[a]Figures are averages computed from the years 1946, 1953, 1955, 1958, 1960, and 1962.

[b]Consists of valuation reserves, interbank loans, loans to dealers in securities, and guaranteed and non-guaranteed loans to farmers.

Source: Computed from Federal Deposit Insurance Corporation, <u>Call Reports</u> of December 31 or nearest date for the years indicated (see Appendix B-2).

banking states does not necessarily mean the cost of a real estate, personal, or commercial loan was any greater than in unit states. It simply means that banks in branch banking states granted, relative to total assets and total loans (see Table 9), more personal and real estate loans, and these types of loans typically generate greater income than commercial and industrial loans. Consequently, it does not necessarily follow that the cost of bank credit was any less in unit states nor that the contribution of banks to economic development was, therefore, greater in unit banking states. Indeed, given the composition of the loan portfolios, it is probable that the cost of a given type of loan in branch banking states was less than that in unit banking states.

Summary

It is believed that the information presented in this chapter demonstrates that the institutional differences among the three systems of banking do affect lending patterns, and that the different lending patterns generally suggest different degrees of support to economic development. The extensiveness of the commitment of assets and deposits to total loans appears to be inversely related to the restrictions placed on branching; the less restrictive the provisions on branching, the more extensive the commitment. These facts, in turn, suggest that the ability of banks to contribute to economic development is inversely related to branching restrictions.

The comparison of the loan portfolios of banks operating under the three systems of banking shows that banks in unit states tend to concentrate on commercial and industrial loans, whereas banks in both groups of branch banking states tend to concentrate on real estate loans. However, in terms of ability to place assets in commercial and industrial loans, banks in statewide branch banking states surpass those in unit banking states. Compared to banks in unit states, banks in both groups of branch banking states place considerably more of their assets in personal, or consumer, loans. By making greater use of assets for personal and real estate loans, banks in branch banking states presumably display greater ability to provide funds to more diverse segments of the economy, thereby apparently providing a more balanced and broadly based contribution to economic development.

The percentage asset commitment in various loan types is not in complete accord with the hypothesized pattern, however. Banks in unit states appear to place slightly more assets in commercial and industrial loans than banks in limited area branch states do. Banks in limited area branch states, however, place more assets in total personal loans than banks in statewide branch states do, although when only personal installment loans are considered, the asset commitment of banks in the latter group of states is greater than those in the former group of states.

The analysis of the loan portfolio, thus, appears to show that banks in branch banking states generally are able to accept loans of greater risk than banks in unit states are capable of accepting. This fact presumably explains the higher average cost of total loans in branch banking states.

CHAPTER IV

ECONOMIC DEVELOPMENT IN THE STATEWIDE BRANCH BANKING STATES, LIMITED AREA BRANCH BANKING STATES, AND UNIT BANKING STATES OF THE UNITED STATES, 1946-1962

The preceding chapter has empirically demonstrated that during the period 1946-1962 banks in branch banking states generally made more extensive use of their resources with respect to the lending function than did banks in unit banking states, and, furthermore, that the performance of banks in branch banking states appears inversely related to the degree of branching restrictions--i.e., as a class, banks in states with statewide branching provisions committed more resources to the lending function than did banks in states with limited area branching provisions.

The central purpose of this chapter is to examine the rates of economic growth in the three types of banking states of the nation during the period 1946-1962 to see whether there are differences which can be associated with the type of banking system. Economic growth will be measured in terms of population, personal income, and nonagricultural employment--all rather general measures of economic activity. Given the central hypothesis of this thesis, the rates of growth should be greatest in statewide branch banking states, limited area branch states should follow, and unit banking states should have the lowest rate of growth.

A mere comparison of economic growth rates as a measure of the relative contribution of banking systems to economic growth implicitly assumes that the economic resources and potential of all states may be completely unrelated to growth; that the differences in banking systems are the only variable between the states being compared. Although it is doubtful that such an assumption would indeed be verified by facts, it is nevertheless believed useful for present purposes to make a comparison of growth rates among the three types of banking states. In Chapter V, this approach will be examined more closely.

After examining economic growth rates, an attempt will be made to assess the contribution of the different banking systems to economic development by relating the volume of bank deposits and loans to personal income. Such a comparison should indicate the extent to which the various systems of banking have been able to command and utilize the capital formation potential of personal income in the economy. It is hypothesized that statewide branch states will marshal the greatest percentage of personal income relative to deposits and grant, relative to personal income, the highest volume of loans. Limited area branch states and unit states should follow, respectively.

I. ECONOMIC GROWTH IN THE THREE BANKING AREAS, 1946-1962

Population

Table 10[1] presents the mid-year population by states and banking areas for the years 1946, 1955, and 1962. Although growth of individual states varied, the data indicate that the "average" statewide branch state regularly experienced considerably greater growth in population than the "average" limited area state or "average" unit state. The average statewide branch state increased 51.7 percent in population between 1946 and 1962, while population in the average limited area state grew 29.0 percent, and 30.3 percent in the average unit banking state. Therefore, there was no important difference between the group of limited area branch states and the group of unit states, but the group of statewide branch states enjoyed roughly two-thirds greater growth than the other two groups of states during the seventeen-year period. Apparently both limited area states and unit states grew rapidly between 1946 and 1955; then their growth rate sharply dropped. On the other hand, statewide branch states as a class were able to extend the growth rate of 1946-1955 for the entire period.

---

[1] In examining Tables 10 through 13, the reader should note that seven states in which limited area branch banking became prevalent between 1946 and 1960, and the four states in which statewide branch banking grew to prominence between 1946 and 1950, are excluded from the calculations (see Table 1 for a listing of these states). This has been done to maintain consistency in the composition of the three groups of states for which measures of economic growth are compared.

TABLE 10

MID-YEAR POPULATION* BY STATES AND BANKING SYSTEM OF SELECTED STATEWIDE BRANCH STATES, LIMITED AREA BRANCH STATES, AND UNIT STATES IN THE CONTERMINOUS UNITED STATES, 1946 1955, AND 1962

(000 omitted)

Statewide Branch States:	1946	1955	1962
Arizona	618	1,007	1,509
California	10,064	12,961	16,970
Delaware	300	390	469
Idaho	509	612	698
Maryland	2,256	2,744	3,191
Nevada	145	235	335
North Carolina	3,772	4,344	4,731
Oregon	1,342	1,685	1,864
Rhode Island	790	817	865
Vermont	342	370	390
Washington	2,300	2,607	3,006
Total	22,438	27,772	34,028

Average percentage increase of statewide branch states:

1946 - 1955	23.8
1955 - 1962	22.5
1946 - 1962	51.7

Limited Area Branch States:	1946	1955	1962
Louisiana	2,540	2,934	3,330
Maine	835	906	999
Massachusetts	4,536	4,773	5,161
Michigan	5,874	7,326	7,991
Mississippi	2,072	2,133	2,248
New Jersey	4,505	5,324	6,245
New York	13,434	16,021	17,402
Ohio	7,516	8,945	10,097
Virginia	3,371	3,579	4,177
Total	44,683	51,941	57,650

Average percentage increase of limited area branch states:

1946 - 1955	16.2
1955 - 1962	11.0
1946 - 1962	29.0

TABLE 10
(Continued)

Unit States:	1946	1955	1962
Arkansas	1,805	1,802	1,823
Colorado	1,196	1,547	1,907
Florida	2,473	3,580	5,459
Illinois	8,164	9,301	10,146
Iowa	2,467	2,671	2,777
Kansas	1,803	2,060	2,219
Minnesota	2,737	3,190	3,475
Missouri	3,759	4,201	4,346
Montana	514	629	709
Nebraska	1,258	1,394	1,484
New Hampshire	495	553	632
North Dakota	570	643	642
Oklahoma	2,131	2,210	2,448
South Dakota	588	683	721
Texas	7,199	8,748	10,116
West Virginia	1,828	1,984	1,773
Wisconsin	3,168	3,702	4,092
Wyoming	253	312	365
Total	42,408	50,210	55,134

Average percentage increase of unit states:

1946 - 1955	18.4
1955 - 1962	9.8
1946 - 1962	30.3

Average percentage increase of all groups of states:

1946 - 1955	19.5
1955 - 1962	17.8
1946 - 1962	37.0

*Includes military personnel stationed in each state.

Source: U. S. Department of Commerce, Office of Business Economics, Personal Income by States Since 1929, Table 3, pp. 144-45 for 1946 and 1955 data; U. S. Bureau of the Census, Statistical Abstract of the United States 1963 (84th ed.; Washington, D. C.: U. S. Government Printing Office, 1963), Table 6, p. 9.

Of course, it cannot be concluded that the impressive population boom in statewide branch states was a direct result of more liberal provisions regarding branch banking, although it is an interesting association to note. Demographic phenomenon are influenced by a host of factors, and the more powerful of these are economic in nature, e.g., the availability of jobs. Banking practices, in turn, can and do exert an influence on economic forces. Even so, the patterns of population growth are not entirely consistent with liberality in the provisions respecting branching, since there is no material difference between the percentage growth in the population of limited area branch states and unit states.

Personal Income

Personal income by states and banking areas for 1946, 1955, and 1962 in statewide branch states, limited area branch states, and unit states is shown in Table 11. Following the pattern with respect to population growth, the percentage growth in personal income of statewide branch states transcended that of limited area branch states and unit states by a considerable margin. During the period 1946-1962, the "average" statewide branch state posted a 194.3 percent increase in personal income; the "average" limited area branch state experienced a 141.5 percent increase; and the "average" unit state enjoyed a growth of 143.8 percent.

TABLE 11

PERSONAL INCOME BY STATE AND BANKING SYSTEM
OF SELECTED STATEWIDE BRANCH STATES,
LIMITED AREA BRANCH STATES, AND
UNIT BANKING STATES IN THE
CONTERMINOUS UNITED STATES,
1946, 1955, AND 1962

(Millions of Dollars)

Statewide Branch States:	1946	1955	1962
Arizona	654	1,633	3,164
California	15,194	30,224	49,181
Delaware	460	1,049	1,455
Idaho	595	917	1,355
Maryland	2,924	5,453	8,562
Nevada	249	582	1,098
North Carolina	3,198	5,535	8,195
Oregon	1,874	3,139	4,349
Rhode Island	1,066	1,617	2,052
Vermont	362	567	782
Washington	3,208	5,211	7,471
Total	29,784	55,927	87,664

Average percentage increase of statewide branch states:

1946 - 1955	87.8
1955 - 1962	56.7
1946 - 1962	194.3

Limited Area Branch States:	1946	1955	1962
Louisiana	1,254	3,985	5,678
Maine	933	1,452	1,915
Massachusetts	6,342	10,056	14,290
Michigan	7,743	15,785	19,307
Mississippi	1,254	2,065	2,889
New Jersey	6,886	12,351	18,032
New York	22,712	36,508	50,985
Ohio	9,853	18,589	24,154
Virginia	3,336	5,603	8,428
Total	60,313	106,394	145,678

Average percentage increase of limited area branch states:

1946 - 1955	76.4
1955 - 1962	36.9
1946 - 1962	141.5

TABLE 11
(Continued)

Unit States:	1946	1955	1962
Arkansas	1,316	1,933	2,742
Colorado	1,429	2,783	4,520
Florida	2,813	6,088	11,158
Illinois	12,487	20,968	28,857
Iowa	2,978	4,260	6,078
Kansas	2,012	3,458	4,856
Minnesota	3,213	5,450	7,770
Missouri	4,459	7,579	10,362
Montana	657	1,158	1,565
Nebraska	1,446	2,203	3,369
New Hampshire	567	952	1,394
North Dakota	596	872	1,459
Oklahoma	2,000	3,341	4,664
South Dakota	637	861	1,489
Texas	7,400	14,380	20,361
West Virginia	1,683	2,586	3,210
Wisconsin	3,830	6,615	9,341
Wyoming	339	570	790
Total	50,862	86,057	123,985

Average percentage increase of unit states:

1946 - 1955	69.2
1955 - 1962	44.1
1946 - 1962	143.8

Average percentage increase of all groups of states:

1946 - 1955	77.8
1955 - 1962	45.9
1946 - 1962	159.8

Source: U. S. Department of Commerce, Office of Business Economics, _Personal Income by States Since 1929_, Table 1, pp. 140-41 for 1946 data; and _Survey of Current Business_, Vol. 43, No. 8 (August, 1963), p. 9, Table 1, for 1955 and 1962 data.

Examining the seventeen-year period by segments, it appears that the most rapid growth occurred in each group of states between 1946 and 1955. During the balance of the period, the growth rate slowed to about two-thirds of the 1946-1955 rate in statewide branch states and unit states and approximately half the 1946-1955 rate in limited area branch states. Thus, the unit states and limited area branch states displayed about the same rate of growth for the full period, but unit states better maintained the growth rate in personal income of the earlier postwar years. This experience is just the opposite of the growth pattern in population between 1955 and 1962 during which limited area states experienced a smaller decline in growth rates than did unit states.

Per Capita Income

Like the data on population growth, the figures on personal income gains appear to offer little definite or systematic relationship with restrictions on branch banking. Nor does the merging together of gains in population and income as measured by per capita income make the picture any less clouded.

Reference to Table 12 reveals that during the seventeen-year period per capita income grew the most in limited area branch states (101.6 percent), and that statewide branch states and unit states experienced virtually the same growth (85.5 percent and 85.9 percent, respectively). Actually, the differences in growth rates among all three groups of states are slight. Significant differences among

TABLE 12

PER CAPITA INCOME BY STATE AND BANKING SYSTEM OF SELECTED STATEWIDE BRANCH STATES, LIMITED AREA BRANCH STATES, AND UNIT BANKING STATES IN THE CONTERMINOUS UNITED STATES, 1946, 1955, AND 1962

Statewide Branch States:	1946	1955	1962
Arizona	$1,083	$1,577	$2,097
California	1,654	2,271	2,898
Delaware	1,533	2,513	3,102
Idaho	1,169	1,462	1,941
Maryland	1,313	1,991	1,683
Nevada	1,717	2,434	3,278
North Carolina	858	1,236	1,732
Oregon	1,396	1,834	2,333
Rhode Island	1,349	1,957	2,372
Vermont	1,058	1,535	2,005
Washington	1,395	1,987	2,485
Average	$1,320	$1,891	$2,448

Percentage increase in average per capita income of statewide branch states:

1955 - 1962	43.3%
1946 - 1962	29.5
1946 - 1962	85.5

Limited Area Branch States:	1946	1955	1962
Louisiana	$ 829	$1,333	$1,705
Maine	1,117	1,593	1,917
Massachusetts	1,398	2,097	2,769
Michigan	1,318	2,134	2,416
Mississippi	605	946	1,285
New Jersey	1,529	2,311	2,887
New York	1,691	2,263	2,930
Ohio	1,311	2,062	2,392
Virginia	990	1,535	2,018
Average	$1,120	$1,786	$2,258

Percentage increase in average per capita income of limited area branch states:

1946 - 1955	59.5%
1955 - 1962	26.4
1946 - 1962	101.6

TABLE 12
(Continued)

Unit States:	1946	1955	1962
Arkansas	$ 729	$1,062	$1,504
Colorado	1,195	1,764	2,370
Florida	1,137	1,654	2,044
Illinois	1,530	2,257	2,844
Iowa	1,207	1,577	2,189
Kansas	1,116	1,647	2,188
Minnesota	1,174	1,691	2,236
Missouri	1,186	1,800	2,384
Montana	1,278	1,844	2,207
Nebraska	1,151	1,540	2,270
New Hampshire	1,145	1,732	2,206
North Dakota	1,046	1,372	2,273
Oklahoma	939	1,506	1,905
South Dakota	1,083	1,245	2,065
Texas	1,028	1,614	2,013
West Virginia	921	1,288	1,810
Wisconsin	1,209	1,774	2,283
Wyoming	1,340	1,753	2,164
Average	$1,134	$1,618	$2,109

Percentage increase in average per capita income of unit states:

1946 - 1955	42.6%
1955 - 1962	30.3
1946 - 1962	85.9

Percentage increase in average per capita income of all groups of states:

1946 - 1955	48.4%
1955 - 1962	28.7
1946 - 1962	91.0

Source: U. S. Department of Commerce, Office of Business Economics, Personal Income by States Since 1929, Table 2, pp. 142-43 for 1946 data; Office of Business Economics, Survey of Current Business, Vol. 43, No. 8 (August, 1963), p. 9, for 1962 and 1955 data.

the state groups appear to have occurred only during the period 1946-1955, when limited area branch states displayed a percentage increase of 59.5 percent compared to 43.3 percent for statewide branch states and 42.6 percent for unit states. This pattern is explained by the fact that during the same period, population grew at a relatively low rate and personal income grew at a relatively high rate in limited area branch states.

