

# Bank Branch Locations, Openings and Closings

Kyle Fee

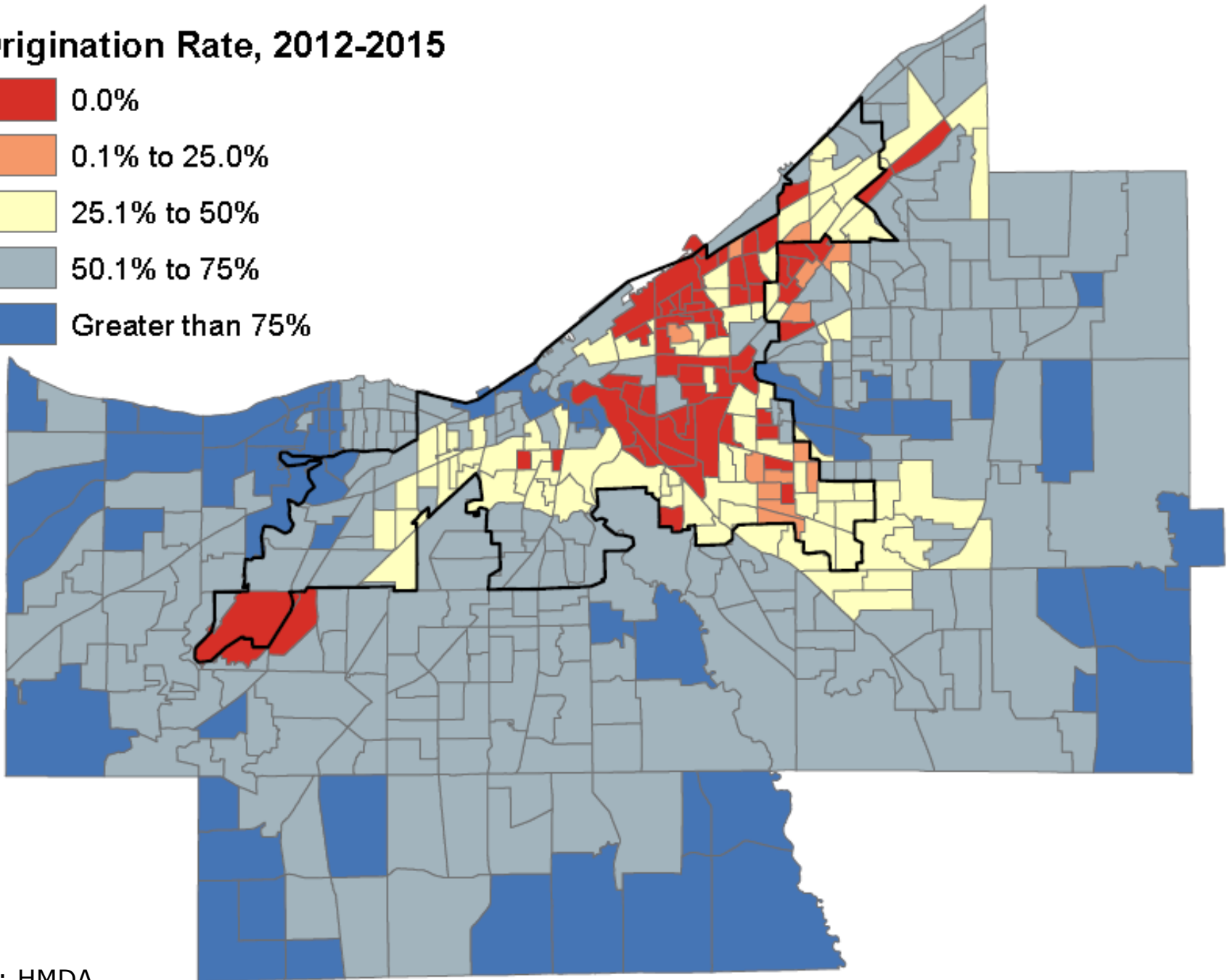
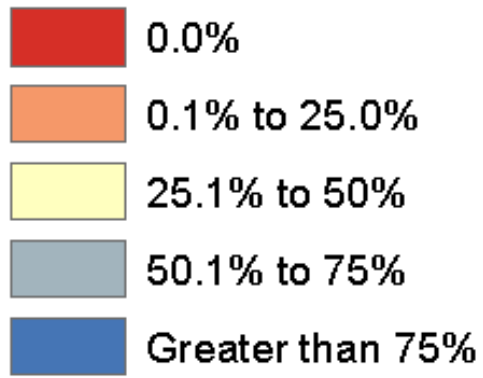
Regional Community  
Development Advisor

