

(Preliminary Draft)

X-3530.

STATUS OF BRANCH BANKING UNDER THE LAWS OF THE SEVERAL STATES.States Prohibiting Branch Banking By Law:No. of States

*Alabama	*Indiana	Oregon	
Colorado	Missouri	Texas	
Connecticut	New Hampshire	Utah	15
*Florida	*New Jersey	*Washington	
Idaho	New Mexico	*Wisconsin	

No specific provision but branches not permitted:

Illinois	Montana	Oklahoma	
Iowa	Nebraska	South Dakota	
Kansas	Nevada	Vermont	12
Minnesota	North Dakota	West Virginia	

States Prohibiting Branch Banks but Permitting Branch Offices or Agencies:

Kentucky	Michigan	*Mississippi	*Pennsylvania	4
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States Permitting Branch Banking with no Geographical Limitations:

Arizona	Georgia	Rhode Island	
Delaware	North Carolina	Virginia	8
California	South Carolina		

States Permitting Branches within Geographical Limitations:

Louisiana	Massachusetts	Ohio	5
Maine	New York		

States Permitting Branches without Express Authorization of Law:

Arkansas	Maryland	Tennessee	3
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Wyoming permits branches by implication but no branches are in operation.

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*In these states banks are permitted to maintain and are operating branches which were in existence before the establishment of branches was prohibited.

STATUS OF BRANCH BANKING UNDER THE LAWS OF THE SEVERAL STATES.

As given in reports from the twelve Federal Reserve Agents.

ALABAMA

Branch banking prohibited, except in the case of those banks having branches in operation prior to March 2, 1911.

Six banks are thus operating twenty branches.

ARIZONA

Subject to the approval of the Superintendent of Banks, a bank may establish branches, provided it has not less than \$50,000 capital and surplus, plus \$15,000 of additional capital and surplus for each and every branch.

Seven banks are operating twenty branches.

There are only twenty-three banks in the State with a capital and surplus of \$65,000 or over.

ARKANSAS

No specific provision in the statutes, but there are 3 banks operating 4 branches in the State.

CALIFORNIA

Subject to the approval of the Superintendent of Banks to be granted when "public convenience and advantage will be promoted by such a branch", a bank may establish any number of branches in any part of the State. The capital requirements for branch offices are:

1. For each branch office located in the place of principal business of the parent bank, the paid-in capital, in cash must exceed by \$25,000 the capital required for a bank in that place.
2. For each branch office of a bank other than an exclusive trust company located in any place in the State other than the place of principal business of the parent bank, the amount of the paid-in capital, in cash, of the parent bank must exceed the amount required by law in the sum required for an independent bank organized in that locality, exclusive of the capital required for a trust department.
3. For each branch of an exclusive trust company established or maintained in a place other than the place of principal business of the parent bank, the paid-in capital, in cash of the parent bank must exceed the sum otherwise required by law in the sum of \$25,000.

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On June 30, 1922, there were 429 state banks, of which 82 were operating a total of 281 branches.

The Bank of Italy with 59 branches conducts a statewide banking business.

The Los Angeles Trust & Savings Bank has 44 branches located either within the city or in the territory economically tributary.

The California Bank of Los Angeles has 28 branches, all located within the city or suburbs.

The Security Trust & Savings Bank of Los Angeles has 19 branches within the city and the near vicinity.

COLORADO

Branch banking prohibited and no branches in operation.

CONNECTICUT

Branch banking prohibited and no branches in operation.

DELAWARE

Branches may be established with the consent of the State Bank Commissioner. The applying bank must have at least \$25,000 capital for each office or place of business then established and for the branch to be established and a surplus of at least \$25,000 for each office or place of business then established.

Three banks, each with two branches, have allocated capital stock to each of the branches.

Two banks, one with 1 branch in the same city, and one with 11 branches throughout the State have not allocated any stock to the separate branches.

Total for the State, five banks with 18 branches.

FLORIDA

Branch banking prohibited. Under a previous statute one bank is operating two branches.

GEORGIA

The establishment of branch banks is permitted subject to the approval of the Superintendent of Banks, and with a proviso that each branch is to have allocated to it separate capital in an amount prescribed by the Superintendent of Banks.

Eighteen banks are operating 34 branches.

IDAHO

Branch banking prohibited and no branches in operation.

ILLINOIS

No provision for branch banks and none being operated.

INDIANA

Branch banks are prohibited by a statute of 1921.

Banks having branches prior thereto and still being operated are:

Lincoln Trust Co., Ft. Wayne,	1 branch
Farmers & Merchants Bank of Clay City,	1 "
Union Trust Co., Indianapolis,	1 "
<u>Fletcher Savings & Trust Co., Indianapolis</u>	<u>5</u> "
4 Banks with	8 branches

IOWA

No provision for branch banks and none being operated.