Nonagricultural Employment

Nonagricultural employment also fails to display systematic correlation with differences in the type of banking system prevalent in the states. An inspection of the figures in Table 13 shows that during the period 1946-1962, there were no substantial differences in employment growth rates of the statewide branch banking group of states (39.1 percent) and the group of unit banking states (38.6 percent). The limited area branch states lagged significantly behind the other two groups of states, displaying an increase of only 23.6 percent over the seventeen-year period. However, when the seventeen-year period is split up, unit banking states lead the other two groups of states during the years 1946 through 1955 with a 24.6 percent increase compared to an increase of 18.3 percent for limited area branch states and a 14.3 percent increase for statewide branch states. Still a different pattern is evident during the period 1955-1962; the percentage increase of the group of statewide branch states is nearly twice that of the unit banking

TABLE 13

NONAGRICULTURAL EMPLOYMENT* IN SELECTED STATEWIDE BRANCH STATES, LIMITED AREA BRANCH STATES, AND UNIT BANKING STATES OF THE CONTERMINOUS UNITED STATES, BY STATE AND BANKING SYSTEM: 1946, 1955, AND 1962

(000 omitted)

Statewide Branch States:	1946	1955	1962
Arizona	135.4	226.0	363.2
California	2,972.6	4,082.9	5,209.4
Delaware	103.9	143.6	154.3
Idaho	114.5	138.5	162.7
Maryland	649.9	835.4	948.3
Nevada	53.1	84.5	123.8
Oregon	392.8	475.4	523.7
North Carolina	827.8	1,059.4	1,251.1
Rhode Island	287.0	295.0	295.4
Vermont	96.3	102.1	109.3
Washington	649.4	768.0	851.3
Total	7,182.7	8,210.8	9,992.5

Average percentage increase of statewide branch states:

1946 - 1955	14.3
1955 - 1962	21.2
1946 - 1962	39.1

Limited Area Branch States:	1946	1955	1962
Louisiana	543.5	725.5	794.7
Maine	259.7	275.1	280.4
Massachusetts	1,701.1	1,818.4	1,952.1
Michigan	1,853.8	2,479.2	2,323.0
Mississippi	208.3	354.0	424.5
New Jersey	1,561.9	1,865.3	2,080.9
New York	5,324.8	5,917.1	6,270.7
Ohio	2,532.1	3,128.7	3,093.9
Virginia	745.5	912.0	1,080.1
Total	14,802.7	17,475.3	18,300.3

Average percentage increase of limited area branch states:

1946 - 1955	18.1
1955 - 1962	4.7
1946 - 1962	23.6

TABLE 13
(Continued)

Unit States:	1946	1955	1962
Arkansas	270.5	321.0	396.1
Colorado	312.1	432.9	548.8
Florida	593.4	965.9	1,382.6
Illinois	2,989.1	3,410.0	3,561.3
Iowa	537.8	632.4	683.3
Kansas	402.8	543.8	570.4
Minnesota	732.7	882.0	982.3
Missouri	1,080.5	1,286.2	1,354.6
Montana	126.8	162.1	170.0
Nebraska	280.2	355.0	392.9
New Hampshire	89.7	115.7	127.2
North Dakota	161.6	183.5	204.8
Oklahoma	412.0	550.9	602.0
South Dakota	100.5	128.2	150.7
Texas	1,623.4	2,302.7	2,630.7
West Virginia	482.7	480.5	445.6
Wisconsin	928.9	1,108.1	1,208.4
Wyoming	67.2	85.7	96.2
Total	11,191.9	13,946.6	15,507.9

Average percentage increase of unit states:

1946 - 1955	24.6
1955 - 1962	11.1
1946 - 1962	38.6

Average percentage increase of all groups of states:

1946 - 1955	19.0
1955 - 1962	12.3
1946 - 1962	33.7

*Data exclude proprietors, self-employed persons, unpaid family workers, farm workers, and domestic workers in households. Salaried officers of corporations are included, and only civilian government workers are included.

Source: U. S. Bureau of Labor Statistics, Employment and Earnings Statistics for States and Areas, 1939-1962, Washington, D. C.: USGPO, 1963), Table 1, pp. vii-xiii.

group of states, and the percentage gain of the group of limited area branch states is less than half that of the unit states.

II. LOANS AND DEPOSITS OF COMMERCIAL BANKS RELATED TO PERSONAL INCOME

At this juncture, a brief summary of the findings with respect to the relationship between economic growth and the restrictions on branch banking may aid in establishing the logic behind a comparison of banking practices per se to economic activity. Of the states studied, there appears to be some correlation between the restrictions on branching and rates of economic growth as measured by increases in population and personal income. However, this fact cannot be used to infer causation; moreover, the pattern is not consistent throughout. Although statewide branch banking states experienced a considerably greater growth than unit states, there is virtually no difference between the population and income gains of limited area branch states and unit states. Growth in per capita income and employment in all three groups of states fails to display any systematic correlation with differences in branching restrictions.

Using the same four gauges of economic growth during the period 1947-1960, Butt was able to show that economic growth was greater under statewide branch banking than under limited area branch banking, but his findings were based only upon a comparison of two states.[1] As mentioned earlier, however, a comparative study of rates of economic growth per se under the various systems of banking does not necessarily indicate the comparative contribution of a particular system of banking to the growth of the economy, because there are simply too many other factors which can contribute to economic development.

What is needed is some means of more closely associating banking activity with economic growth. With this thought in mind, the discussion below is devoted to an attempt to establish meaningful distinctions in the relationship between the volume of bank loans and deposits and the level of personal income under the three types of banking.

Loans and Personal Income

Table 14 presents the total volume of loans of insured commercial banks as a percentage of personal income in the statewide branch states, limited area branch states, and unit states of the conterminous United States during selected years 1946-1962. An examination of the data shows that there were no vast differences among the three types of banking systems. In 1946, the mean percentage of statewide branch states was noticeably higher than that of limited area branch states and unit states; however, this pattern failed to endure throughout the years examined. Comparatively

---

[1] Butt, Branch Banking and Economic Growth in Arizona and New Mexico, pp. 4-7.

TABLE 14

YEAR-END BALANCE OF TOTAL LOANS OF INSURED COMMERCIAL BANKS AS A PERCENTAGE OF PERSONAL INCOME IN STATEWIDE BRANCH BANKING STATES, LIMITED AREA BRANCH BANKING STATES, AND UNIT BANKING STATES OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	17.4	13.7	14.9
1950	22.6	18.0	20.4
1953	22.6	16.3	21.8
1955	24.8	22.0	24.8
1958	25.4	23.1	25.7
1960	25.8	24.5	27.1
1962	29.2	27.1	30.8
Average	24.0	20.7	23.6

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports, for the years indicated (see Appendix B-2), and Department of Commerce, Survey of Current Business (see Appendix C).

speaking, bank loans in unit banking states increased quite rapidly relative to personal income following 1946, reaching the level of statewide branch states by 1955 and slightly exceeding it thereafter. Limited area branch states, on the other hand, were unable to as effectively narrow the difference between them and the statewide branch states, although since 1955 the difference was less than two percentage points. Hence, over the years studied, the statewide branch states show an average of 24.0 percent, unit states follow closely with an average of 23.6 percent, and limited area branch states trail with an average of 20.7 percent.

As the reader has probably already suspected, the findings regarding the relationship of bank loans to personal income in the three groups of states do not emerge as expected. It was thought that the volume of bank loans expressed as a percentage of personal income would bear an inverse relationship to the restrictions placed on branching; in other words, that bank loans in statewide branch states would amount to a significantly greater percentage of personal income than in the other two groups of states. Of course, bank loans are not a component of personal income; however, the relationship does give some indication of the association between bank lending and the general level of economic activity.

<u>Personal and Business Deposits and Personal Income</u>

There is, however, another measure of the relative contribution of the three types of banking systems to economic development. Bank deposits are ultimately derived from income sources. A certain portion of demand deposits, of course, represent loans, but statistics showing the amount of demand deposits which result from loans are not available. If it is assumed that demand deposits largely represent funds actually deposited by individuals and businesses from income sources, a meaningful relationship can be developed between the volume of deposits and the level of income. This relationship measures the effectiveness of banks in collecting funds from the income flow which, in turn, will presumably be used mainly as loans or for transactions. Looked at another way, it is one measure of the participation of banking activity in the economic mainstream.

The data in Table 15 give the deposits of individuals, partnerships, and corporations in insured commercial banks as a percentage of personal income in the three groups of banking states; interbank deposits and government deposits are not considered because their volume does not bear as relevant a relationship to personal income as do personal and business deposits. With the exception of 1946, the mean percentage of unit states exceeded that of the two groups of branch states in each of the years examined. For the years which were studied during the seventeen-year period, personal and business deposits in unit banking states averaged 51.5 percent of personal income, 47.2 percent in statewide branch banking states, and 45.1 percent in limited area branch banking states. The spread between the unit states

TABLE 15

YEAR-END BALANCE OF DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS IN INSURED COMMERCIAL BANKS AS A PERCENTAGE OF PERSONAL INCOME IN STATEWIDE BRANCH BANKING STATES, LIMITED AREA BRANCH BANKING STATES, AND UNIT BANKING STATES IN THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

Year	Mean of Statewide States	Mean of Limited Area States-Excluding New York	Mean of Unit States
1946	63.9	54.4	59.6
1950	50.3	47.1	53.8
1953	44.8	43.7	50.4
1955	44.9	44.9	50.4
1958	44.3	42.5	49.9
1960	39.6	40.1	46.1
1962	42.6	43.3	50.6
Average	47.2	45.1	51.5

Source: Computed from Federal Deposit Insurance Corporation, _Annual Reports_, for the years indicated (see Appendix B-2), and Department of Commerce, _Survey of Current Business_ (see Appendix C).

and statewide branch states has apparently been growing since the late 1950's. In fact, by 1960 and 1962, the mean percentage of statewide branch states dropped from earlier levels so that it was even slightly exceeded by the mean percentage of the limited area branch states.

The evidence, thus, suggests that unit banks were more successful in obtaining a slice of personal income than either form of branch banking. This was not the anticipated pattern. It was hypothesized that statewide branch banks would prove to be the most successful of the three groups, with limited area branch banks and unit banks following, respectively.

One possible explanation of the unexpected nature of the findings may lie in the nature of the statistics themselves. Personal income, of course, does not include corporate income, although business deposits include the deposits of incorporated firms. If corporate income statistics were available in addition to personal income statistics--i.e., if gross state product figures were available--the relationship of deposits to income might reveal a materially different pattern and would certainly give a more complete picture of economic development. This criticism also applies to the earlier attempt to relate total loans to personal income.

A second reason the analysis does not support the hypothesis may be indicated by the findings of the Schweiger-McGee study. In the present study, deposit figures include both time and demand deposits. In the aforementioned study, however, the authors related only personal and business time deposits to personal income and found that the ratio was consistently higher in branch banking areas than in unit banking areas. Comparing the time deposits of all active banks in three leading unit banking states and six leading branch banking states to personal income for selected years during the period 1929 to 1959, the researchers found the ratio of time deposits to personal income in the branch banking states was generally twice that of unit banking states.[1]

In summary, when properly qualified, the above findings with respect to the relationship of loans and deposits compared to personal income fail to reveal meaningful differences among the three groups of states. For the reasons noted, personal income is not a wholly satisfactory measure against which loans and deposits should be gauged. The findings of Schweiger and McGee suggest that the present finding that banks in unit states obtain a greater percentage of personal income in the form of deposits than do banks in branch states may be illusory. A refinement of deposit data to include only time deposits could well show an opposite pattern. If indeed the pattern found by Schweiger and McGee does hold for the banks and states examined in the present study, it could easily be inferred that the effectiveness of banks in supplementing sustained economic development would be greater

---

[1] Schweiger and McGee, op. cit., p. 242.

under branch banking, since time deposits tend to be a more stable source of investable capital for a bank than demand deposits which are subject to a more constant drawing down and replenishment.

CHAPTER V

ECONOMIC DEVELOPMENT, BANKING SYSTEMS, AND BANK LENDING PATTERNS AMONG TEN WESTERN STATES, 1946-1962

Having devoted considerable effort to the testing of the hypothesis that branch banking is superior to unit banking in terms of the potential it offers for economic development, several points remain unresolved. First, no empirical evidence has been marshaled which conclusively supports the hypothesis, despite the fact that observed bank lending behavior clearly points to the conclusion that branch banking--notably the statewide form--is superior to unit banking in terms of utilizing the resources at its command for lending purposes.

Second, the analysis thus far has been in terms of the "average" banking state; or more precisely, the behavior of banks in groups of states. Experience shows, however, that individual parts do not necessarily behave in a manner identical with that of the whole, and in the present case, the lending patterns of individual state banking systems do not necessarily coincide with that of the group in which the state has been classified.

These two problems are worthy of further investigation and elaboration. Theory would suggest that, quite apart from institutional differences among the banking systems prevalent in the various states, structural differences among the economies of the states could have a persuasive impact upon banking practices and economic progress. It seems fundamental that the development of banking in an area, regardless of branching restrictions, is basically as much a consequence as an antecedent of business opportunity. Therefore, the emphasis of this chapter will be upon the economic structures of individual states. Hence, a departure is made from the broad scope of preceding chapters in order to examine and compare banking and economic statistics of the ten western states of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Texas, Utah, and Wyoming. Arizona, California, Idaho, and Utah are statewide branch banking states in which branching is highly developed.[1] New Mexico is the only state west of the Mississippi to have limited area branch banking (the percentage of banking offices which were branches during the period 1946 to 1962 ranged from 12.0 percent to 53.5 percent). The legal restrictions on branching in Colorado, Montana, Texas, and Wyoming make it nonexistent, except under very rare circumstances. The above states have been selected for inclusion in the analysis because of their geographic proximity and historical similarities, but also because of the writer's familiarity and interest in them.

---

[1] Over the period 1946-1962, branches grew from 17.0 percent to 62.9 percent of all banking offices in the least developed (in terms of branching) of these states. In most of the states, the percentage ranged from over 50 percent to over 80 percent during the period (see Table 20).

I. POSTWAR ECONOMIC DEVELOPMENT

Per Capita Income

Personal income data for 1946, 1955, and 1962 and the percentage increase therein for the period are given in Table 16 for the ten states classified by the type of banking system prevalent. It is apparent that there was no particular growth rate or income level associated with any given system of banking during the years examined. In fact, there is wide variation among states with similar branching restrictions and between states with different branching restrictions. Per capita income in 1962 among the statewide branch states ranged from $1,941 in Idaho to $3,278 in Nevada, and increases over the period 1946-1962 ranged from 66.0 percent in Idaho to 93.6 percent in Arizona. The four unit banking states display a narrower range of intragroup variation in 1962 per capita income with the Texas low of $2,013 and the Colorado high of $2,370. The limited area branch banking state of New Mexico exhibits the lowest level of per capita income of all ten states during the three years examined, but it also shows the greatest gains over the period 1946-1962. Reference to Chapter IV for the states compared here will also show no systematic patterns identified with a given type of banking system in terms of population, personal income, or nonagricultural employment. Thus, it seems logical to conclude that, restrictions on branch banking aside, the ten states show various levels of income and growth.

TABLE 16

PER CAPITA INCOME OF TEN WESTERN STATES, 1946, 1955, AND 1962

	1946	1955	1962	Percentage Increase 1946-1962
Statewide Branch States:				
Arizona	$1,083	$1,377	$2,097	93.6
California	1,654	2,271	2,898	75.2
Utah	1,093	1,553	2,084	90.6
Nevada	1,717	2,434	3,278	90.9
Idaho	1,169	1,462	1,941	66.0
Limited Area Branch State:				
New Mexico	$ 906	$1,430	$1,824	101.3
Unit States:				
Colorado	$1,195	$1,764	$2,370	98.3
Montana	1,278	1,844	2,207	72.6
Texas	1,028	1,614	2,013	95.8
Wyoming	1,340	1,753	2,164	61.4

Source: U. S. Department of Commerce, Office of Business Economics, _Personal Income by States Since 1929_, pp. 142-43 for 1946 data; Office of Business Economics, _Survey of Current Business_, Vol. 43, No. 8 (August, 1963), p. 9.

Economic Characteristics and Base

Table 17, however, indicates something of the nature of economic development and the economic base of the states and makes it possible to identify important differences and similarities among them. The percentage distribution of the industrial sources of civilian income received from participation in production in 1946 and 1962 can be used to gauge the relative importance of the industrial sectors of the economy. Such an examination enables one to arrive at certain conclusions concerning the diversity of income sources, the nature of the economic base, and the level of development, or maturity, the economy has attained.

A bit of analytical framework should be mentioned before assessing the data in Table 17. Traditionally, there are basic or primary industries in an economy which can be defined as being relatively independent of business activity generated within the economy or state, because the market for the goods or services produced by the primary industries extends beyond the state or economy area upon which the attention is focused. Agriculture, mining, and manufacturing are classic examples of basic industries. The goods or services purchased by the basic industries, such as the services of employees, in turn, give primary impetus to the income stream enjoyed by the secondary industries. The trades, finance, construction, transportation, communication, and service sectors are industries which are likely to be secondary, although in specific cases any of these sectors or portions

TABLE 17

PERCENTAGE DISTRIBUTION OF INDUSTRIAL SOURCES OF CIVILIAN INCOME* RECEIVED FROM PARTICIPATION IN CURRENT PRODUCTION FOR TEN SELECTED WESTERN STATES: 1946 AND 1962

Source	Arizona		California		Colorado		Idaho		Montana	
	1946	1962	1946	1962	1946	1962	1946	1962	1946	1962
Farms	18.1	8.6	11.4	3.9	18.9	5.1	33.7	16.4	34.4	21.5
Mining	5.7	4.6	1.0	.6	3.1	2.4	2.9	1.9	4.9	3.7
Construction	5.7	12.0	5.9	7.6	4.7	9.3	5.0	10.1	3.4	8.6
Manufacturing	5.8	13.0	18.2	25.6	12.1	16.5	9.1	15.4	7.7	10.5
Trade	22.7	18.3	25.3	19.2	24.3	22.0	21.9	18.6	19.2	16.9
Finance	3.5	5.5	4.2	5.9	3.4	5.6	1.5	3.6	1.8	3.9
Transportation	8.6	2.9	6.2	4.1	7.7	5.1	6.2	5.4	9.4	6.9
Communications	2.6	3.4	2.2	2.6	2.7	3.2	1.7	2.8	1.8	2.9
Services	13.6	15.6	14.6	15.2	11.3	14.8	8.1	12.2	8.0	10.4
Government	12.6	15.8	10.5	14.7	11.8	16.1	9.7	13.4	9.4	14.6
Other	.2	.3	.5	.6	-	-	.2	.2	-	.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 17
(Continued)

Source	Nevada		New Mexico		Texas		Utah		Wyoming	
	1946	1962	1946	1962	1946	1962	1946	1962	1946	1962
Farms	11.2	2.2	19.1	7.5	17.0	7.7	14.1	3.9	28.2	11.5
Mining	5.4	2.3	5.5	7.4	4.9	5.0	5.4	5.3	9.3	9.3
Construction	10.7	14.5	7.8	8.3	5.6	7.0	5.4	9.5	4.8	10.2
Manufacturing	4.5	4.1	6.5	7.0	13.3	18.6	9.9	19.4	6.2	8.1
Trade	22.9	17.7	22.1	17.1	25.0	21.6	23.7	19.1	17.9	17.1
Finance	2.0	4.7	2.0	4.8	3.2	5.4	2.9	4.3	1.7	4.0
Transportation	10.7	4.7	9.0	4.3	7.8	5.7	9.5	5.5	13.4	9.6
Communications	2.4	2.8	1.8	3.8	2.2	3.1	2.2	2.7	1.4	3.5
Services	19.5	34.7	11.6	18.1	11.7	12.8	9.3	10.1	8.2	10.9
Government	10.7	12.2	14.3	21.4	9.1	12.9	17.6	20.2	8.9	15.8
Other	-	.1	.3	.3	.2	.2	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Consists of wage and salary disbursements, other labor income, and proprietors' income.