PHD student

# Motivation

- CD origins in the Federal Reserve System and part of current research agenda at FRBC

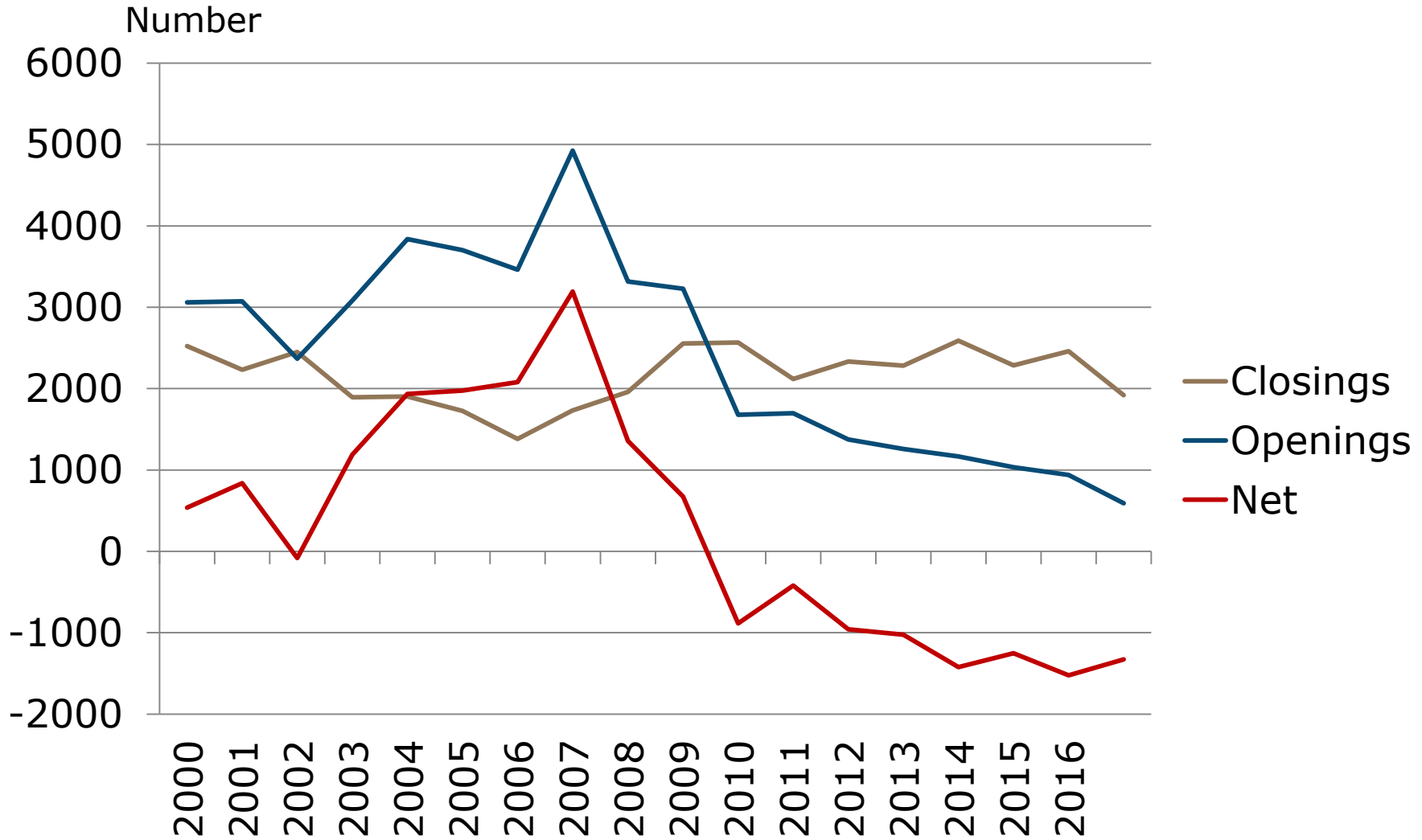
## Origination Rate, 2012-2015



# Motivation

- CD origins in the Federal Reserve System and part of current research agenda at FRBC
- Banking industry and branch consolidation trend