KANSAS

No provision for branch banks and none being operated.

KENTUCKY

Branches are prohibited by law but recently one state bank has been authorized to open six agencies and one national bank four agencies.

LOUISIANA

Any state bank which has a capital of \$50,000 or more may have as many as two branches in the same parish (county), and trust companies may have as many as they please. (In towns of more than 30,000 population the minimum capital requirement for any bank is \$100,000.)

32 banks are operating 77 branches.

MAINE

Trust Companies are permitted to have branches in the same or adjoining counties.

16 Trust Companies are at present operating 27 branches:

11 have 1 branch	Total branches	11
4 " 3 "	" "	12
1 has 4 "	" "	4
Total - 16 Trust Companies		27 branches

MARYLAND

No specific provision in law, but the statutes are construed to permit branches.

11 banks are operating 41 branches.

MASSACHUSETTS

Subject to the approval of the Board of Bank Incorporation, Trust Companies are permitted to have branches in the same city or town as the parent bank. At present 34 Trust Companies are operating 51 branches:

24 have 1 branch	Total branches	24
7 " 2 branches	" "	14
2 " 3 "	" "	6
1 has 7 "	" "	7
Total- 34 Trust Companies		51 branches

The present tendency in Boston is for the larger Trust Companies to acquire the small banks and continue their offices as branches. In the rest of the State branches show a tendency to increase.

MICHIGAN

"Industrial" banks are permitted to establish branches within the limits of the municipality designated in the parent bank charter. There is no specific authority for other banks to establish branches to carry on a general banking business, but such branches are prohibited by a ruling of the Attorney General. Banks are permitted, however, to establish agencies in the same city or village designated in the charter of the parent bank. These agencies may receive and pay out deposits and deal in exchange. 47 banks are operating 257 branches or agencies. The greatest development is in Detroit, where 14 banks are operating 189 branches.

Two national banks, converted from state banks, continue to operate branches, and the National Bank of Commerce of Detroit has been permitted to open an additional office.

MINNESOTA

No specific provision in law, but Attorney General holds that banks cannot establish branches without legislative authority.

Three national banks are operating six branches.

MISSISSIPPI

The law prohibits branch banks but permits banks in cities of 10,000 or over to establish, with the permission of the State Bank Examiner, branch offices within the city. Branch banks in operation prior to 1906 are permitted to continue.

The State Bank Examiner reports 9 banks operate 21 branches. (This apparently has reference only to the branches established prior to 1906).

MISSOURI

Branch banking prohibited and no branches in operation.

MONTANA

No specific provision but two opinions of Attorney General hold that state banks have not the power to establish branches. No branches in operation.

NEBRASKA

No provision for branch banks and none being operated.

NEVADA

No provision for branch banks and none being operated.

NEW HAMPSHIRE

Branch banking prohibited and no branches in operation.

NEW JERSEY

Branch banking prohibited. Prior to 1899 branches could be established. In 1913 an act was passed authorizing branches of Trust Companies in the same county where the principal office was located. This was repealed in 1915.

There are at present 11 Trust Companies operating 18 branches and one State Bank operating 1 branch.

NEW MEXICO

Branch banks prohibited, except that any mercantile corporation which maintains a banking department in accordance with the provisions of the laws may receive deposits and buy and sell exchange at any of its branch stores.

NEW YORK

Subject to the approval of the Superintendent of Banks, state banks and trust companies are permitted to have branches in the same city as the parent bank under the following conditions:

Branches of State Banks

1. The bank must be in a city of more than 50,000 population.
2. For each branch opened since April 27, 1908, the actual paid-in capital of the parent bank must exceed \$100,000, the minimum capital requirement, by \$100,000, and for each branch opened before April 27, 1908, and thereafter maintained, the actual paid-in capital must exceed \$100,000, the minimum requirement, by \$50,000.

BRANCHES OF TRUST COMPANIES

Subject to the approval of the State Superintendent of Banks, a Trust Company may establish branches in the same city as the parent bank, provided that the actual paid-in capital of such Trust Company exceeds by \$100,000 for each branch opened the amount otherwise required by law.

Capital requirements:

Population not exceeding 25,000	Capital required	\$100,000
" 25,000 to 100,000	" "	150,000
" 100,000 to 250,000	" "	200,000
" 250,000 and over	" "	500,000

State Banks and Trust Companies having Branches:

In New York City:

1	has	51	branches
1	"	21	"
1	"	9	"
1	"	8	"
3	have	7	"
3	"	6	"
2	"	4	"
6	"	3	"
8	"	2	"
11	"	1	"
37			

Total branches:

51
21
9
8
21
18
8
18
16
11
181

In New York State:

1	has	18	branches
1	"	7	"
1	"	6	"
1	"	4	"
1	"	3	"
5	have	2	"
5	"	1	branch
15			

18
7
6
4
3
10
5
53

Total: 52 banks operating 234 branches.