Source: 1962 data computed from U. S. Department of Commerce, Office of Business Economics, <u>Survey of Current Business</u>, Vol. 43, No. 8 (August, 1963), Table 70, p. 15; 1946 data computed from Office of Business Economics, <u>Personal Income by States Since 1929</u> (1956), a supplement to the Survey of Current Business, Table 67, p. 210.

of them could be primary industries. Of course, strictly speaking, no industry is absolutely basic or secondary, but the classification may be generally correct and analytically useful.

Historically, the type of primary industry which dominates the economy has a bearing on the level of maturity an economy has attained. For instance, an economy which is for the most part based on agriculture or mining is said to be "underdeveloped." Nearly all of the so-called underdeveloped nations of the world have economies based upon agriculture or mining, and the relative importance of manufacturing is quite small. Similarly, areas or states within the United States which are dominated by agriculture and mining can be labeled as underdeveloped, although it is the same type of underdevelopment as faced by the nations of Asia, Africa, and South America. Essentially, underdevelopment implies that the inhabitants of an economy do not have the capital, facilities or skills necessary to fabricate finished goods from the materials they grow or extract from the soil, and so must "export" the materials to "developed" economies for manufacture. An economy primarily engaged in manufacturing, therefore, is viewed as more mature, diversified, and sophisticated and also less subject to fluctuation resulting from the caprice of nature.[1]

An examination of the economies of the ten states in Table 17 indicates that Idaho, Montana, and Wyoming have continued to be agriculturally dominated states despite a significant decrease in all three states in the relative importance of farm income since 1946. In fact, the relative importance of agriculture has shown a marked decrease in all ten of the states, but in New Mexico, Colorado, Texas, and Arizona, manufacturing, services, or government have individually or collectively displaced agriculture as the dominant industry. In Utah, the manufacturing sector has grown impressively and the tremendous growth in the services sector of Nevada's economy reflects the growth of the gambling-related industry. The importance of manufacturing and government in California's economy has also been greatly underlined since 1946.

When the data in Tables 16 and 17 are jointly considered, a more complete representation of the level of economic development is available. The ten states can, then, be classified and grouped according to similarities in the level and nature of economic development, although it is

---

[1] The reader is cautioned that the distinctions between underdeveloped and developed economies, and the distinction between primary and secondary industries are rather arbitrary and crude and would require greater refinement if a more penetrating analysis were conducted. For an elaboration of the basic framework used here, see Charles M. Tiebout, The Community Economic Base Study (Supplementary Paper No. 16; New York: Committee for Economic Development, 1962), pp. 28-55.

not implied that within classifications, states are similar in all respects. Idaho, Montana, and Wyoming can be classified as agriculturally-dominated states with similar levels of per capita income and similar patterns of growth in per capita income (it is interesting to note that the agriculturally-dominated states lagged behind the other seven states in per capita income growth). Arizona, Colorado, New Mexico, Nevada, Texas, and Utah, representing a wider range in per capita income levels, can be grouped as states with somewhat more industrially "mature" economies in which manufacturing, government, or the services dominate; but where agriculture has definitely been displaced from paramount importance since 1946. It should also be noted that these states all displayed growth rates of over 90 percent in per capita income during the period 1946 through 1962. California appears to be in a class by itself. Manufacturing was the dominant industry both in 1946 and 1962 in this state, and per capita income in California, although relatively high, grew less dramatically during the postwar era than that of states which underwent fundamental change in their economic base.

Economic Growth and System of Banking

Reference to Table 16 discloses that among the agriculturally-dominated states, Wyoming experienced the smallest percentage increase in per capita income between 1946 and 1962, although there was not wide disparity in growth between all three of the states. Montana posted a 72.6 percent increase, while Idaho experienced a 66.0 percent gain, and Wyoming enjoyed a 61.4 percent increase. Idaho is a statewide branch banking state, whereas Montana and Wyoming are unit banking states. Over the period 1946-1962, the limited area branch banking state of New Mexico enjoyed a 101.3 percent increase in per capita income; the increase in the unit banking state of Colorado was 98.3 percent; the growth in the unit banking state of Texas was 95.8 percent; the statewide branch banking state of Arizona posted a 93.6 percent climb in per capita income; and the increase in the statewide branch state of Nevada was 90.9 percent; and finally, the statewide branch banking state of Utah experienced a 90.6 percent gain. As for the statewide branch banking state of California, per capita income increased 75.2 percent in that state over the seventeen-year period.

Thus, even within states of broadly similar economic characteristics and income levels, there does not appear to be a clear correlation between rates of economic growth, as measured by per capita income, and the type of banking system prevalent. However, these general statistics of economic activity do not necessarily indicate every economic difference or the causes of growth. It is highly likely, for instance, that New Mexico would have remained an agriculturally-dominated state, or at least a more agriculturally-dominated state than it was in 1962, had the defense-related activities of the federal government been absent. It has been convincingly argued that the activities of the federal government have figured heavily in the postwar economic boom of New Mexico.[1] Had this force by-passed New Mexico and gone in the same magnitude to Wyoming, Montana, or Idaho instead, any one of these states might have shown postwar economic growth equivalent to that of New Mexico. It is not clear that New Mexico was inherently or significantly more suitable for defense-related activities than the above-mentioned states, either. The mere fact that the first atom bomb was developed and exploded in New Mexico in the mid-1940's and the state had strong political representation in Washington, in the writer's opinion, are the most important advantages that New Mexico possessed over other states at the onset of the postwar era.

II. BANK LENDING PATTERNS AND THE LEVEL OF ECONOMIC DEVELOPMENT

Table 18 presents the average loan balance of insured commercial banks in each of the ten states as a percentage of average total assets on call dates during selected years 1946-1962. Table 19 utilizes the same series of data to relate loans to deposits. Both of these tables provide state details of the information presented in Tables 2 and 3 in Chapter III.

---

[1] Ralph L. Edgel and Vicente T. Ximenes, Income and Employment in New Mexico, 1949-1959 (New Mexico Studies in Business and Economics, No. 8; Albuquerque: University of New Mexico, Bureau of Business Research, 1961), p. 7.

TABLE 18

AVERAGE OF REPORTED LOANS OUTSTANDING AS A PERCENTAGE OF THE AVERAGE OF REPORTED TOTAL ASSETS ON CALL DATES FOR THE INSURED COMMERCIAL BANKS OF TEN WESTERN STATES, SELECTED YEARS, 1946-1962

	1946	1950	1953	1955	1958	1960	1962
Statewide Branch States:							
Arizona	21.7	39.0	38.1	42.7	51.4	56.5	57.7
California	19.4	36.2	42.0	41.6	47.1	53.2	51.7
Nevada	16.7	30.2	38.4	36.9	42.2	49.8	49.7
Utah	20.2	35.1	37.6	39.6	45.8	50.1	52.9
Idaho	12.7	35.4	39.3	41.7	42.1	47.6	49.7
Limited Area Branch State:							
New Mexico	19.7	31.2	30.0	32.5	37.5	41.3	43.6
Unit States:							
Colorado	13.8	26.3	32.8	36.1	41.6	47.3	48.2
Montana	9.9	20.8	27.5	31.7	36.7	42.3	43.9
Texas	21.2	31.1	34.2	37.7	39.9	42.4	44.0
Wyoming	14.8	26.9	28.9	30.3	35.3	39.5	44.0

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports, for the years indicated (see Appendix B-1).

TABLE 19

AVERAGE OF REPORTED LOANS OUTSTANDING AS A PERCENTAGE OF THE AVERAGE OF REPORTED TOTAL DEPOSITS ON CALL DATES FOR THE INSURED COMMERCIAL BANKS OF TEN WESTERN STATES, SELECTED YEARS, 1946-1962

	1946	1950	1953	1955	1958	1960	1962
Statewide Branch States:							
Arizona	22.6	41.4	40.9	46.4	56.2	62.3	63.7
California	20.5	39.0	45.6	45.2	51.8	58.8	57.4
Nevada	17.5	32.2	41.2	39.6	45.4	54.2	54.4
Utah	21.1	37.6	40.4	42.6	50.1	54.9	58.5
Idaho	13.2	37.5	41.7	44.6	45.4	51.9	54.6
Limited Area Branch State:							
New Mexico	20.4	33.0	31.7	34.4	40.2	44.7	47.6
Unit States:							
Colorado	14.5	28.1	35.2	40.0	45.5	51.8	52.9
Montana	10.3	21.8	29.1	33.6	39.5	46.2	48.1
Texas	22.3	33.2	36.7	40.7	43.7	47.0	48.7
Wyoming	15.4	28.6	30.9	32.7	38.3	43.4	49.1

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports, for the years indicated (see Appendix B-1).

The lending behavior displayed in Tables 18 and 19 by the five statewide branch states and the four unit states, taken on an over-all basis, is the same as observed in Chapter III--i.e., as a group, banks in statewide states consistently placed a larger percentage of assets and deposits in loans than banks in unit states. The breakdown by individual states, however, points up intragroup and intergroup variation not noted in Chapter II.

Within the four unit banking states and the five statewide branch states, there is considerable variation. Arizona and California generally surpassed the other three statewide branch states during the years examined in terms of utilizing their assets and deposits in loans, and Colorado and Texas acted in a similar fashion among the unit banking states. Among various states with different systems of banking prevalent there is also a mixed pattern which does not necessarily follow the over-all pattern exhibited when the states are compared by group classification. Table 18, for instance, indicates that in 1946, 1950, and 1955, the banks in the unit banking state of Texas placed a greater percentage of assets in loans than the statewide branch banking state of Nevada. New Mexico, with its limited area branching, repeatedly experienced a lower ratio of loans to assets than the unit banking states of Colorado and Texas. Similar patterns are shown by the data in Table 19.

The above findings thus appear to offer exception to findings in earlier chapters and the hypothesis that the branch banking system permits more effective use of resources and deposits in the lending function. This is not clearly the case, however. Reference to Table 16 indicates that Texas is more economically advanced than New Mexico, although, as measured by per capita income, Texas does not surpass Nevada in economic development. The data in Table 16 also suggest that Colorado is further developed than New Mexico. Levels of economic advancement also appear to offer some explanation for variations in lending patterns among the four unit banking states and the five statewide branch banking states.

It would seem, therefore, that the growth and development of a banking system and the economy are concomitant. To a noticeable degree, the ability of a bank to employ funds for lending purposes depends upon the level of economic development and the nature and diversity of the economic base. In other words, the ability of banks to grant loans is limited not only by constraints growing out of branching restrictions, but is also limited by the acceptable investment opportunities existent in the economy by virtue of the nature of its base. The contrast of lending patterns of banks in the more economically mature states, and those of the less developed states certainly tends to support this view.

Yet the fact remains that the restrictions on branching appear to play a more persuasive role in the determination of bank lending practices, all other things being equal. Among states with comparable economic bases and income levels, such as the agriculturally-dominated states of Wyoming, Montana, and Idaho, banks in the statewide branch state of Idaho clearly display a more effective utilization of their resources in the lending function. In some cases, there is a more effective lending use made of bank resources in statewide branch banking states which are less developed economically than unit or limited area states (compare Idaho to Colorado and New Mexico).

If the analysis is extended to include the degree of branching development in the statewide branch states, some relationship is found between the intensity of branching and the ability of banks to place assets and deposits in loans. From the data in Table 20, it is evident that, as measured by the percentage of banking offices which were branches during the selected postwar years, branching was most extensively developed in Arizona and California. Reference to Tables 18 and 19 further indicates that these two states generally maintained a higher commitment of deposits and assets in loans than the other three statewide branch states during the period 1946-1962. Utah, although displaying the lowest level of branching development of the remaining three statewide branch states, follows behind Arizona and California in terms of the comparative ability to make effective use of

TABLE 20

BRANCH OFFICES AS A PERCENT OF ALL BANKING OFFICES OF THE OPERATING COMMERCIAL BANKS OF TEN WESTERN STATES, SELECTED YEARS, 1946-1962

	1946	1950	1953	1955	1958	1960	1962
Statewide Branch States:							
Arizona	74.5	83.6	84.9	93.4	94.7	94.7	95.0
California	81.4	82.9	83.7	89.1	92.2	95.1	93.8
Nevada	69.2	70.4	73.3	82.9	84.6	84.1	86.5
Utah	17.0	30.4	40.7	46.9	58.1	59.7	62.9
Idaho	47.2	51.0	63.1	66.0	74.3	72.2	75.0
Limited Area Branch State:							
New Mexico	12.0	22.7	32.5	37.0	44.8	50.5	53.5
Unit States:							
Colorado	.6	2.5	3.0	2.9	3.2	3.5	3.3
Montana	-0-	-0-	-0-	-0-	.9	.8	2.4
Texas	.5	1.3	1.8	2.0	2.3	2.8	4.0
Wyoming	-0-	-0-	1.9	1.9	1.9	1.8	1.8

Source: Computed from Federal Deposit Insurance Corporation, Annual Reports, for the years indicated (see Appendix A).

their resources in the lending function. However, Utah also experienced the most rapid and dramatic growth in the relative importance of branching of the five states, showing a growth of over 270 percent in the percentage of banking offices which were branches between 1946 and 1962. Nevada banks, which display greater branching development than those of Idaho over the period 1946-1962, lent about the same percentage of assets and deposits as Idaho banks did. The reason the lending pattern was nearly the same in each state is not readily explained by differences in the intensity of branching development. But the degree of branching development cannot be expected to be the sole consideration with respect to lending practices--it is only another of the factors that play some role in influencing the ability of banks to employ their resources in the lending function.

In summary, it is believed this chapter has shown that there are broad economic forces affecting banking activity. These forces are quite likely more powerful than mere institutional differences between banking systems, such as branching restrictions. Because the development of a state's banking system is influenced by level of over-all economic advancement within the state, the impact of the banking system upon economic growth is determined, in significant measure, by the level of economic development itself. In other words, the constraints of the economic system themselves limit the ability of the banking system to contribute to its future growth. However, the evidence points to the fact that the branching restrictions imposed upon banking systems very definitely influence bank lending practices, which, in turn, can be presumed to affect economic development. The evidence also shows that in certain instances the advantages gained by branch banking enable banks in states with comparatively underdeveloped economies to partially overcome the disadvantages of having lower levels of economic development. It appears rather evident that if the qualifying phrase "all other things being equal" is added, there should be little quarrel with the statement that branch banking, especially in the statewide form, contributes more to economic development than unit banking.

CHAPTER VI

SUMMARY AND CONCLUSIONS

I. GENERAL CONCLUSIONS

It is the writer's belief that the balance of evidence presented in the foregoing chapters supports the basic hypothesis of this thesis and is in harmony with the critical conclusions of other researchers on the problem, despite certain differences. The branching restrictions placed on commercial banks do appear to have an impact upon the role banks play in economic development. More specifically, the hypothesis which holds that branch banking contributes more to economic growth than unit banking appears generally valid.[1] Further still, statewide branch banking seems superior to limited area branch banking in its contribution.

---

[1] Throughout this thesis, use of the terms statewide branch banks, limited area branch banks, and unit banks has been carefully avoided in making statistical comparisons. Rather, the reference has been to banks in states with these three types of systems. This was done because unit banks or branch banking on a more limited scale than legally permitted may exist in branch banking states. Strictly speaking, therefore, it would have been incorrect to refer to the banking statistics of a branch banking state as being those of a particular type of branch banking. However, because the statistics are indicative of the behavior of statewide branch banks or limited area branch banks, depending upon which is legally allowed, it seems reasonable to generalize and state conclusions in terms of statewide branch banking, limited area branch banking, and unit banking.

In other words, the contribution of banks to economic development is inversely related to restrictions on branching; the less prohibitive the geographic limitations on branching, the greater the support to economic development.

Even though the above generalizations appear to be true, it is also true that the evidence does not give unequivocable support to them. Clearly, further study is necessary before one can speak with a more complete degree of certainty. Especially, evidence is needed which more precisely identifies and measures the resource differences of states and causes of economic growth. This would make possible a better assessment of the causal relationship between given restrictions on branching and observed economic growth.

Given the evidence brought to light in the present thesis, the advantages for economic development under branch banking must be couched in more reserved terms than those stated by Butt. Butt was satisfied that he had "fully demonstrated" the superiority of Arizona's statewide branch system to New Mexico's limited area branch system--which he maintained was no different from a unit system in practice.[1] Employing essentially the same analytical tools as Butt during the same general period, a nationwide comparative examination of the two types of branch banking and unit banking

---

[1] Butt, Branch Banking and Economic Growth in New Mexico and Arizona, p. 21.

states does not fully support the hypothesis. Moreover, on a nationwide basis, the evidence points to distinct differences between the behavior and impact of limited area branch banking compared to unit banking.

Although not as conclusive as one would like, the weight of the evidence nevertheless favors the acceptance of the hypothesis that branch banking is superior to unit banking in its support of economic development. So the reader may more readily see the reasoning behind the above conclusion, the findings and interpretations of this thesis are restated and summarized below.

II. REVIEW OF FINDINGS

Use of Bank Resources in the Lending Function

Probably the most convincing evidence marshaled in support of the hypothesis is that which shows that banks in branch banking states make more effective use of their assets and deposits in the lending function than banks in unit states. It will be recalled that, upon examination of the insured commercial banks of the conterminous United States, it was found that distinct and systematic differences exist with respect to the utilization of bank resources for lending purposes among the states where statewide branch banking, limited area branch banking, and unit banking prevailed. During the years studied, banks in the statewide branch states consistently and materially placed more of their assets and deposits in loans than banks in unit states. By a margin almost as great as that of banks in statewide branch states, banks in limited area branch states also committed more of their resources to the lending function than banks in unit states. Thus, it can be inferred that banks in unit states carried higher relative amounts of cash, government securities, or "other" assets--all of which generally are of less immediate use to local economic development than loans.