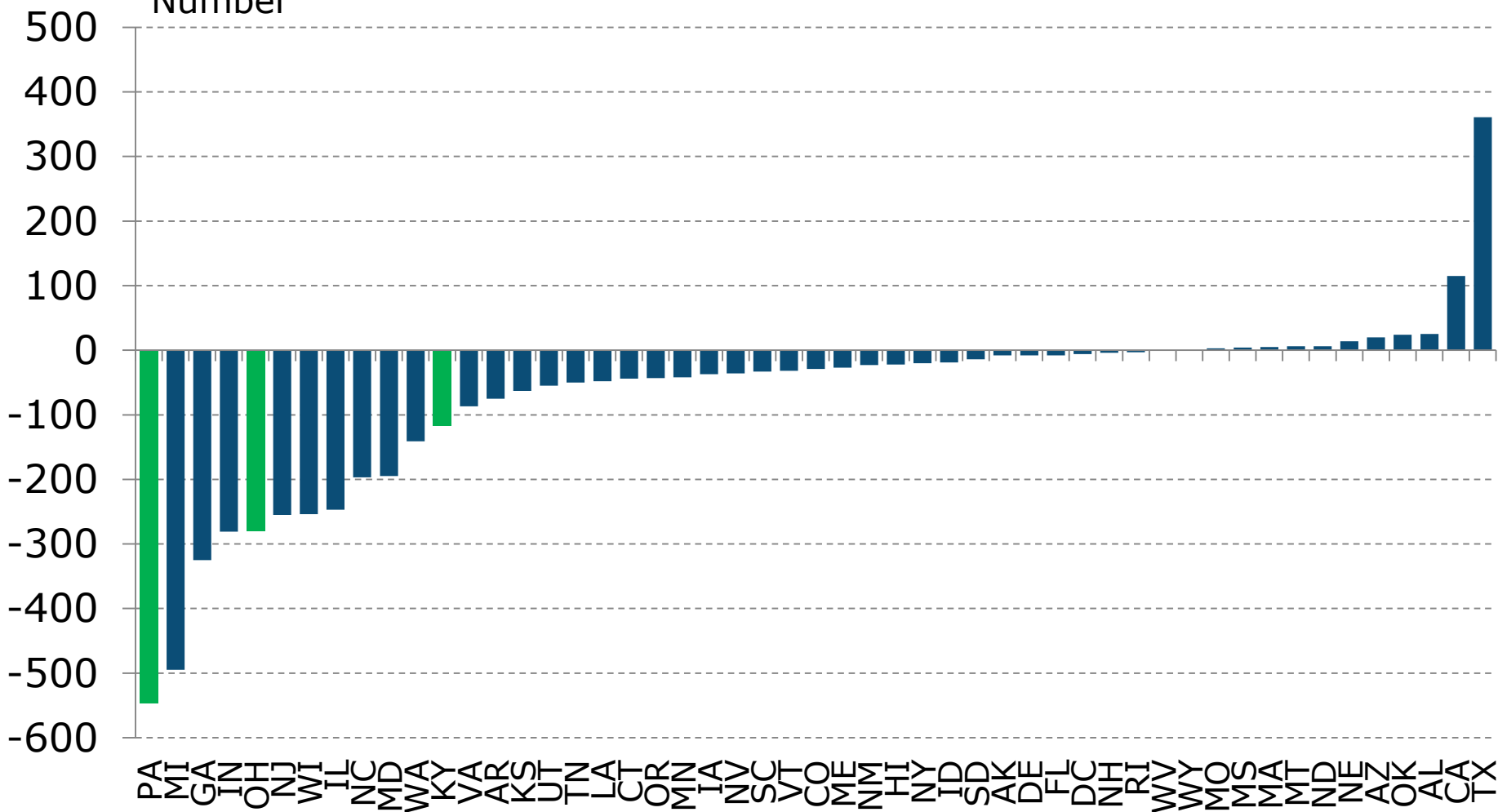
# National Full Service Branch Openings & Closings