Outside of New York City the greatest development is in Buffalo, where banks are operating 39 branches:

National Banks having Branches:

In New York City:

2	have	12	branches
1	has	8	"
1	"	7	"
1	"	5	"
1	"	3	"
1	"	2	"
1	"	1	branch
8			

Total branches:

24
8
7
5
3
2
1
50

In New York State:

Albany - 1 bank has 1 branch

*Buffalo- $\frac{1}{2}$ " " $\frac{1}{2}$ "

*Offices opened recently under the ruling of the Comptroller that National Banks might establish offices but not branches.

NORTH CAROLINA:

Any bank may establish branches subject to the approval of Corporation Commission. The banks must have capital of \$15,000 for the home office and \$20,000 for each branch in a place of less than 3,000 inhabitants, \$30,000 for each branch in a place having from 3,000 to 10,000 inhabitants, \$50,000 for each branch in a place having between 10,000 and 25,000 inhabitants, and \$100,000 for each branch in a place of more than 25,000 inhabitants.

37 banks are operating 53 branches.

NORTH DAKOTA:

No provision for branch banks and none being operated.

OHIO:

Subject to the consent of the Superintendent of Banks a bank may establish branches in the place of its principal business and in a city or village contiguous thereto.

('Contiguous' has not always been construed as adjacent.)

At present 44 banks are operating 156 branches.

Distributed by cities they are:

	No. of banks operating branches	No. of branches
Akron	5	9
Cincinnati	10	24
Cleveland	6 (1,2,6,8,10,49)	76
Toledo	7	18
Elsewhere in the State	<u>16</u>	<u>29</u>
	44	156

OKLAHOMA

No provision for branch banks and none being operated.

OREGON.

Branch banking prohibited but the law provides that whenever, in the future, national banks are authorized to maintain branches in Oregon, the Superintendent of Banks may authorize State Banks to maintain branches on similar terms.

PENNSYLVANIA

Certain banks operating under old charters have branch banking privileges. With those exceptions branch offices are prohibited, but banks and trust companies may establish sub-agencies in the city or borough or township in which its principal place of business is located, providing a full report of the operations is made to the principal place of business at the close of the day, the assets transferred thereto, and the liabilities reported.

This development is confined principally to Philadelphia, in which city -

13 state banks, trust companies, and savings banks maintain 1 branch, 13 branches;	
5 state banks, trust companies, and savings banks maintain 2 branches, 10 branches	
2 state banks, trust companies, and savings banks maintain 3 branches, 6 branches	
Total - 20	Total branches - 29

(It is not reported which of the above, listed as "branches", are true branches and which are offices.)

Two national banks in Camden maintain offices in Philadelphia.

One national bank in Philadelphia maintains 1 branch.

RHODE ISLAND

Subject to the approval of the Board of Bank Incorporation, Trust Companies are permitted to have branches.

Seven Trust Companies are at present operating 17 branches:

5 have 1 branch	Total branches 5
1 has 2 branches	" " 2
1 " 10 "	" " 10
<u>7</u>	<u>17</u>

There is a tendency for the larger Trust Companies to absorb the smaller banks and to continue the offices as branches.

SOUTH CAROLINA

Any bank may establish branches.
7 banks are operating 15 branches.

SOUTH DAKOTA

No provision for branch banks and none being operated.

TENNESSEE

Though not specifically authorized, the law is construed to permit branch banking, and 15 banks are operating 29 branches.

TEXAS

Branch banking prohibited and no branches in operation.

UTAH

Branch banking prohibited and no branches in operation.

VERMONT

No No specific provision for branch banking in the Act but branches are not permitted.

VIRGINIA

Subject to the approval of State Corporation Commission, banks having capital of \$25,000 or over may establish branches.

23 banks are operating 41 branches. Several national banks have recently opened branch offices in Richmond.

WASHINGTON

Branch banking prohibited since January, 1915. 4 banks are operating 5 branches established prior thereto.

WEST VIRGINIA

No provision for branch banks and none being operated.

WISCONSIN

An Act passed in 1903 prohibited branch banking except in the case of banks operating branches before the enactment of that law. Under this exception 7 banks are operating 9 branches.

WYOMING

Branch banking permitted by implication. The law provides that banks may be organized to carry on "a general banking, savings bank, loan and trust company business at such place or places in this state as shall be designated in their Articles of Association." While this provision seems to indicate that branches are permitted, there is no other reference in the statutes directly applicable to them, and no branches are in operation.