An assumption implicit to such an interpretation of resource use is that bank loans are, in fact, used in a productive and economic manner. It is not necessary to further assume that the loans granted by the bank of a given state are used only in the state where the loan originated in order for the assumption to be valid. The problems associated with this further assumption are encountered only when we attempt to measure the economic impact of loans upon a specific area.

<u>Inferred Cost of Loans and Composition of Loan Portfolios</u>

Although the insured commercial banks in both groups of branch banking states in the conterminous United States did make a greater proportion of their funds available to borrowers during the years examined, they did not make all their loans available at a lower average inferred cost than banks in unit states did. In fact, the inferred interest rate indicated by loan and discount income and total loan balances show that the rates were lowest in unit banking states. This was not the hypothesized pattern and appears to weaken the case for branch banking, since it appears desirable that capital needed in the economy for expansion and growth be made available at the lowest possible cost.

The analysis of loan portfolios of banks in the three groups of states, however, disclosed that banks in branch banking states invested quite heavily in personal loans and real estate loans compared to banks in unit states. Assuming that banks in all groups of states had placed the same proportion of assets and deposits in total loans and all other things were equal, the risk of banks in branch banking states would have, thus, been greater because of the riskier nature of personal and real estate loans vis-a-vis commercial and industrial loans. Actually, however, banks in both groups of branch banking states were observed to have a significantly greater commitment of resources in total loans. Consequently, the risk associated with the total loan portfolio of banks in branch states can be underscored on two counts: total loan commitment and its composition. Because of this greater assumed risk relative to banks in unit states, banks in branch banking states were presumably justified in obtaining a higher composite interest rate than banks in unit states did. Moreover, the fact that the inferred interest rate on total loans was greater in branch banking states does not necessarily mean that the cost of a real estate, personal, or commercial loan was any more expensive than in unit states. It merely means that banks in branch banking states granted, relative to total assets and total loans, more personal and real estate loans and these loans typically bring greater interest and discount income than commercial loans. Therefore, it cannot be concluded that the cost of bank credit was any less in unit states or that, on this measure, banks in unit states contributed any more to economic development than those of branch banking states.

In addition to the impact that the composition of loan portfolios may have had upon the composite interest rate, a further consideration was suggested by the data. Banks in branch banking states, in making considerably greater use of their resources for personal and real estate loans, made the funds at their disposal available to more diverse segments of society than did banks in unit states. Banks in unit states tended to concentrate on commercial and industrial loans at the expense of the other two loan categories. On such grounds, then, the contribution of branch banks to economic development was apparently more broadly based and noteworthy.

Banking Systems and Observed Economic Growth

In the entire study of thirty-eight of the forty-eight conterminous states, it was not possible to demonstrate empirically that differences in general postwar economic growth could be definitely traced to or associated with variances in restrictions placed on branch banking. Apparently, forces broader and more compelling than those exerted by banking activity were at work to cause the population, personal income, and nonagricultural employment gains observed in the three groups of states studied between 1946 and 1962. Inability to identify and measure all the relevant forces causing economic growth renders a comparative analysis of general economic growth in statewide branch states, limited area branch states, and unit states unsatisfactory as a method of testing the hypothesis concerning the relative contribution of the three systems to economic development. Therefore, greater emphasis has been placed upon the relative effectiveness of the three types of banking systems in the use of their resources for lending purposes as a method of testing the hypothesis, recognizing that there are other influences which may carry a more persuasive impact on economic growth than banking activity. A major reason that a comparison of economic growth rates was undertaken at all was that this approach was used by Butt to demonstrate that Arizona's statewide branch system was superior to New Mexico's limited area branch system, and it seemed desirable to investigate the validity of this approach in a more general application.

Systematic patterns of variation among the three groups of states with respect to the relationship of bank loans to personal income also failed to appear. Since such stress was placed upon the importance of bank loans to economic development, it was thought that some correlation could be established. It is likely that the attempt was unsuccessful for the same reason that a comparison of economic growth rates failed to resolve the issue of the impact of different branching restrictions upon economic growth: there are simply too many unmeasured variables which may affect economic activity.

Differences in the relationship of personal and business deposits to personal income among the three groups of banking states, however, were more marked than those noted for the relationship of loans to income. In fact, the evidence followed a pattern inconsistent with the hypothesis, since the average ratio of deposits to income during the years examined was somewhat greater in unit banking states than in branch banking states. At first blush, such evidence suggests that, on this measure, banks in unit states were collectively more beneficial to economic development than those of either group of branch banking states. However, considering the conceptual crudeness of the data, the findings must be considered inconclusive. If statistics on gross state product were available for comparison with bank loans and deposits, rather than personal income, the evidence would be more conclusive. Moreover, as indicated in Chapter IV, the research of Schweiger and McGee demonstrated that branch banks carried a greater ratio of personal and business time deposits to personal income than unit banks. Had the data been similarly refined in the present study, it is probable the findings would have indicated a similar pattern.

Level of Economic Development

Although it was not feasible to set forth all the important economic distinctions between statewide branch states, limited area branch states, and unit states, the survey of ten selected western states did disclose that the level and nature of economic development had some bearing on the loan-granting ability of banks which, in turn, affected the contribution banks were assumed to make towards economic development. Generally, the more advanced and mature economies contained more advanced banking systems in terms of their resource utilization ability.[1]

Even so, banks in statewide branch states were able to equal, and frequently surpass, banks in more highly economically developed unit states in lending ability. Hence, the capacity to establish statewide branches enabled banks partially, if not wholly, to overcome the disadvantages of a less-developed economy. In all instances where economic bases were even roughly similar, banks in statewide branch states used considerably more of their resources for loans than banks in unit states. Faced with like economic opportunity, then, statewide branch banking apparently offers greater potential for economic growth than unit banking.

III. LIMITATIONS OF FINDINGS

As with all scientific investigations, the findings and conclusions of this thesis are subject to qualification, and it is the researcher's job to explicitly state these

---

[1] Also, there was a faint suggestion that the degree of branching development in statewide branch states was positively correlated to the degree to which bank funds were employed in the lending function.

limitations wherever possible. The writer has attempted to do this as the thesis progressed, but there are certain limitations that should now be impressed upon the reader. Only one aspect of the branch banking controversy has been examined: the significance that branch banking restrictions have for economic development--and this problem has been examined only in certain dimensions. The argument that branch banking is monopolistic and, hence, counter to socio-economic welfare has not been investigated because, as cited in Chapter II, there is ample evidence which indicates that it is not. The problem selected for study has been examined only in terms of the geographic limitations on branching.[1] Such important considerations as the alleged merchandising advantages enjoyed by branch banks (i.e., more expeditious service possibilities available to field offices of business firms with geographically-dispersed operations, or better

---

[1]However, on the basis of geographic restrictions alone, logical argument suggests that statewide branch banking affords the greatest opportunity for a free flow of capital to the undeveloped sections of a state. Under limited area branching, it has been argued that branches are likely to be confined to boom areas and the less-developed areas are likely to be stifled for lack of banking facilities (see Parish, op. cit., p. 7). As indicated in Chapter I, much of the postwar growth in branch offices has been the result of existing banks moving to the suburbs with the general expansion of metropolitan areas. Although banks in statewide branch banking states no doubt share this predilection for the booming metropolitan area, they probably do not share it to the same extent as banks legally restricted to a smaller geographic area. In theory, a statewide branch banking system can contribute to a more balanced growth by extending operations to the rural and more economically isolated areas of a state.

quality service as a result of management talent developed in greater depth) over unit banks and their possible relationship to economic development have been ignored.

IV. RECOMMENDATIONS

Since the selected thesis topic concerns the public welfare, it is necessary that the writer recommend, in view of his interpretation of the research, how the public interest can best be served. Indeed, this is a task with which all researchers must eventually come to grips, but it is made difficult in the instant case because the findings are not as clear or complete as is desirable. Nevertheless, it seems reasonable to venture that a general easing of the geographic restrictions on branching in limited area states and the removal of the prohibitions on branching in unit states would enhance the ability of banks in these states to supplement other forces of economic development. Ideally, permitting statewide branch banking in all states should be recommended. Obviously, this is a rather far-reaching proposal since it would entail changing the banking laws of thirty-four states in various degrees.

If one wished to be even more visionary, an argument for the establishment of nationwide branch banking could be advanced. Such argument would be consistent with the findings of this thesis, although the thesis does not directly concern itself with this topic. Since the contribution to economic development was generally found to be inversely related to the geographic restrictions placed on branching, it follows that nationwide branch banking would generally be superior to statewide branch banking. The so-called dual banking system of the United States--i.e., a banking system regulated by individual state and federal law--virtually eliminates such a proposal from consideration, however. Unfortunately, one must conclude that the development of a full-blown national branching system such as exists in Canada, the United Kingdom, and other Western nations probably remains a rather remote possibility for the United States. If federal law, however, were changed to allow national banks to branch across state lines, the door would be open for nationwide branch banking.

In any case, the writer sincerely believes that it would be a great mistake to continue to ignore the advantages that could result from a more general acceptance of at least statewide branch banking. If nothing else, it is hoped that this thesis will contribute to a better understanding and more careful deliberation of this controversial subject.

APPENDICES

APPENDIX A

BANKING OFFICES AND BRANCH OFFICES OF OPERATING BANKS IN THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

	1946			1950		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Alabama	242	23	9.5	251	26	10.4
Arizona	47	35	74.5	67	56	83.6
Arkansas	249	20	8.0	251	19	7.6
California	1079	878	81.4	1181	979	82.9
Colorado	152	1	.6	158	4	2.5
Connecticut	207	20	9.7	239	55	23.0
Delaware	56	15	26.8	61	21	34.4
Florida	185	3	1.6	205	6	2.9
Georgia	406	31	7.6	439	42	9.6
Idaho	89	42	47.2	98	55	51.0
Illinois	879	3	-	893	2	-
Indiana	576	83	14.4	599	109	18.2
Iowa	820	161	19.6	827	164	19.8
Kansas	615	1	.2	612	-	-
Kentucky	425	35	8.2	429	44	10.8
Louisiana	217	62	28.6	242	77	32.2
Maine	166	70	42.2	168	73	43.5
Maryland	287	108	37.6	308	135	43.8
Massachusetts	560	179	32.0	595	224	37.6
Michigan	646	198	30.7	681	239	35.1
Minnesota	684	6	.1	687	6	.1
Mississippi	255	52	20.4	269	68	25.3
Missouri	596	-	-	601	1	.2

APPENDIX A
(Continued)

	1946			1950		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Montana	110	-	-	110	-	-
Nebraska	419	2	.5	420	2	.5
Nevada	26	18	69.2	27	19	70.4
New Hampshire	109	3	2.8	112	3	2.7
New Jersey	509	139	27.3	521	174	33.4
New Mexico	50	6	12.0	66	15	22.7
New York	1567	765	48.8	1642	883	53.8
North Carolina	388	161	41.5	443	218	49.2
North Dakota	176	25	14.2	172	22	12.8
Ohio	853	176	20.6	888	226	25.5
Oklahoma	386	1	.3	387	1	.3
Oregon	147	76	51.7	173	102	59.0
Pennsylvania	1164	142	12.2	1190	212	17.8
Rhode Island	78	46	59.0	78	46	59.0
South Carolina	179	30	16.8	197	49	24.9
South Dakota	213	44	20.7	218	49	22.5
Tennessee	366	68	18.6	395	98	24.8
Texas	877	4	.5	920	12	1.3
Utah	71	12	17.0	79	24	30.4
Vermont	98	18	18.4	97	20	20.6
Virginia	401	86	21.4	427	114	26.7
Washington	243	119	49.0	268	147	54.9
West Virginia	180	-	-	180	-	-
Wisconsin	704	146	20.7	708	152	21.5
Wyoming	56	-	-	53	-	-

APPENDIX A
(Continued)

	1953			1955		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Alabama	262	31	11.8	284	47	16.5
Arizona	88	74	84.9	106	99	93.4
Arkansas	252	22	8.7	258	25	9.7
California	1264	1058	83.7	1361	1212	89.1
Colorado	167	5	3.0	170	5	2.9
Connecticut	273	92	33.7	293	124	42.3
Delaware	72	35	48.6	71	39	54.9
Florida	229	12	5.2	250	12	4.8
Georgia	458	58	12.7	468	61	13.0
Idaho	103	65	63.1	103	67	66.0
Illinois	903	3	-	923	4	-
Indiana	623	141	22.6	643	166	25.8
Iowa	827	163	19.7	829	162	19.5
Kansas	609	3	.5	603	2	.3
Kentucky	437	59	13.5	451	84	18.6
Louisiana	266	95	35.7	292	117	40.1
Maine	180	85	47.2	188	97	51.6
Maryland	329	167	50.8	354	194	54.8
Massachusetts	639	272	42.6	695	329	47.3
Michigan	738	307	41.6	796	376	47.2
Minnesota	684	6	.9	687	6	.9
Mississippi	278	78	28.1	295	98	33.2
Missouri	599	-	-	606	3	.5

APPENDIX A
(Continued)

	1953			1955		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Montana	109	-	-	113	-	-
Nebraska	421	2	.5	421	1	.2
Nevada	30	22	73.3	35	29	82.9
New Hampshire	112	3	2.7	113	3	2.7
New Jersey	550	217	39.5	595	275	46.2
New Mexico	77	25	32.5	81	30	37.0
New York	1743	1031	59.2	1801	1163	64.6
North Carolina	498	272	54.6	546	326	59.7
North Dakota	175	22	12.6	178	24	13.5
Ohio	955	308	32.3	1006	380	37.8
Oklahoma	386	2	.5	388	3	.8
Oregon	184	116	63.0	195	145	74.4
Pennsylvania	1248	337	27.0	1327	502	37.8
Rhode Island	86	66	76.7	103	85	82.5
South Carolina	221	71	32.1	235	86	36.6
South Dakota	221	52	23.5	225	54	24.0
Tennessee	422	124	29.4	437	138	31.6
Texas	938	17	1.8	954	19	2.0
Utah	91	37	40.7	96	45	46.9
Vermont	94	20	21.3	94	25	26.6
Virginia	460	144	31.3	492	176	35.8
Washington	293	177	60.4	320	213	66.6
West Virginia	182	-	-	181	-	-
Wisconsin	708	150	21.2	707	150	21.2
Wyoming	54	1	-	54	1	-

APPENDIX A
(Continued)

	1958			1960			1962		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Alabama	301	62	20.1	328	90	27.4	347	108	31.1
Arizona	151	143	94.7	189	179	94.7	221	210	95.0
Arkansas	272	35	12.9	283	46	16.3	308	67	21.8
California	1590	1466	92.2	1763	1676	95.1	2097	1968	93.8
Colorado	187	6	3.2	199	7	3.5	212	7	3.3
Connecticut	353	202	57.2	396	255	64.4	443	306	6.9
Delaware	75	46	61.3	80	58	72.5	83	62	74.7
Florida	293	13	4.4	323	14	4.3	359	16	4.5
Georgia	486	76	15.6	527	106	20.1	560	141	25.2
Idaho	109	81	74.3	115	83	72.2	124	93	75.0
Illinois	950	4	-	970	4	-	1003	4	-
Indiana	711	248	34.9	758	311	41.0	809	366	45.2
Iowa	833	163	19.6	856	183	21.4	866	194	22.4
Kansas	607	14	2.3	612	25	40.8	631	38	6.0
Kentucky	476	116	24.4	501	146	29.1	537	184	34.3
Louisiana	342	156	45.6	366	176	48.1	399	203	50.9
Maine	210	123	61.5	218	139	63.8	242	163	67.4
Maryland	390	241	61.8	422	283	67.1	462	335	72.5
Massachusetts	777	421	54.2	852	496	58.2	932	588	63.1

APPENDIX A
(Continued)

	1958			1960			1962		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Michigan	886	493	55.6	958	578	60.3	1043	671	64.3
Minnesota	693	6	.9	696	6	.9	701	6	.9
Mississippi	318	124	39.0	329	136	41.3	354	162	45.8
Missouri	617	4	.6	651	25	45.4	671	44	6.6
Montana	116	1	.9	122	1	.8	126	3	2.4
Nebraska	425	2	.5	438	12	2.7	445	19	4.3
Nevada	39	33	84.6	44	37	84.1	52	45	86.5
New Hampshire	113	4	3.5	113	6	5.3	111	4	3.6
New Jersey	670	387	57.8	731	457	62.5	802	539	67.2
New Mexico	96	43	44.8	111	56	50.5	129	69	53.5
New York	1935	1394	71.0	2066	1537	74.4	2278	1779	78.1
North Carolina	615	412	67.0	691	508	73.5	771	609	79.0
North Dakota	182	27	14.8	185	29	15.7	190	33	17.4
Ohio	1174	565	48.1	1228	641	52.2	1312	746	56.9
Oklahoma	402	15	3.7	412	23	5.6	424	32	7.5
Oregon	221	165	74.7	247	195	78.9	263	213	81.0
Pennsylvania	1465	715	48.8	1552	842	54.3	1646	1001	60.8
Rhode Island	124	107	86.3	135	118	87.4	154	136	88.3
South Carolina	272	128	47.1	292	147	50.3	328	186	56.7
South Dakota	226	54	23.9	233	59	25.3	240	69	28.8

APPENDIX A
(Continued)

	1958			1960			1962		
	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices	All Banking Offices	Branch Offices	Br. Offices as % of All Banking Offices
Tennessee	481	183	38.0	513	216	42.1	549	255	46.4
Texas	994	23	2.3	1039	28	2.8	1091	44	4.0
Utah	117	68	58.1	124	74	59.7	132	83	62.9
Vermont	95	31	32.6	96	34	35.4	98	41	41.8
Virginia	546	234	42.9	589	284	48.2	659	367	55.7
Washington	353	260	73.4	391	300	76.7	430	334	77.7
West Virginia	183	-	-	182	-	-	182	-	-
Wisconsin	708	152	21.5	721	158	21.9	736	162	22.0
Wyoming	53	1	1.9	56	-	-	57	1	-

Source: Federal Deposit Insurance Corporation, <u>Annual Reports</u> for years indicated; Table 101; various paging.