Source: FDIC

# Net Full Service Branches, 2007-2017

Number



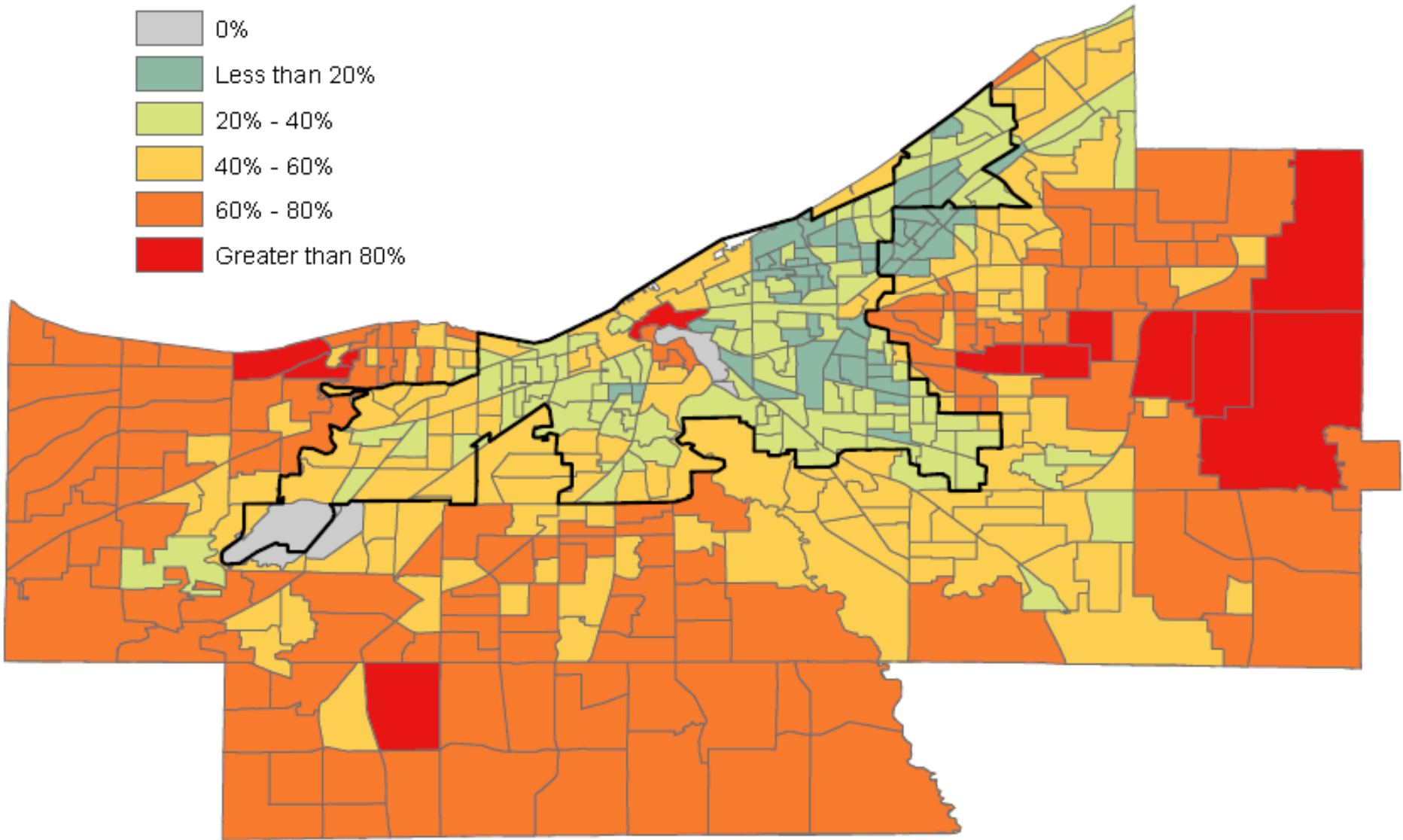
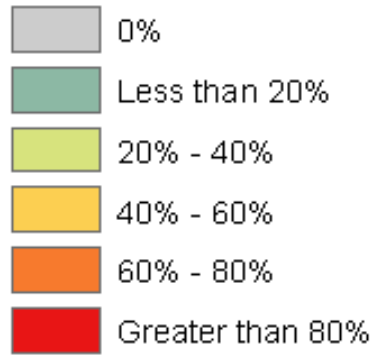
Source: FDIC

FEDERAL RESERVE BANK  
of CLEVELAND

# Motivation

- CD origins in the Federal Reserve System and part of current research agenda at FRBC
- Banking industry and branch consolidation trend
- Access to modern financial services (broadband)

### Percentage of Household Connections





## Research Questions

- Where have banks been closing/opening full service branches and what can we say about this as it relates to LMI, majority minority and unconnected neighborhoods?
- Where are full service bank branches located and what can we say about this as it relates to LMI, majority minority and unconnected neighborhoods?
- What role do bank branches play in mortgage lending?
- What role do bank branches play in neighborhood and community development?

# Data and Methodology

- FDIC-Bank location data
- 2015 ACS (5yr)-population, median household income, % African American, % Hispanic
- FCC – Form 477, % of households with broadband connection
- 10 largest counties in 4D; Census-tract level with focus on change from 2007 to 8/1/2017 and current status.
- Work to date:
  - Descriptive statistics and Maps (spatial statistics)
  - T-tests
  - Initial regressions (Probit and Poisson models)

# Summary Statistics

	<b>10 County sample</b>	<b>Big 4 Counties</b>	<b>Small 6 Counties</b>
# of tracts	1,987	1,335	652
mean population per tract	4,420	4,366	4,520
median household income	\$54,308	\$56,251	\$50,708
% LMI tracts	41.1	42.3	38.5
% African American	19.8	22.1	15.6
% Hispanic	3.8	3.8	3.8
% tracts with BB access rates <60%	55.1	46	73.6
% of tracts with Banks	44.3	43.3	46.3
# of banks per tract	1.3	1.3	1.3
# of banks closing per tract	0.38	0.37	0.37
# of banks opening per tract	0.32	0.34	0.28