APPENDIX B-1

SELECTED BALANCE SHEET AND INCOME DATA OF INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

	1946			
($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	395.9	380.4	85.6	4.1
California	13,726.9	13,026.3	2,666.9	113.7
Connecticut	XXX	XXX	XXX	XXX
Delaware	504.8	457.1	73.8	2.8
Idaho	424.1	407.6	54.3	2.6
Maryland	1,653.0	1,555.2	987.2	9.3
Nevada	167.5	159.8	28.4	1.4
North Carolina	1,859.6	1,758.7	34.7	13.0
Oregon	1,413.8	1,350.2	212.7	8.8
Rhode Island	694.2	640.8	104.7	3.8
South Carolina	XXX	XXX	XXX	XXX
Utah	XXX	XXX	XXX	XXX
Vermont	264.1	238.6	85.7	4.0
Washington	2,142.1	2,048.8	400.3	16.5
Total	23,246.0	22,023.5	4,734.3	179.4

APPENDIX B-1
(Continued)

1946

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	XXX	XXX	XXX	XXX
Georgia	XXX	XXX	XXX	XXX
Indiana	XXX	XXX	XXX	XXX
Kentucky	XXX	XXX	XXX	XXX
Louisiana	1,655.4	1,573.6	258.4	9.8
Maine	480.8	443.9	84.1	3.7
Massachusetts	4,606.9	4,229.1	987.2	6.1
Michigan	4,922.8	4,668.2	759.2	30.4
Mississippi	795.9	756.2	133.8	6.1
New Jersey	4,771.6	4,469.4	705.5	28.0
New Mexico	XXX	XXX	XXX	XXX
New York	36,469.8	33,299.3	7,886.8	171.7
Ohio	7,364.5	6,926.4	1,351.5	45.8
Pennsylvania	XXX	XXX	XXX	XXX
Tennessee	XXX	XXX	XXX	XXX
Virginia	1,938.3	1,812.0	404.6	17.6
Total	63,006.0	58,178.1	12,571.1	319.2

APPENDIX B-1
(Continued)

1946

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	806.1	766.8	109.4	5.4
Colorado	1,129.0	1,074.9	155.6	7.1
Florida	1,876.0	1,785.9	248.1	9.1
Illinois	11,909.0	11,240.8	1,986.5	53.9
Iowa	2,267.5	2,058.6	359.3	15.4
Kansas	1,439.1	1,371.3	188.5	8.9
Minnesota	2,857.0	2,695.0	460.9	17.1
Missouri	4,273.6	4,047.3	861.1	28.5
Montana	526.7	504.6	52.2	2.8
Nebraska	1,283.1	1,221.2	166.2	7.2
New Hampshire	236.4	215.4	46.3	2.1
North Dakota	439.4	421.7	34.7	1.7
Oklahoma	1,545.0	1,456.4	232.4	13.5
South Dakota	440.9	420.1	58.5	3.2
Texas	5,937.7	5,636.9	1,259.0	51.2
West Virginia	933.2	865.3	144.1	7.7
Wisconsin	3,000.0	2,833.2	404.7	15.7
Wyoming	225.8	213.8	33.5	1.8

APPENDIX B-1
(Continued)

1946

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States: (Continued)				
Alabama	1,326.4	1,254.6	226.1	10.5
Connecticut	1,395.1	1,291.8	219.9	9.8
Georgia	1,832.9	1,731.6	425.4	16.5
Indiana	2,968.2	2,811.7	405.5	17.1
Kentucky	1,590.4	1,492.6	284.4	11.4
New Mexico	279.3	269.5	55.0	3.1
Pennsylvania	10,855.2	9,805.7	1,671.7	62.5
South Carolina	655.8	627.1	94.5	4.0
Tennessee	1,994.5	1,890.4	406.8	16.9
Utah	575.3	546.1	116.0	5.3
Total	64,408.6	60,550.3	10,706.3	409.4

*See note at end of table.

Source: Federal Deposit Insurance Corporation, Annual Report: 1946, Table 120.

APPENDIX B-1
(Continued)

($ in Millions)	1950 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	462.9	435.2	180.4	9.6
California	14,514.7	13,445.5	5,247.5	265.6
Connecticut	1,628.9	1,497.4	452.6	21.3
Delaware	553.5	498.5	157.1	6.6
Idaho	440.6	416.1	156.0	8.2
Maryland	1,643.4	1,523.4	409.4	18.5
Nevada	182.3	170.6	54.9	3.0
North Carolina	1,883.7	1,731.6	613.6	29.3
Oregon	1,413.9	1,320.1	428.1	20.7
Rhode Island	703.7	645.8	211.5	9.0
South Carolina	688.3	642.1	181.4	9.4
Utah	605.7	565.5	213.0	11.0
Vermont	276.9	247.4	127.3	6.4
Washington	2,034.9	1,907.3	634.3	31.4
Total	27,033.4	25,046.5	9,067.1	450.0

APPENDIX B-1
(Continued)

($ in Millions)	1950 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	XXX	XXX	XXX	XXX
Georgia	XXX	XXX	XXX	XXX
Indiana	XXX	XXX	XXX	XXX
Louisiana	1,863.6	1,751.8	438.4	21.6
Kentucky	XXX	XXX	XXX	XXX
Massachusetts	4,507.5	4,076.2	1,352.1	52.1
Michigan	5,739.4	5,393.8	1,479.5	74.5
Mississippi	814.4	760.6	206.0	11.4
Maine	448.1	405.1	151.5	8.1
New Jersey	5,011.1	4,649.0	1,273.7	60.5
New Mexico	358.6	339.1	112.1	7.1
New York	34,433.3	30,722.2	10,607.8	321.3
Ohio	7,957.9	7,420.3	2,127.5	90.6
Pennsylvania	XXX	XXX	XXX	XXX
Tennessee	2,102.1	1,959.2	722.4	36.3
Virginia	2,068.1	1,899.9	717.5	37.2
Total	65,304.1	59,377.2	19,188.5	720.7

APPENDIX B-1
(Continued)

($ in Millions)	1950 Average* Total Assets	Average Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	855.1	796.3	197.1	11.2
Colorado	1,225.1	1,146.3	322.3	15.9
Florida	2,005.5	1,875.4	424.2	21.5
Illinois	13,326.6	12,474.7	2,954.2	103.2
Iowa	2,340.8	2,189.0	723.5	32.8
Kansas	1,577.7	1,480.2	435.8	21.1
Minnesota	3,046.1	2,832.4	895.7	40.5
Missouri	4,584.7	4,289.4	1,473.2	61.3
Montana	595.9	567.8	124.4	7.1
Nebraska	1,334.0	1,251.8	350.2	16.1
New Hampshire	236.9	212.0	83.6	4.3
North Dakota	483.0	455.6	105.6	5.4
Oklahoma	1,791.1	1,666.3	472.7	28.2
South Dakota	688.3	642.1	181.4	7.5
Texas	7,294.5	6,846.6	2,270.8	111.4
West Virginia	1,005.0	918.7	279.3	15.9
Wisconsin	3,197.1	2,993.1	811.1	35.5
Wyoming	271.8	255.4	72.6	4.2
Alabama	1,311.6	1,212.3	400.0	22.2
Georgia	1,786.7	1,647.5	674.1	33.7
Indiana	3,332.1	3,122.6	774.4	38.2
Kentucky	1,643.6	1,518.4	496.7	23.9
Pennsylvania	11,481.7	10,311.1	3,118.1	136.3
Total	65,414.9	60,705.0	17,641.0	797.4

*See note at end of table

Source: Federal Deposit Insurance Corporation, Annual Report: 1950, Table 117.

APPENDIX B-1
(Continued)

($ in Millions)	1953 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	659.1	613.9	251.4	15.4
California	17,708.1	16,303.9	7,439.7	395.4
Connecticut	2,042.9	1,883.6	669.3	34.7
Delaware	559.9	498.3	228.0	10.7
Idaho	528.9	498.8	208.3	11.6
Maryland	1,936.7	1,796.4	597.5	28.2
Nevada	249.6	233.2	86.6	5.1
North Carolina	2,304.7	2,101.0	814.3	43.2
Oregon	1,707.3	1,571.8	672.2	36.2
Rhode Island	840.5	767.6	318.1	15.1
South Carolina	873.4	812.5	249.7	14.0
Utah	748.3	696.9	281.1	15.4
Vermont	312.2	279.8	143.4	7.7
Washington	2,318.2	2,150.3	896.8	48.1
Total	32,789.8	30,208.0	12,856.4	680.8

APPENDIX B-1
(Continued)

($ in Millions)	1953 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	XXX	XXX	XXX	XXX
Georgia	XXX	XXX	XXX	XXX
Indiana	4,008.8	3,747.0	1,080.2	57.7
Louisiana	2,253.7	2,111.5	603.8	31.3
Kentucky	XXX	XXX	XXX	XXX
Massachusetts	4,908.4	4,402.6	1,867.7	84.2
Michigan	7,075.6	6,617.8	2,106.3	114.5
Mississippi	969.4	901.3	284.3	15.6
Maine	524.7	474.7	207.6	11.9
New Jersey	5,707.4	5,284.7	1,883.5	94.8
New Mexico	471.5	444.8	141.2	9.4
New York	38,263.3	33,909.4	15,348.5	590.9
Ohio	9,543.9	886.0	3,071.4	141.8
Pennsylvania	12,850.7	11,534.6	4,538.3	218.3
Tennessee	2,495.2	2,305.3	924.1	50.8
Virginia	2,546.9	2,333.8	918.5	52.4
Total	91,619.5	74,953.5	32,975.4	1,473.6

APPENDIX B-1
(Continued)

1953

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	977.8	903.4	274.2	15.0
Colorado	1,491.2	1,389.4	489.0	27.1
Florida	2,710.8	2,532.3	671.8	36.2
Illinois	15,361.1	14,318.5	4,410.3	179.3
Iowa	2,632.0	2,439.3	917.4	46.0
Kansas	1,896.3	1,770.6	557.9	29.0
Minnesota	3,459.0	3,197.1	1,221.9	61.6
Missouri	5,350.1	4,977.9	1,865.4	88.2
Montana	675.5	638.9	185.8	10.6
Nebraska	1,568.4	1,461.2	468.5	23.8
New Hampshire	282.0	252.3	106.5	6.1
North Dakota	515.8	480.5	158.5	8.0
Oklahoma	2,137.8	1,973.3	659.9	38.5
South Dakota	584.1	543.5	195.9	11.1
Texas	9,075.0	8,442.8	3,101.7	159.3
West Virginia	1,139.1	1,036.1	341.2	20.1
Wisconsin	3,696.0	3,452.6	1,114.2	51.0
Wyoming	327.4	306.6	95.1	5.7
Alabama	1,553.8	1,431.7	492.8	29.2
Georgia	2,219.3	2,040.4	841.7	46.8
Kentucky	1,936.1	1,784.7	647.1	33.3
Total	59,588.6	55,373.1	18,816.8	925.9

*See note at end of table.

Source: Federal Deposit Insurance Corporation, Annual Report: 1953, Table 114.

APPENDIX B-1
(Continued)

1955

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	780.2	718.5	333.4	20.6
California	20,018.2	18,388.2	8,319.6	419.6
Connecticut	2,228.3	2,041.5	831.5	43.0
Delaware	639.0	571.7	272.3	12.7
Idaho	562.7	527.3	234.7	13.2
Maryland	2,073.5	1,915.2	718.7	34.7
Nevada	305.6	284.5	112.9	7.0
North Carolina	2,509.7	2,277.3	943.0	50.4
Oregon	1,908.3	1,752.2	752.9	40.5
Rhode Island	864.9	788.1	389.1	18.0
South Carolina	889.9	818.3	287.2	16.5
Utah	846.3	787.4	334.6	18.1
Vermont	330.9	296.6	159.6	8.7
Washington	2,519.9	2,329.5	1,048.2	54.7
Total	36,477.4	33,496.3	14,737.7	757.7

APPENDIX B-1
(Continued)

1955

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	XXX	XXX	XXX	XXX
Georgia	XXX	XXX	XXX	XXX
Indiana	4,339.7	4,037.1	1,306.5	70.3
Louisiana	2,632.7	2,457.3	778.2	40.2
Kentucky	XXX	XXX	XXX	XXX
Massachusetts	5,163.0	4,621.6	2,151.7	95.7
Michigan	8,007.1	7,443.2	2,662.6	144.6
Mississippi	1,003.1	954.5	341.1	18.6
Maine	561.1	507.5	233.1	13.6
New Jersey	6,143.6	5,666.0	2,222.0	113.2
New Mexico	533.9	502.9	173.3	10.9
New York	41,474.0	36,820.7	17,136.0	680.8
Ohio	10,261.1	9,493.3	3,577.8	165.8
Pennsylvania	13,642.8	12,184.3	5,271.8	255.4
Tennessee	2,757.3	2,539.6	1,064.9	59.4
Virginia	2,808.3	2,571.8	1,093.3	61.7
Total	99,327.7	89,799.8	38,012.3	1,730.2

APPENDIX B-1
(Continued)

1955

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	1,068.4	981.6	345.0	18.5
Colorado	1,677.0	1,554.2	606.2	33.3
Florida	3,339.0	3,108.9	973.8	54.5
Illinois	16,268.5	15,079.8	5,095.1	207.6
Iowa	2,805.5	2,585.7	1,507.9	53.0
Kansas	2,039.6	1,890.9	642.6	33.7
Minnesota	3,711.1	3,409.7	1,431.0	72.5
Missouri	5,666.4	5,238.2	2,103.0	100.6
Montana	723.4	681.3	229.5	13.1
Nebraska	1,588.5	1,460.8	535.4	27.8
New Hampshire	311.2	277.6	132.7	7.6
North Dakota	527.5	485.7	185.0	9.8
Oklahoma	2,349.1	2,158.8	766.9	45.5
South Dakota	628.7	582.1	224.0	12.5
Texas	10,260.8	9,508.9	3,870.0	192.8
West Virginia	1,180.7	1,062.0	374.6	22.7
Wisconsin	3,913.9	3,634.8	1,346.3	62.5
Wyoming	349.8	324.6	106.3	6.4
Alabama	1,721.1	1,580.0	579.2	33.9
Georgia	2,426.7	2,212.8	1,004.8	56.1
Kentucky	2,078.2	1,904.5	730.8	38.1
Total	64,635.1	59,722.9	22,340.1	1,102.5

*See note at end of table.

Source: FDIC, Annual Report: 1955, Table 114.

APPENDIX B-1
(Continued)

1958

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	1,054.1	965.4	541.8	33.3
California	23,691.7	21,563.1	1,164.9	621.6
Connecticut	2,467.7	2,231.6	1,047.3	58.7
Delaware	714.3	637.7	319.9	16.7
Idaho	638.7	591.8	269.2	16.4
Maryland	2,322.5	2,128.2	866.5	46.2
Nevada	377.5	350.2	159.3	9.5
North Carolina	2,780.5	2,484.3	1,131.2	65.0
Oregon	2,027.2	1,839.6	829.3	47.8
Rhode Island	899.8	808.1	466.3	24.3
South Carolina	984.4	895.6	374.8	22.0
Utah	934.5	854.5	427.6	25.2
Vermont	386.8	347.9	199.6	11.6
Washington	2,759.1	2,518.2	1,193.1	69.3
Total	42,038.8	38,216.2	18,990.8	1,067.6

APPENDIX B-1
(Continued)

	1958			
($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	2,020.1	1,839.6	768.2	48.0
Georgia	XXX	XXX	XXX	XXX
Indiana	4,732.7	4,339.6	1,674.2	96.8
Louisiana	2,986.0	2,746.5	1,050.5	59.9
Kentucky	2,329.2	2,116.0	875.7	48.5
Massachusetts	5,627.5	4,986.3	2,557.7	196.5
Michigan	8,746.7	8,001.3	3,431.7	131.4
Mississippi	1,233.3	1,133.9	436.6	26.5
Maine	635.4	571.6	290.5	18.1
New Jersey	6,983.9	6,415.1	2,831.3	153.9
New Mexico	663.8	619.8	248.9	16.3
New York	46,545.6	40,714.9	21,461.2	975.5
Ohio	11,351.2	10,336.9	4,651.7	236.1
Pennsylvania	2,027.2	1,839.6	829.3	344.8
Tennessee	3,141.6	2,863.9	1,324.7	78.3
Virginia	3,278.8	2,983.6	1,391.7	83.7
Total	102,303.0	91,508.6	43,823.9	2,514.3

APPENDIX B-1
(Continued)

($ in Millions)	1958 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	1,185.5	1,079.2	414.0	24.3
Colorado	1,902.6	1,741.6	792.0	46.4
Florida	4,588.5	4,228.5	1,587.9	96.0
Illinois	17,828.8	16,320.9	6,485.2	305.8
Iowa	3,159.4	2,889.3	1,280.5	69.0
Kansas	2,294.2	2,093.4	805.7	45.8
Minnesota	4,243.2	3,867.0	1,748.2	97.8
Missouri	6,206.2	5,677.9	2,369.8	122.2
Montana	822.0	764.7	302.1	19.3
Nebraska	1,647.9	1,489.8	622.1	34.6
New Hampshire	368.7	327.9	175.0	10.4
North Dakota	651.1	598.4	222.5	13.4
Oklahoma	2,657.2	2,419.6	939.9	57.4
South Dakota	718.7	660.7	268.1	16.3
Texas	11,718.5	10,704.9	4,677.0	259.6
West Virginia	1,321.6	1,179.4	456.4	28.0
Wisconsin	4,474.3	4,133.8	1,714.2	87.8
Wyoming	400.8	368.1	141.3	9.0
Alabama	XXX	XXX	XXX	XXX
Georgia	2,830.4	2,554.5	1,199.3	74.0
Kentucky	XXX	XXX	XXX	XXX
Total	69,019.6	63,099.6	26,201.2	1,417.1

*See note at end of table.

Source: FDIC, Annual Report: 1958, Table 118.

APPENDIX B-1
(Continued)

	1960			
($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	1,332.1	1,206.6	751.7	50.3
California	26,158.9	23,655.9	13,904.1	858.8
Connecticut	2,579.0	2,284.0	1,240.7	76.7
Delaware	776.5	671.5	365.2	21.2
Idaho	694.5	637.6	330.5	21.1
Maryland	2,486.8	2,263.9	1,059.4	60.9
Nevada	462.2	423.6	229.8	15.3
North Carolina	3,098.2	2,730.2	1,408.4	86.7
Oregon	2,184.8	1,960.8	1,022.9	64.7
Rhode Island	962.0	844.5	530.9	30.7
South Carolina	1,105.8	989.8	446.0	29.3
Utah	1,047.9	955.9	524.5	32.6
Vermont	404.3	393.4	248.3	14.8
Washington	2,978.7	2,703.7	1,438.7	92.3
Total	46,271.7	41,721.4	23,501.1	1,455.4

APPENDIX B-1
(Continued)

($ in Millions)	1960 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	2,259.5	2,041.6	956.9	62.6
Georgia	3,180.5	2,838.3	1,496.1	98.9
Indiana	5,104.5	4,628.3	2,038.1	126.2
Louisiana	3,968.1	2,878.7	1,238.7	76.0
Kentucky	2,473.8	2,230.5	1,044.6	61.6
Massachusetts	5,975.2	5,185.2	2,929.6	172.4
Michigan	9,430.4	8,578.9	4,178.5	255.2
Mississippi	1,427.4	1,311.1	539.8	33.9
Maine	695.8	618.5	350.7	22.8
New Jersey	7,709.4	6,983.1	3,456.9	201.6
New Mexico	749.1	691.1	309.1	21.2
New York	48,971.7	41,994.5	24,319.5	1,287.2
Ohio	12,279.3	11,056.8	5,600.7	313.4
Pennsylvania	15,755.8	13,887.8	7,613.4	442.3
Tennessee	3,503.7	3,178.7	1,606.7	100.4
Virginia	3,537.5	3,179.9	1,673.9	105.0
Total	126,221.7	111,283.0	59,353.2	3,380.8

APPENDIX B-1
(Continued)

($ in Millions)	1960 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	2,259.5	2,041.6	957.0	32.4
Colorado	2,112.9	1,926.6	999.0	62.9
Florida	5,220.4	4,743.9	1,989.9	129.2
Illinois	18,767.4	16,934.4	7,844.2	430.2
Iowa	3,295.5	2,977.8	1,501.6	89.5
Kansas	2,525.1	2,284.5	975.7	58.0
Minnesota	4,520.4	4,060.5	2,078.9	126.0
Missouri	6,528.4	5,902.3	2,773.1	161.3
Montana	873.9	799.9	370.0	24.4
Nebraska	1,753.5	1,572.7	760.6	46.4
New Hampshire	448.3	390.5	228.0	13.5
North Dakota	702.4	639.1	276.3	17.1
Oklahoma	2,867.4	2,572.2	1,124.0	72.7
South Dakota	794.5	723.3	335.8	21.4
Texas	12,806.3	11,542.9	5,427.9	326.9
West Virginia	1,410.7	1,247.7	534.7	34.9
Wisconsin	4,893.3	4,480.7	2,081.3	117.6
Wyoming	440.9	401.4	173.9	11.6
Alabama	XXX	XXX	XXX	XXX
Georgia	XXX	XXX	XXX	XXX
Kentucky	XXX	XXX	XXX	XXX
Total	72,220.8	65,242.0	30,431.9	1,775.0

*See note at end of table.

Source: FDIC, Annual Report: 1960, Table 116.

APPENDIX B-1
(Continued)

($ in Millions)	1962 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Statewide Branch States:				
Arizona	1,612.4	1,458.6	929.5	61.4
California	30,032.0	27,067.6	15,536.1	970.5
Connecticut	2,836.1	2,482.0	1,434.8	88.9
Delaware	823.4	716.6	410.4	22.1
Idaho	744.7	677.6	369.9	24.6
Maryland	2,805.6	2,563.2	1,255.9	74.6
Nevada	567.2	517.9	282.0	18.9
North Carolina	3,457.7	3,021.6	1,680.0	102.5
Oregon	2,377.2	2,153.7	1,116.3	71.0
Rhode Island	1,035.2	917.4	578.8	33.2
South Carolina	1,234.2	1,089.1	521.6	34.1
Utah	1,142.9	1,034.4	604.6	38.8
Vermont	476.7	426.1	275.9	16.7
Washington	3,278.9	2,957.2	1,578.9	100.5
Total	52,424.3	47,083.0	26,574.7	1,657.8

APPENDIX B-1
(Continued)

1962

($ in Millions)	Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Limited Area Branch States:				
Alabama	2,464.9	2,209.6	1,068.6	71.7
Georgia	3,494.0	3,086.5	1,668.0	111.8
Indiana	5,480.4	4,927.5	2,269.9	142.2
Kentucky	2,709.3	2,431.9	1,138.8	68.7
Louisiana	3,398.0	3,073.3	1,371.6	84.5
Maine	755.5	665.9	404.0	26.3
Massachusetts	6,413.8	5,525.2	3,238.8	190.2
Michigan	10,566.6	9,589.5	4,756.2	292.0
Mississippi	1,566.2	1,424.4	643.8	41.6
New Jersey	8,560.5	7,722.9	3,979.5	237.4
New Mexico	832.4	761.6	362.7	25.6
New York	54,921.9	46,588.8	26,367.2	1,410.2
Ohio	13,223.2	11,837.6	6,170.0	346.2
Pennsylvania	17,084.8	15,059.2	8,157.0	480.4
Tennessee	3,922.7	3,545.8	1,838.8	116.4
Virginia	3,926.1	3,497.7	1,915.6	123.1
Total	139,320.3	121,947.4	65,350.5	3,768.3

APPENDIX B-1
(Continued)

($ in Millions)	1962 Average* Total Assets	Average* Total Deposits	Average* Total Loans & Discounts	Interest & Discount Income on Loans
Unit States:				
Arkansas	1,537.6	1,394.9	646.2	40.3
Colorado	2,454.9	2,235.4	1,183.0	75.2
Florida	5,801.7	5,249.3	2,181.3	142.1
Illinois	20,804.4	18,634.6	8,774.3	485.8
Iowa	3,637.3	3,279.2	1,682.4	99.8
Kansas	2,866.8	2,587.0	1,165.1	70.8
Minnesota	4,977.1	4,492.2	2,276.4	138.0
Missouri	7,012.1	6,315.4	3,138.5	181.3
Montana	927.9	845.7	406.7	27.2
Nebraska	1,950.5	1,744.5	904.3	55.0
New Hampshire	496.9	430.3	268.3	16.8
North Dakota	749.7	680.5	303.9	19.1
Oklahoma	3,161.9	2,838.3	1,318.4	85.7
South Dakota	883.9	806.3	382.3	25.2
Texas	14,505.5	13,108.6	6,385.5	391.4
West Virginia	1,523.2	1,340.8	600.8	39.9
Wisconsin	5,291.8	4,808.2	428.3	136.8
Wyoming	481.1	435.1	214.4	14.3
Total	79,064.3	71,226.3	32,260.1	2,044.7

*Items are averages of balances reported at call dates at beginning, middle, and end of year.

Note: In certain instances, "X's" appear in dollars columns for states that changed from a unit banking state to a limited area branch state or statewide branch state during the period under study (see Chapter III). The "X's" indicate that the particular banking system under consideration does not apply to the state for that year and that the state is included elsewhere in the total of the applicable banking system.

Source: FDIC, Annual Report: 1962, Table 112 for balance sheet data; Table 120 for income data.

APPENDIX B-2

ASSETS, DEPOSITS, AND LOANS OF THE INSURED COMMERCIAL BANKS OF THE CONTERMINOUS UNITED STATES, SELECTED DATA, SELECTED YEARS, 1946-1962, YEAR-END BALANCES

1946

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	409.8	343.4	108.6	49.4	24.9	16.4	10.8
California	13,753.6	11,747.3	3,320.3	1,223.9	1,388.5	347.2	246.9
Delaware	515.5	405.5	87.7	32.9	30.4	17.5	5.5
Idaho	443.8	378.4	69.7	23.3	19.2	6.3	3.4
Maryland	1,583.7	1,279.5	298.2	84.1	99.5	49.8	19.6
North Carolina	1,935.8	1,389.8	394.2	176.3	77.3	88.8	34.3
Nevada	146.4	143.6	35.8	6.8	16.8	6.3	3.4
Oregon	1,265.8	1,191.0	263.2	130.1	52.0	26.7	18.4
Rhode Island	694.1	562.9	119.5	50.9	41.5	10.6	5.3
Utah	266.8	456.6	139.0	14.5	57.0	10.7	5.7
Washington	2,063.1	1,715.6	491.6	254.2	121.9	46.3	35.5
Total	23,078.4	19,613.6	5,327.8	2,046.4	1,929.0	635.6	388.6

APPENDIX B-2
(Continued)

1946

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Louisiana	1,630.7	1,172.2	290.7	136.2	51.1	40.0	14.3
Maine	470.3	398.4	110.3	33.6	35.3	13.5	6.3
Massachusetts	4,324.2	3,333.3	1,055.7	608.2	158.9	167.3	54.8
Michigan	4,826.3	4,098.9	913.4	272.6	404.0	131.8	78.6
Mississippi	784.8	601.2	147.4	54.9	38.0	22.5	9.5
New Jersey	4,648.9	3,949.2	803.8	218.1	365.5	134.0	64.4
New York	33,578.8	24,637.5	7,720.1	4,550.1	536.4	731.1	269.7
Ohio	7,166.6	5,868.8	1,480.6	499.7	490.7	212.5	97.7
Virginia	1,916.5	1,500.6	482.2	147.0	166.2	107.2	41.3
Total	59,347.1	45,560.1	13,004.2	6,520.4	2,246.1	1,559.9	636.6
Total less New York	25,768.3	20,922.6	5,284.1	1,970.3	1,709.7	828.8	366.9

APPENDIX B-2
(Continued)

1946

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Alabama	1,298.7	1,008.0	260.4	103.6	60.1	49.0	21.3
Arkansas	825.3	658.1	125.2	37.1	32.1	25.5	12.9
Colorado	1,140.7	939.9	186.8	72.9	40.5	24.1	11.6
Connecticut	1,324.2	1,118.1	253.2	83.4	101.2	49.5	26.5
Florida	1,827.9	1,385.7	290.9	133.1	48.3	42.2	16.7
Georgia	1,793.1	1,329.2	471.0	214.5	89.7	78.3	31.8
Illinois	11,606.2	8,902.9	2,204.2	1,305.3	218.1	308.3	185.3
Indiana	2,979.6	2,416.8	477.9	144.4	203.9	71.3	32.6
Iowa	2,238.6	1,758.4	410.8	94.5	136.7	51.8	24.0
Kansas	1,435.1	1,070.0	223.7	75.0	47.1	57.2	12.8

APPENDIX B-2
(Continued)

1946

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
Kentucky	1,579.0	1,226.3	336.9	110.5	94.3	60.7	15.5
Minnesota	2,834.8	2,127.9	538.7	204.2	139.5	81.0	53.1
Missouri	4,198.0	2,887.0	989.0	429.0	263.1	143.9	49.5
Montana	553.8	447.8	60.6	18.9	15.6	6.8	4.3
Nebraska	1,287.0	977.9	190.9	52.4	28.2	19.4	9.3
New Hampshire	232.0	186.4	54.8	22.4	17.7	9.0	3.8
New Mexico	282.5	227.1	67.5	24.4	19.4	7.4	4.4
North Dakota	467.8	419.3	39.8	8.7	8.8	4.8	2.6
Oklahoma	1,495.2	1,049.7	264.2	125.5	41.7	42.2	24.8
Pennsylvania	10,535.2	8,357.5	1,964.8	869.7	314.9	351.1	144.9

APPENDIX B-2
(Continued)

1946

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
South Dakota	476.8	394.7	68.4	13.7	15.4	7.0	4.4
South Carolina	686.2	558.1	109.1	45.2	24.8	16.5	4.8
Tennessee	1,989.0	1,440.8	468.5	217.6	85.2	92.2	40.0
Texas	5,832.0	4,301.7	1,382.9	726.6	148.0	200.1	93.3
Utah	584.0	456.6	139.0	41.0	57.0	13.6	11.0
West Virginia	915.0	732.6	171.2	37.3	79.4	39.0	12.7
Wisconsin	2,984.9	2,535.8	480.5	164.6	202.4	54.9	18.7
Wyoming	240.9	194.8	37.5	9.6	10.8	3.5	2.2
Total	63,633.5	49,103.1	12,268.4	5,385.1	2,533.9	1,880.3	884.8

APPENDIX B-2
(Continued)

1950

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	498.2	409.2	203.8	63.5	61.6	45.9	41.0
California	15,129.0	12,120.8	5,875.9	1,790.8	2,723.1	979.8	868.7
Connecticut	1,767.9	1,482.4	512.4	173.7	175.6	138.7	82.5
Delaware	589.1	466.8	173.2	58.0	68.0	37.2	15.8
Idaho	460.3	365.8	176.1	44.4	58.3	27.9	23.3
Maryland	1,704.2	1,327.9	455.3	124.0	165.4	110.0	62.3
Nevada	190.8	154.3	58.8	8.0	31.2	14.3	12.0
North Carolina	2,031.3	1,437.0	683.9	282.7	137.7	208.7	124.2
Oregon	1,509.9	1,234.6	512.5	184.4	148.0	119.8	96.5
Rhode Island	737.0	611.2	247.5	106.9	83.6	41.1	20.3
South Carolina	710.8	563.4	200.2	74.3	50.4	55.4	28.7
Utah	632.2	477.5	236.6	59.4	89.6	47.4	36.9
Vermont	284.7	240.3	129.4	18.0	71.1	25.0	14.3
Washington	2,118.0	1,737.3	720.4	294.1	200.1	152.0	131.1
Total	28,363.4	22,628.5	10,186.0	3,288.2	4,063.7	2,003.2	1,557.6

APPENDIX B-2
(Continued)

1950

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Louisiana	1,948.9	1,303.0	494.6	231.4	98.5	116.2	66.9
Maine	452.7	372.8	160.2	54.0	57.5	35.4	22.8
Massachusetts	4,714.8	3,560.4	1,581.1	849.1	288.2	329.1	174.4
Michigan	6,035.1	5,008.0	1,659.0	400.0	735.7	419.8	329.6
Mississippi	864.9	633.9	226.6	87.8	53.0	52.3	28.5
New Jersey	5,218.2	4,377.4	1,439.3	330.2	692.9	364.3	249.0
New Mexico	382.7	286.6	120.0	35.4	29.5	28.7	18.8
New York	36,164.1	26,049.3	12,403.2	7,185.8	1,261.2	1,563.9	967.0
Ohio	8,390.6	6,823.9	2,410.1	733.2	854.3	545.8	347.6
Tennessee	2,204.6	1,543.3	832.6	387.9	146.0	218.5	132.6
Virginia	2,188.8	1,636.5	774.7	214.8	260.7	299.4	195.0
Total	68,565.4	50,422.4	22,101.4	10,509.6	4,477.5	3,973.4	2,532.2
Total less New York	32,401.3	25,373.1	9,698.2	3,323.8	3,216.3	2,409.5	1,565.2

APPENDIX B-2
(Continued)

1950

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Alabama	1,374.9	1,046.6	437.0	155.0	109.0	116.5	68.8
Arkansas	904.8	691.4	203.5	64.5	50.0	58.0	35.1
Colorado	1,300.3	1,030.2	371.2	112.5	68.8	74.1	47.1
Florida	2,138.3	1,588.5	493.5	192.2	108.6	140.6	87.8
Georgia	1,906.5	1,390.5	746.9	315.4	59.0	203.5	125.7
Illinois	13,878.5	10,725.7	3,443.9	1,899.3	530.8	547.2	531.6
Indiana	3,476.5	2,748.2	850.3	217.9	348.2	194.1	120.4
Iowa	2,432.5	1,876.4	784.0	154.4	236.9	118.6	71.5
Kansas	1,633.0	1,155.0	479.3	112.7	81.3	84.8	47.2
Kentucky	1,727.0	1,303.7	557.3	169.8	163.6	141.2	52.9
Minnesota	3,139.7	2,345.5	1,002.1	307.1	294.7	199.2	154.5
Missouri	4,871.9	3,410.7	1,679.8	637.8	493.8	335.1	202.5

APPENDIX B-2
(Continued)

1950

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
Montana	611.0	489.0	145.3	25.9	34.7	30.7	24.9
Nebraska	1,422.1	1,072.8	395.5	109.8	44.6	49.4	28.9
New Hampshire	250.6	197.0	87.3	31.8	29.8	20.0	10.9
North Dakota	491.9	431.1	123.8	15.2	23.5	19.8	15.1
Oklahoma	1,860.5	1,316.9	512.1	230.5	62.5	115.0	81.3
Pennsylvania	11,947.3	9,443.4	3,485.2	1,447.7	1,048.6	779.8	504.3
South Dakota	537.5	439.5	148.7	22.0	35.6	23.8	17.9
Texas	7,861.8	5,598.9	2,538.1	1,315.7	257.8	554.7	358.5
West Virginia	1,026.8	782.4	291.8	54.7	134.0	86.7	45.6
Wisconsin	3,303.5	2,756.2	902.0	257.2	390.3	140.8	74.2
Wyoming	288.6	222.8	78.3	15.8	25.6	12.8	9.1
Total	68,385.5	52,062.4	19,756.9	7,864.9	4,831.7	4,046.4	2,535.8

APPENDIX B-2
(Continued)