Population weighted averages

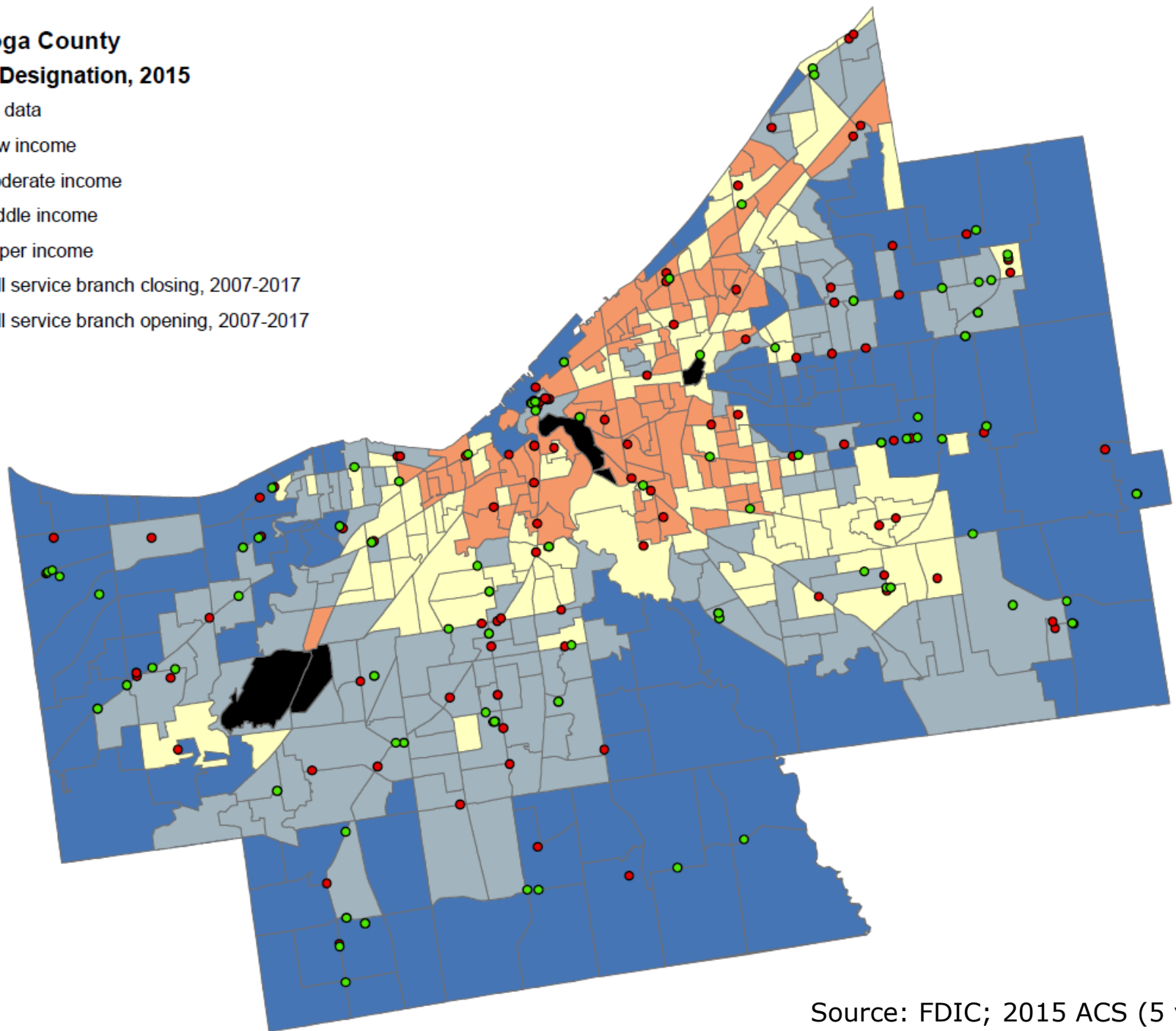
# Net Bank Branches by Income Grouping, 2007-2017

Income	Allegheny, PA (Pittsburgh)	Cuyahoga, OH (Cleveland)	Franklin, OH (Columbus)	Fayette, KY (Lexington)	Hamilton, OH (Cincinnati)
Low (<50% Area Median Income)	-8	-10	-6	-1	0
Moderate (50%-80% AMI)	-10	-11	-2	0	-15
Middle (80%-120% AMI)	-27	-18	12	-1	-8
High (>120% AMI)	9	-7	3	2	-11
<b>Total</b>	<b>-36</b>	<b>-46</b>	<b>7</b>	<b>0</b>	<b>-34</b>







Income	Lucas, OH (Toledo)	Mahoning, OH (Youngstown)	Montgomery, OH (Dayton)	Stark, OH (Canton)	Summit, OH (Akron)
Low (<50% Area Median Income)	-2	-2	-2	-1	-8
Moderate (50%-80% AMI)	-5	-4	-6	-1	-2
Middle (80%-120% AMI)	-12	-5	-10	-4	-7
High (>120% AMI)	-3	3	2	4	-3
<b>Total</b>	<b>-22</b>	<b>-8</b>	<b>-16</b>	<b>-2</b>	<b>-20</b>

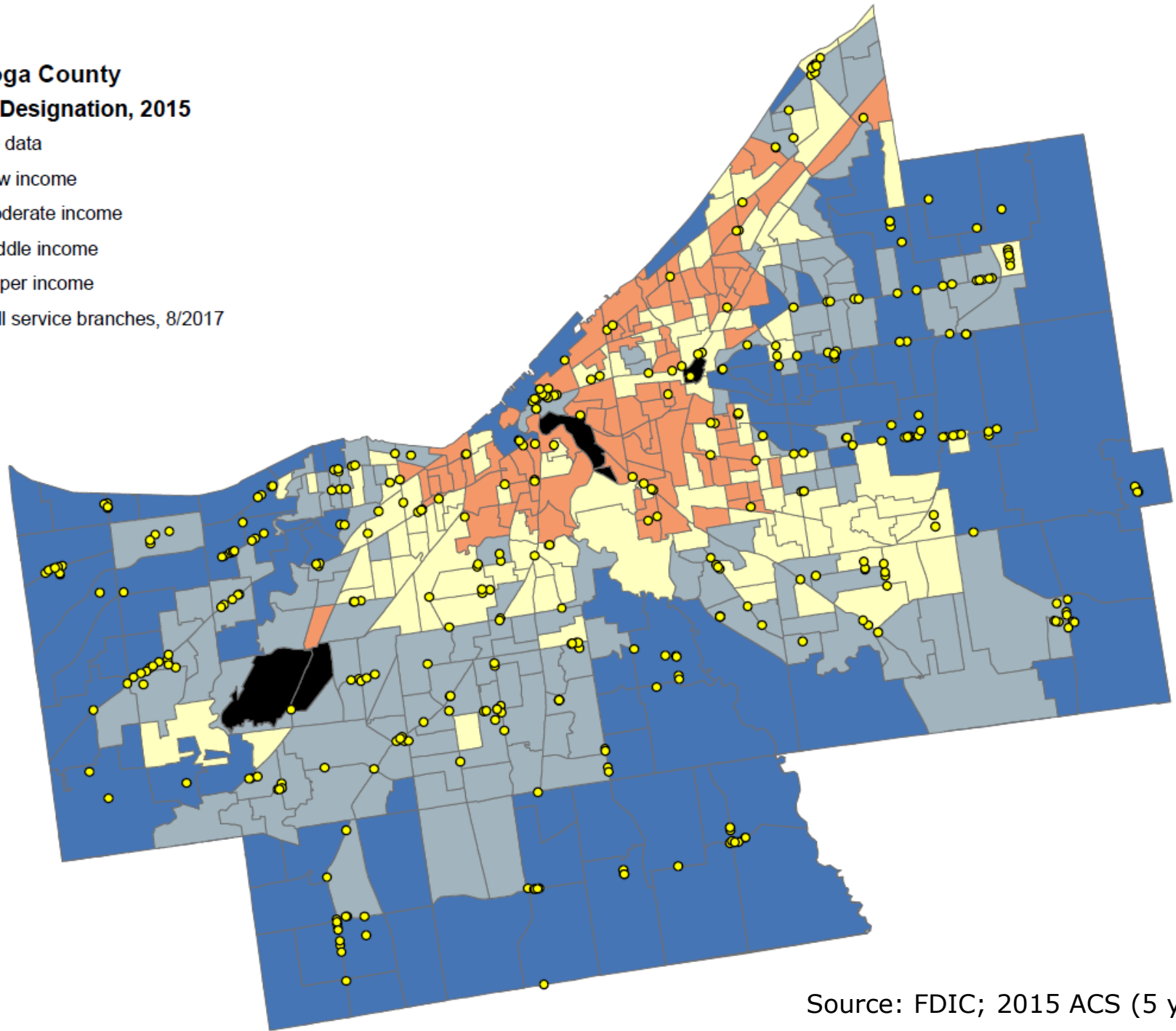
# Cuyahoga County Income Designation, 2015

-  No data
-  Low income
-  Moderate income
-  Middle income
-  Upper income
-  Full service branch closing, 2007-2017
-  Full service branch opening, 2007-2017



# Cuyahoga County Income Designation, 2015

-  No data
-  Low income
-  Moderate income
-  Middle income
-  Upper income
-  Full service branches, 8/2017



# T-Tests

<u>10 County sample</u>	<u># of tracts</u>	<u>mean # of bank closings per tract</u>	<u>mean # of bank openings per tract</u>	<u>mean # of banks per tract</u>
LMI Tracts	816	0.24***	0.12***	0.61***
non LMI tracts	1171	0.37	0.30	1.34
<b>Demographic</b>				
50% or higher African American	409	0.16***	0.06***	0.32***
50% or lower African American	1578	0.35	0.27	1.23
<b>Ethnicity</b>				
40% or higher Hispanic	6	0.50	0.00	0.50
40% or lower Hispanic	1981	0.31	0.22	1.05
<b>Banking Access</b>				
% tracts with BB access rates <60%	1094	0.27**	0.15***	0.81***
% tracts with BB access rates >60%	893	0.38	0.32	1.34

\*\*95% \*\*\*99%