1953

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	682.5	533.4	254.4	66.1	69.9	81.4	71.3
California	18,191.0	14,374.1	7,639.3	2,401.7	3,340.8	1,437.4	1,230.7
Connecticut	2,099.5	1,746.0	712.5	233.3	234.5	208.1	142.5
Delaware	586.2	470.8	234.3	75.7	89.5	56.0	27.1
Idaho	543.1	426.0	220.3	38.3	72.0	43.8	38.5
Maryland	1,961.1	1,519.7	628.8	155.3	211.9	155.8	95.9
Nevada	263.3	209.2	96.1	11.5	40.6	33.1	28.0
North Carolina	2,406.0	1,655.0	841.6	325.7	152.2	292.0	195.7
Oregon	1,753.6	1,382.9	674.8	207.5	227.4	180.5	155.7
Rhode Island	841.5	689.9	330.7	119.4	136.7	63.6	35.9
South Carolina	899.9	659.6	260.1	76.7	54.8	81.8	50.9
Utah	776.5	585.4	292.0	79.1	106.4	66.7	56.0
Vermont	315.7	263.7	146.5	20.8	77.5	32.1	20.4
Washington	2,358.5	1,889.2	959.8	336.8	267.1	225.6	202.5
Total	33,678.4	26,404.9	13,291.2	4,147.9	5,081.3	2,957.9	2,351.1

APPENDIX B-2
(Continued)

1953

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Indiana	4,174.9	3,282.4	1,146.4	271.7	456.2	281.4	273.5
Louisiana	2,388.5	1,570.5	656.6	301.8	116.6	149.8	91.7
Maine	529.6	429.8	217.0	71.4	72.3	55.0	40.7
Massachusetts	4,973.3	3,666.2	1,923.0	992.5	370.8	442.4	257.8
Michigan	7,328.6	6,005.8	2,240.3	567.3	899.0	641.5	525.9
Mississippi	1,014.0	734.5	314.4	90.4	61.3	67.2	43.6
New Jersey	5,847.7	4,830.8	2,002.5	443.1	929.0	538.3	368.5
New Mexico	490.9	336.4	147.1	41.7	29.1	39.0	29.7
New York	38,997.0	27,137.0	15,871.1	9,256.0	1,533.4	2,214.3	1,546.2
Ohio	9,883.6	7,966.1	3,254.6	923.7	1,106.3	820.7	568.0
Pennsylvania	13,050.1	10,238.0	4,738.4	1,981.3	1,328.4	1,131.5	800.8
Tennessee	2,621.0	1,808.2	989.0	387.6	153.0	296.6	198.3
Virginia	2,608.3	1,940.6	957.7	244.3	360.2	316.3	198.5
Total	93,907.5	69,946.3	34,458.1	15,572.8	7,415.6	6,994.0	4,943.2
Total less New York	54,910.5	42,809.3	18,587.0	6,316.8	5,882.2	4,779.7	3,397.0

APPENDIX B-2
(Continued)

1953

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Alabama	1,617.4	1,215.7	514.1	159.5	101.8	162.2	102.5
Arkansas	1,017.8	773.8	313.5	70.4	55.9	76.5	51.3
Colorado	1,534.8	1,197.1	506.1	137.9	90.8	124.8	82.6
Florida	2,822.0	2,053.7	737.3	279.5	146.5	211.5	137.1
Georgia	2,298.1	1,628.4	865.5	331.6	163.8	251.1	166.7
Illinois	15,828.9	12,123.9	4,660.0	2,286.8	695.4	731.3	493.2
Iowa	2,754.5	2,140.8	937.5	166.2	256.1	147.1	102.6
Kansas	1,934.7	1,339.2	579.5	125.9	90.8	110.4	74.1
Kentucky	2,025.2	1,494.2	688.7	204.6	197.3	196.8	92.1
Minnesota	3,592.5	2,653.3	1,289.3	343.8	384.8	290.0	231.7
Missouri	5,503.3	3,835.0	1,897.8	638.1	549.6	429.0	276.2
Montana	701.1	556.2	207.2	31.0	45.3	49.4	43.8

APPENDIX B-2
(Continued)

1953

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
Nebraska	1,625.6	1,315.3	484.4	113.4	53.2	70.6	46.5
New Hampshire	294.3	226.5	113.8	35.4	40.9	30.8	18.2
North Dakota	528.9	454.4	201.0	18.6	34.5	30.4	24.9
Oklahoma	2,214.9	1,595.4	685.1	685.1	74.0	161.0	124.3
South Dakota	605.9	486.3	219.7	25.3	46.8	31.3	25.2
Texas	9,536.1	6,628.8	3,291.7	1,509.7	290.4	822.4	549.5
West Virginia	1,157.2	875.6	352.3	60.3	151.3	120.0	71.1
Wisconsin	3,790.7	3,169.6	1,203.1	383.2	481.5	181.4	107.8
Wyoming	340.6	259.4	95.9	95.9	27.4	18.0	13.9
Total	61,724.5	45,922.6	19,843.7	7,702.2	3,977.8	4,249.0	2,835.3

APPENDIX B-2
(Continued)

1955

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	817.8	631.7	372.5	110.4	92.6	104.6	95.0
California	20,752.8	16,561.2	9,246.5	2,967.9	3,992.9	1,603.3	1,322.3
Connecticut	2,342.6	1,341.5	907.8	309.1	287.6	260.4	176.6
Delaware	674.0	553.5	292.5	92.4	98.2	83.6	38.4
Idaho	577.7	451.1	244.4	45.2	91.6	52.2	44.6
Maryland	2,132.2	1,668.5	776.5	185.1	275.2	180.3	111.1
Nevada	313.4	238.1	121.5	22.2	47.6	41.5	33.3
North Carolina	2,661.1	1,843.2	1,039.4	400.7	188.6	332.5	213.6
Oregon	1,979.1	1,557.8	815.6	293.8	270.2	189.0	157.9
Rhode Island	899.5	752.1	427.3	155.0	160.0	84.0	48.4
South Carolina	921.3	691.7	308.8	101.6	69.2	97.0	59.4
Utah	881.2	645.0	359.1	103.6	134.5	72.1	59.5
Vermont	342.5	285.9	166.8	27.2	87.3	35.8	23.2
Washington	2,597.8	2,107.7	1,137.7	409.5	335.0	269.3	235.5
Total	37,893.0	29,302.0	16,216.4	5,223.7	6,130.5	3,405.6	2,618.8

APPENDIX B-2
(Continued)

1955

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Indiana	4,464.6	3,536.4	1,424.1	335.4	567.4	346.1	243.9
Louisiana	2,766.9	1,761.7	856.1	358.8	188.4	169.5	100.8
Maine	580.1	473.1	242.8	78.0	83.4	72.9	56.5
Massachusetts	5,402.2	3,976.8	2,368.5	1,292.8	366.2	540.8	317.7
Michigan	8,394.0	6,861.4	2,964.6	782.0	1,193.6	795.0	643.1
Mississippi	1,088.6	802.2	379.5	123.2	77.4	81.7	52.1
New Jersey	6,325.3	5,265.9	1,426.8	539.5	1,087.3	659.3	449.4
New Mexico	558.8	385.9	194.5	60.6	39.3	47.0	36.1
New York	42,634.0	29,982.6	19,173.3	10,442.7	2,024.2	2,660.8	1,766.3
Ohio	10,610.5	8,600.9	3,943.4	1,085.6	1,392.8	946.8	663.0
Pennsylvania	13,918.1	11,060.1	5,837.2	2,320.9	1,645.3	1,367.8	973.8
Tennessee	2,855.9	1,989.6	1,152.6	478.3	194.5	347.9	216.8
Virginia	2,904.2	2,180.6	1,173.1	325.5	365.6	385.8	243.9
Total	102,503.2	76,877.2	42,136.5	18,223.3	9,225.4	8,421.4	5,763.4
Total less New York	59,869.2	46,894.6	22,963.2	7,780.6	7,201.2	5,760.6	3,997.1

APPENDIX B-2
(Continued)

1955

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Alabama	1,827.6	1,374.7	646.4	213.9	125.5	203.0	133.6
Arkansas	1,131.5	864.3	397.3	91.4	75.8	94.4	67.8
Colorado	1,725.8	1,341.5	671.7	214.5	146.3	168.3	113.1
Florida	3,535.1	2,518.0	1,124.1	460.0	229.6	343.8	247.8
Georgia	2,540.5	1,819.0	1,070.7	416.0	215.6	309.1	203.2
Illinois	16,749.1	12,986.7	5,697.4	2,858.5	933.5	925.9	625.0
Iowa	2,826.0	2,158.7	1,124.0	223.6	333.7	167.7	112.6
Kansas	2,063.3	1,403.4	676.9	187.5	117.0	135.1	91.7
Kentucky	2,173.1	1,629.5	788.0	235.7	229.8	211.3	97.6
Minnesota	3,772.6	2,807.0	1,535.3	463.5	479.8	306.9	240.4
Missouri	5,836.6	4,134.0	2,255.2	787.5	658.4	486.5	304.9

APPENDIX B-2
(Continued)

1955

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
Montana	747.2	586.2	270.1	49.0	64.7	67.7	59.8
Nebraska	1,603.4	1,176.0	560.9	150.0	74.0	88.2	60.3
New Hampshire	329.9	256.0	140.5	43.3	50.2	38.0	24.3
North Dakota	536.8	454.5	210.5	25.0	43.4	38.7	32.5
Oklahoma	2,433.0	1,739.7	824.7	383.9	103.7	196.9	153.8
South Dakota	638.0	499.3	234.9	35.6	64.1	34.8	26.5
Texas	10,696.5	7,444.0	4,215.0	2,085.0	410.1	927.4	587.9
West Virginia	1,200.1	911.7	396.3	74.5	163.5	134.4	82.6
Wisconsin	3,987.5	3,327.4	1,456.8	26.1	620.4	222.0	134.8
Wyoming	359.2	265.8	109.5	26.1	32.9	19.1	14.4
Total	66,712.8	49,697.4	24,406.2	9,050.6	5,172.0	5,149.2	3,414.4

APPENDIX B-2
(Continued)

1958

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	1,125.4	882.9	572.9	173.8	149.2	153.8	125.4
California	24,859.0	19,709.8	11,712.1	4,086.8	4,776.2	1,942.1	1,549.0
Connecticut	2,513.3	2,059.6	1,093.7	338.5	359.9	325.4	209.8
Delaware	719.5	559.5	322.3	86.0	103.1	107.2	45.9
Idaho	686.1	547.3	295.2	62.1	111.2	63.7	58.7
Maryland	2,379.9	1,852.5	898.6	233.9	334.8	228.7	148.9
Nevada	401.9	302.7	163.2	32.9	67.3	51.2	38.5
North Carolina	2,992.6	2,098.2	1,200.5	475.5	215.9	383.1	261.3
Oregon	2,139.8	1,679.1	870.5	335.6	289.6	173.3	148.2
Rhode Island	915.2	757.9	473.9	172.4	186.5	81.4	49.6
South Carolina	1,038.3	790.8	389.8	137.1	86.6	119.2	80.4
Utah	988.1	734.2	459.6	135.1	174.6	99.7	91.3
Vermont	421.0	355.5	223.2	37.1	120.8	45.8	29.0
Washington	2,868.3	2,324.7	1,232.9	477.0	351.1	279.5	243.8
Total	44,048.4	34,654.7	19,872.4	6,783.8	7,326.8	4,054.1	3,079.8

APPENDIX B-2
(Continued)

1958

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Alabama	2,137.2	1,613.7	827.7	288.6	174.1	267.1	174.4
Indiana	4,899.6	3,795.4	1,743.0	441.9	686.7	427.8	300.2
Kentucky	2,451.0	1,839.8	914.0	262.3	275.7	257.5	133.9
Louisiana	3,048.9	2,111.2	1,098.9	494.8	247.4	225.5	146.7
Maine	656.8	538.0	301.6	95.3	106.7	77.8	58.9
Massachusetts	5,804.1	4,184.7	2,652.7	1,459.1	418.1	624.9	393.5
Michigan	8,940.4	7,158.9	3,591.8	918.0	1,485.8	931.6	724.0
Mississippi	1,326.6	925.9	476.4	182.7	103.9	113.7	76.3
New Jersey	7,235.8	6,021.1	2,972.1	656.2	1,319.4	790.6	529.1
New Mexico	714.3	512.1	280.4	93.3	52.8	73.4	58.1
New York	47,680.6	32,664.4	21,981.5	12,628.8	2,463.3	2,961.9	1,880.4
Ohio	11,581.0	9,200.1	4,819.8	1,355.7	1,692.9	1,178.7	821.6
Pennsylvania	15,254.5	12,003.7	6,750.3	2,721.0	1,949.8	1,577.2	1,099.2
Tennessee	3,327.7	2,369.4	1,407.6	583.3	247.6	432.4	272.5
Virginia	3,419.8	2,599.9	1,452.0	390.0	462.1	476.0	306.6
Total	118,478.3	86,538.3	51,269.5	22,571.0	11,686.3	10,416.0	6,969.4
Total less New York	70,797.7	53,873.9	29,288.0	9,942.2	9,223.0	7,454.1	5,089.0

APPENDIX B-2
(Continued)

1958

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Arkansas	1,270.6	981.7	451.5	134.1	106.1	114.7	78.6
Colorado	2,026.8	1,578.5	870.7	300.0	174.3	210.5	143.4
Florida	4,869.1	3,571.4	1,729.5	692.8	376.8	541.5	379.2
Georgia	2,985.3	2,134.3	1,257.0	477.7	265.5	370.3	236.5
Illinois	18,341.7	14,014.6	6,734.2	3,292.7	1,207.6	1,138.4	758.3
Iowa	3,351.6	2,614.4	1,381.9	255.4	386.7	220.6	156.7
Kansas	2,433.8	1,680.4	897.8	234.6	142.3	168.0	125.3
Minnesota	4,432.3	3,302.0	1,817.5	543.5	577.6	373.8	294.3
Missouri	6,475.1	4,580.8	2,429.6	841.0	706.2	555.9	351.6
Montana	874.2	685.3	324.6	64.5	87.8	89.1	77.4
Nebraska	1,784.9	1,315.5	692.6	175.8	80.4	102.2	72.9
New Hampshire	392.4	303.3	188.0	56.7	70.3	51.1	34.4
North Dakota	699.3	592.5	280.4	37.6	60.0	51.6	45.7
Oklahoma	2,793.5	2,042.6	1,001.7	415.1	137.7	245.6	203.7
South Dakota	787.6	626.8	294.0	44.5	75.2	45.9	36.8
Texas	12,533.8	8,841.5	5,076.3	2,487.6	484.7	1,163.3	838.7
West Virginia	1,368.5	1,036.9	476.4	93.8	192.2	163.4	114.0
Wisconsin	4,705.1	3,888.5	1,797.9	482.4	756.8	318.2	186.0
Wyoming	432.9	319.9	148.3	38.3	45.6	28.2	22.6
Total	72,558.5	54,110.9	27,849.9	10,668.1	5,933.8	5,952.3	4,156.1

APPENDIX B-2
(Continued)

1960

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	1,403.8	1,070.4	766.0	196.5	198.3	228.1	189.1
California	26,888.3	20,857.1	14,323.4	4,761.6	5,181.4	2,648.2	2,029.8
Connecticut	2,664.0	2,103.6	1,304.9	366.7	392.2	427.7	268.2
Delaware	820.2	620.0	370.1	90.2	114.9	126.5	57.2
Idaho	707.8	549.2	340.3	71.4	116.4	78.6	72.3
Maryland	2,583.9	1,986.4	1,134.5	285.9	393.1	293.9	195.5
Nevada	481.6	365.5	253.7	61.4	94.4	69.7	56.5
North Carolina	3,298.7	2,204.7	1,495.2	546.4	245.6	477.4	346.6
Oregon	2,225.6	1,705.2	1,038.0	395.0	295.6	218.6	189.5
Rhode Island	988.1	796.1	557.9	185.0	208.4	104.3	65.9
South Carolina	1,147.9	813.1	468.1	153.7	99.9	150.6	105.9
Utah	1,096.5	782.9	550.2	136.2	196.0	120.7	110.3
Vermont	450.0	374.1	258.9	43.4	133.5	60.5	38.9
Washington	3,007.1	2,370.6	1,480.9	525.2	385.5	337.7	285.7
Total	47,763.5	37,408.9	24,342.1	7,818.6	8,055.2	5,342.5	4,010.4

APPENDIX B-2
(Continued)

1960

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Alabama	2,350.3	1,704.9	1,010.1	348.2	192.8	333.6	222.2
Georgia	3,280.0	2,231.0	1,529.9	502.2	310.8	490.7	305.7
Indiana	5,253.2	3,958.1	2,148.2	502.1	744.0	582.4	422.6
Kentucky	2,545.0	1,848.0	1,096.9	275.6	314.4	318.1	174.1
Louisiana	3,254.1	2,193.2	1,281.7	500.3	286.5	273.1	177.4
Maine	710.3	572.6	371.7	115.3	127.1	98.7	76.1
Massachusetts	6,226.9	4,331.7	3,054.5	1,414.3	465.0	779.6	527.3
Michigan	9,716.3	7,672.6	4,403.4	936.3	1,639.3	1,240.8	991.7
Mississippi	1,471.6	1,011.3	578.9	208.3	130.5	141.3	96.4
New Jersey	7,976.6	6,491.7	3,711.4	791.9	1,517.6	1,009.4	945.7
New Mexico	776.5	540.4	330.0	118.7	63.8	81.8	67.1
New York	51,740.9	34,700.2	25,207.0	12,794.0	2,849.7	3,607.7	2,319.2
Ohio	12,524.6	9,829.5	5,809.6	1,511.8	1,973.5	1,534.7	1,121.5
Pennsylvania	16,180.7	12,514.5	8,016.4	2,837.4	2,238.0	1,976.9	1,423.6
Tennessee	3,656.5	2,525.2	1,714.5	634.7	300.8	535.0	338.3
Virginia	3,642.8	2,715.5	1,728.5	435.3	523.4	581.7	386.2
Total	131,306.3	94,840.4	61,992.7	23,926.4	13,677.2	13,585.5	9,595.1
Total less New York	79,565.4	60,140.2	36,785.7	11,132.4	10,827.5	9,977.8	7,275.9

APPENDIX B-2
(Continued)

1960

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Arkansas	1,416.1	1,066.8	566.2	178.8	132.4	148.8	103.3
Colorado	2,198.8	1,668.9	1,039.5	307.3	199.4	264.0	184.8
Florida	5,352.3	3,809.7	2,044.2	690.5	420.4	689.0	499.9
Illinois	19,301.8	14,444.2	8,389.3	3,492.9	1,424.5	1,483.4	971.5
Iowa	3,385.1	2,609.4	1,559.3	267.9	404.7	284.8	206.1
Kansas	2,657.7	1,785.3	1,085.2	243.2	156.8	208.5	158.6
Minnesota	4,620.7	3,378.7	2,144.6	597.4	623.0	461.3	359.7
Missouri	6,784.8	4,720.4	2,906.0	859.0	755.2	689.1	460.7
Montana	906.3	692.8	386.0	78.0	103.2	101.9	89.7
Nebraska	1,834.3	1,307.4	831.8	182.8	79.2	138.4	101.4
New Hampshire	462.3	344.1	240.4	63.6	93.8	68.0	46.5
North Dakota	715.1	594.8	310.8	49.0	78.9	60.0	51.6
Oklahoma	2,998.0	2,159.2	1,195.6	453.9	165.2	283.0	224.1
South Dakota	822.2	635.7	369.3	58.4	87.5	57.0	45.5
Texas	13,502.3	9,328.5	5,775.9	2,632.9	531.1	1,418.5	1,017.1
West Virginia	1,437.6	1,075.7	564.6	104.0	219.0	201.9	149.3
Wisconsin	5,005.4	4,089.2	2,239.5	550.9	689.6	428.1	271.2
Wyoming	462.2	335.1	180.7	47.1	54.1	36.4	28.6
Total	73,863.0	54,045.9	31,828.9	10,788.4	6,398.0	7,022.1	4,969.6

APPENDIX B-2
(Continued)

1962

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Statewide Branch States:							
Arizona	1,751.1	1,357.5	1,060.8	287.7	263.7	261.8	217.9
California	32,343.8	24,848.1	17,304.5	5,668.3	6,152.6	3,150.6	2,375.7
Connecticut	3,064.8	2,417.9	1,628.6	448.5	458.9	486.7	288.9
Delaware	918.0	711.1	448.4	94.7	119.8	140.2	66.0
Idaho	788.3	616.5	410.2	787.0	138.9	92.1	83.8
Maryland	2,959.7	2,321.0	1,390.6	345.0	482.3	370.3	251.8
Nevada	626.9	486.5	328.6	102.6	121.7	74.3	63.5
North Carolina	3,843.2	2,630.9	1,878.4	654.0	295.5	608.6	438.0
Oregon	2,562.1	1,962.2	1,249.1	430.9	363.6	245.6	205.9
Rhode Island	1,088.8	873.5	680.1	199.5	232.6	107.8	67.7
South Carolina	961.8	973.2	570.0	179.4	114.3	184.5	132.2
Utah	1,252.8	906.8	678.5	170.1	249.3	132.5	114.3
Vermont	508.4	422.5	300.1	49.0	153.8	70.9	44.4
Washington	3,474.6	2,716.5	1,715.2	597.2	436.6	360.9	300.6
Total	56,144.3	43,244.2	29,643.1	10,013.9	9,583.6	6,286.9	4,650.7

APPENDIX B-2
(Continued)

1962

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Limited Area Branch States:							
Alabama	2,658.7	1,974.3	1,184.9	350.9	237.6	386.7	256.0
Georgia	3,717.2	2,606.9	1,822.8	576.9	387.8	563.7	336.1
Indiana	5,807.7	4,398.0	2,479.0	555.0	828.9	253.5	490.5
Kentucky	3,045.9	2,218.9	1,267.6	329.3	361.0	362.3	200.3
Louisiana	3,624.3	2,529.7	1,506.1	584.6	333.0	336.8	203.9
Maine	793.8	637.2	441.8	129.2	149.1	114.9	86.1
Massachusetts	6,906.5	4,834.3	3,519.0	1,541.0	532.6	885.7	596.9
Michigan	11,489.9	8,995.3	5,316.3	1,162.5	2,061.0	1,390.5	1,102.1
Mississippi	1,693.9	1,207.6	728.7	240.2	165.4	167.9	122.4
New Jersey	9,205.1	7,497.6	4,447.4	935.2	1,803.6	1,176.5	780.3
New Mexico	879.2	639.0	410.6	137.4	77.4	99.9	76.7
New York	59,749.3	38,705.3	29,692.2	13,807.0	3,618.7	4,043.4	2,547.4
Ohio	14,187.2	11,082.4	6,807.8	1,617.3	2,234.0	1,734.1	1,264.6
Pennsylvania	18,109.4	13,873.8	8,882.5	3,077.6	2,501.2	2,163.1	1,548.5
Tennessee	4,252.9	2,968.3	2,081.3	651.8	373.5	639.9	376.1
Virginia	4,256.0	3,218.5	2,098.9	528.6	616.1	717.1	475.0
Total	150,377.0	107,387.1	72,686.9	26,224.5	16,280.9	15,036.0	10,462.9
Total less New York	90,627.7	68,681.8	42,994.7	12,417.5	12,662.2	10,992.6	7,915.5

APPENDIX B-2
(Continued)

1962

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States:							
Arkansas	1,705.4	1,308.4	741.4	199.8	171.0	187.8	133.6
Colorado	2,591.4	1,976.1	1,305.8	375.8	259.1	324.3	212.5
Florida	6,143.1	4,456.8	2,460.2	787.0	534.5	796.7	553.0
Illinois	22,501.2	16,899.1	10,011.6	3,864.8	1,781.2	1,767.8	1,105.1
Iowa	3,890.9	2,996.7	1,860.1	311.2	451.1	320.4	192.5
Kansas	3,067.6	2,086.5	1,299.5	323.4	197.3	257.3	233.5
Minnesota	5,338.2	3,952.5	2,468.7	733.0	678.0	490.4	368.5
Missouri	7,594.6	5,415.3	3,453.8	943.5	891.5	807.4	517.2
Montana	1,017.5	782.8	461.3	94.6	118.6	109.3	94.3
Nebraska	2,099.2	1,513.9	1,030.3	223.8	112.3	179.2	114.9
New Hampshire	533.2	398.4	295.5	74.6	113.5	80.9	56.0

APPENDIX B-2
(Continued)

1962

($ in Millions)	Total Assets	Deposits of Individuals, Partnerships & Corporations	Total Loans & Discounts	Commercial & Industrial Loans	Real Estate Loans	Total Personal Loans	Personal Installment Loans
Unit States: (Continued)							
North Dakota	841.9	699.1	398.7	52.6	99.9	59.1	48.7
Oklahoma	3,348.4	2,388.1	1,413.5	507.5	216.4	334.2	255.8
South Dakota	961.8	741.4	443.1	68.1	98.8	69.7	54.2
Texas	15,704.9	10,973.7	7,109.6	3,148.2	683.9	1,685.3	1,225.7
West Virginia	1,581.5	1,207.2	650.5	117.6	247.7	235.4	180.3
Wisconsin	5,636.4	4,559.2	2,587.0	635.1	992.6	515.9	310.6
Wyoming	518.3	379.2	227.5	57.3	66.2	42.3	32.9
Total	85,075.5	62,734.4	38,164.1	12,517.9	7,713.6	8,263.4	5,689.3

Source: Federal Deposit Insurance Corporation, Call Reports: Assets, Liabilities and Capital Accounts of Commercial and Mutual Savings Banks (title varies), December 31 or nearest date for the years indicated; various paging.

APPENDIX C

PERSONAL INCOME BY STATES OF THE CONTERMINOUS UNITED STATES, SELECTED YEARS, 1946-1962

($ in Millions)	1946	1950	1953	1955	1958	1960	1962
Statewide Branch States:							
Arizona	669	979	1,441	1,633	2,204	2,915	3,164
California	16,084	19,627	26,642	30,224	37,241	45,776	49,181
Connecticut	XXX	3,860	5,117	5,556	6,533	7,567	8,023
Delaware	460	689	876	1,049	1,222	1,382	1,455
Idaho	595	757	883	917	1,121	1,240	1,355
Maryland	2,924	3,755	5,028	5,453	6,641	7,938	8,562
Nevada	249	314	462	582	688	911	1,098
North Carolina	3,198	4,108	4,885	5,535	6,300	7,628	8,195
Oregon	1,874	2,451	2,934	3,139	3,556	4,090	4,349
Rhode Island	1,066	1,287	1,545	1,617	1,738	1,943	2,052
South Carolina	XXX	1,869	2,543	2,604	2,931	3,476	3,763
Utah	XXX	892	1,143	1,242	1,510	1,842	2,015
Vermont	362	448	542	567	649	751	782
Washington	3,208	3,986	4,883	5,211	5,977	6,950	7,471
Total	30,689	45,022	58,924	65,329	78,311	94,409	101,465

APPENDIX C
(Continued)

($ in Millions)	1946	1950	1953	1955	1958	1960	1962
Limited Area Branch States:							
Alabama	XXX	XXX	XXX	XXX	4,382	4,946	5,261
Georgia	XXX	XXX	XXX	XXX	XXX	6,605	7,213
Indiana	XXX	XXX	8,012	8,251	9,123	10,461	11,078
Kentucky	XXX	XXX	XXX	XXX	4,347	5,005	5,276
Louisiana	2,106	2,937	3,721	3,985	4,929	5,391	5,678
Maine	933	1,087	1,298	1,452	1,654	1,842	1,915
Massachusetts	6,342	7,799	9,333	10,056	11,668	13,572	14,290
Michigan	7,743	10,803	14,516	15,785	16,540	18,121	19,307
Mississippi	1,254	1,590	1,889	2,065	2,281	2,750	2,889
New Jersey	6,886	8,699	11,411	12,351	14,404	17,047	18,032
New Mexico	XXX	798	1,055	1,159	1,558	1,775	1,860
New York	22,712	28,054	33,265	36,508	42,061	48,609	50,985
Ohio	9,853	12,891	17,316	18,589	20,494	23,090	24,154
Pennsylvania	XXX	XXX	20,145	20,706	23,582	25,946	26,887
Tennessee	XXX	3,288	4,050	4,347	5,016	5,842	6,185
Virginia	3,336	4,024	5,220	5,603	6,641	7,762	8,428
Total	61,165	81,970	131,231	140,857	168,680	198,764	209,438
Total less New York	38,453	53,916	97,966	104,349	126,619	150,155	158,453

APPENDIX C
(Continued)

($ in Millions)	1946	1950	1953	1955	1958	1960	1962
Unit States:							
Arkansas	1,316	1,539	1,809	1,933	2,144	2,612	2,742
Colorado	1,429	1,930	2,492	2,783	3,550	4,314	4,520
Florida	2,813	3,632	5,041	6,088	8,481	10,330	11,158
Illinois	12,487	15,984	19,669	20,968	24,100	27,471	28,857
Iowa	2,978	3,799	4,110	4,260	5,245	5,824	6,078
Kansas	2,012	2,643	3,251	3,458	4,247	4,667	4,856
Minnesota	3,213	4,184	5,049	5,450	6,484	7,452	7,770
Missouri	4,459	5,705	7,000	7,579	8,666	9,836	20,362
Montana	657	957	1,093	1,158	1,338	1,344	1,565
Nebraska	1,446	1,949	2,106	2,203	2,736	3,079	3,369
New Hampshire	567	699	862	952	1,097	1,313	1,394
North Dakota	596	781	771	872	1,049	1,003	1,459
Oklahoma	2,000	2,514	3,161	3,341	3,942	4,475	4,664
South Dakota	637	793	881	861	1,124	1,292	1,489
Texas	7,400	10,375	13,013	14,380	17,165	19,500	20,361
West Virginia	1,683	2,203	2,547	2,586	2,974	3,123	3,210
Wisconsin	3,830	5,060	6,248	6,615	7,682	8,872	9,341
Wyoming	339	474	547	570	688	769	790

APPENDIX C
(Continued)

($ in Millions)	1946	1950	1953	1955	1958	1960	1962
Alabama	2,162	2,659	3,344	3,708	XXX	XXX	XXX
Connecticut	3,016	XXX	XXX	XXX	XXX	XXX	XXX
Georgia	2,744	3,510	4,460	4,918	5,676	XXX	XXX
Indiana	4,419	6,006	XXX	XXX	XXX	XXX	XXX
Kentucky	2,235	2,834	3,644	3,782	XXX	XXX	XXX
New Mexico	509	XXX	XXX	XXX	XXX	XXX	XXX
Pennsylvania	12,576	16,477	XXX	XXX	XXX	XXX	XXX
South Carolina	1,484	XXX	XXX	XXX	XXX	XXX	XXX
Tennessee	2,634	XXX	XXX	XXX	XXX	XXX	XXX
Utah	698	XXX	XXX	XXX	XXX	XXX	XXX
Total	82,339	96,707	91,098	98,465	108,388	117,276	123,985

Note: In certain instances, "X's" appear in dollars columns for states that changed from a unit banking state to a limited area branch state or statewide branch state during the period under study (see Chapter III). The "X's" indicate that the particular banking system under consideration does not apply to the state for that year and the state is included elsewhere in the total of the applicable banking system.

Source: U. S. Department of Commerce, Office of Business Economics, Personal Income by States Since 1929, a Supplement to the Survey of Current Business (1956); Survey of Current Business, Vol. 43, No. 8 (August, 1963), Table 1, p. 9 for data through 1962.

BIBLIOGRAPHY

BIBLIOGRAPHY

A. BOOKS

Alhadeff, David A. Monopoly and Competition in Banking, Berkeley: University of California Press, 1954.

Bryant, Willis R. Mortgage Lending. New York: McGraw-Hill Book Co., 1962.

Cartinhour, Gaines T. Branch, Group, and Chain Banking. New York: The Macmillan Co., 1931.

Chandler, Lester V. The Economics of Money and Banking. New York: Harper and Brothers, Inc., 1948.

Collins, Charles W. The Branch Banking Question. New York: The Macmillan Co., 1926.

Commission on Money and Credit. Money and Credit: Their Influence on Jobs, Prices, and Growth. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1961.

Kent, Raymond P. Money and Banking. Third edition. New York: Rinehart and Company, 1956.

Lamb, Ralph. Group Banking. New Brunswick, New Jersey: Rutgers University, 1962.

Southworth, Donald S. Branch Banking in the United States. New York: McGraw-Hill Book Co., 1928.

Trescott, Paul B. Financing American Enterprise. New York: Harper and Row, Inc., 1963.

B. GOVERNMENT DOCUMENTS AND PUBLICATIONS

Cagle, C. E. "Branch, Chain, and Group Banking," Banking Studies, Board of Governors of the Federal Reserve System, editors. Washington: U. S. Government Printing Office, 1949.

Federal Deposit Insurance Corporation. Annual Report: 1946 through 1962. Washington: U. S. Government Printing Office.

B. GOVERNMENT DOCUMENTS AND PUBLICATIONS (Cont'd.)

______ ______ ______ ______. Call Report: Assets, Liabilities and Capital Accounts of Commercial and Mutual Savings Banks. (Title varies) December 31 or nearest date 1946 through 1962. Washington: U. S. Government Printing Office.

Laws of New Mexico, 1941. Chapter 25, Section I.

U. S. Department of Commerce, Bureau of the Census. Statistical Abstract of the United States: 1963. Eighty-fourth edition. Washington: U. S. Government Printing Office, 1963.

__ __ ______ __ ______, Office of Business Economics. Personal Income by States Since 1929, a supplement to the Survey of Current Business. Washington: U. S. Government Printing Office, 1956.

U. S. Department of Labor, Bureau of Labor Statistics. Employment and Earnings Statistics for States and Areas, 1939-1962. Washington: U. S. Government Printing Office, 1963.

C. MONOGRAPHS

Butt, Paul D. Branch Banking and Economic Growth in Arizona and New Mexico. New Mexico Studies in Business and Economics, No. 7. Albuquerque: University of New Mexico, Bureau of Business Research, 1960.

Edgel, Ralph L; and Ximenes, Vicente T. Income and Employment in New Mexico, 1949-1959. New Mexico Studies in Business and Economics, No. 8. Albuquerque: University of New Mexico, Bureau of Business Research, 1961.

Tiebout, Charles M. The Community Economic Base Study. Committee for Economic Development Supplementary Paper, No. 16. New York: Committee for Economic Development, 1962.

D. PERIODICALS

"Branch Banking Debate Continues," Banking, Vol. 54, No. 1, July, 1961), 14.

"Branch and Chain Banking Developments," Federal Reserve Bulletin, Vol. 15, No. 12 (December, 1929), 762-71.

"Changes in Banking Structure 1952-62," Federal Reserve Bulletin, Vol. 49, No. 9 (September, 1963), 1191-98.

D. PERIODICALS (Cont'd.)

Federal Reserve Bulletin, Vol. 33, No. 4 (April, 1947).

Parish, William J. "Economic Development in New Mexico Needs a Change in the State Banking Structure," _New Mexico Business_, Vol. 13, No. 11 (November, 1960), 2-7.

Phillips, Almarin. "Competition, Confusion, and Commercial Banking," _Journal of Finance_, Vol. 19, No. 1 (March, 1964), 32-45.

Saxon, James. "Restrictions on Branch Banking Hurt the Economy," _Commercial and Financial Chronicle_, Vol. 197, No. 6234 (January 31, 1963), 470-71.

Schweiger, Irving and McGee, John T. "Chicago Banking," _Journal of Business_, Vol. 34, No. 3 (July, 1961), 203-366.

Shull, Bernard and Horvitz, Paul M. "Branch Banking and the Structure of Competition," _National Banking Review_, Vol. 1, No. 3 (March, 1964), 315-41.

Special Committee of the New Mexico Bankers' Association. "A Review of Paul D. Butt's Branch Banking and Economic Growth in Arizona and New Mexico," _New Mexico Business_, Vol. 13, No. 11 (November, 1960), 9-12.

Wall Street Journal, Vol. 33, No. 68 (April 6, 1964).

E. UNPUBLISHED MATERIAL

Butt, Paul D. "The Branch Banking Question in New Mexico and Arizona: A Comparative Study." Unpublished Master's Thesis, University of New Mexico, Albuquerque, 1959.