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Banking Structure in the Sixth District States

by B. Frank King

The number, size, and location of the banks, bank offices, and banking organizations in an area affect access to bank services and the variety and prices of those services. These factors, generally called banking structure, may also influence economic development and the safety and profitability of banks. For these reasons, many members of the public have a stake in the banking structure of an area and in public and private decisions that influence that structure. Yet basic information on banking structure and its development is not easily available, particularly in forms that allow comparisons among areas.

This issue of our **Review** and the next seek a partial remedy for this difficulty by providing descriptions of the banking structure of each state that is entirely or partly in the Sixth Federal Reserve District. (We will refer to these states as the Southeast.) The purpose of these descriptions is to provide basic, comparable information that will aid in answering questions related to banking structure and suggest some hypotheses about determinants of banking structure. Cause-and-effect generalizations about the relationships between banking structure and bank competition or economic development are avoided because the sample of states is small and some of its features are very special; the reader should exercise caution in his generalizations for the same reasons.

Banking structure is usually discussed in terms of the number, size, and geographic distribution of banks and banking organizations, bank deposits and assets, the proportions of deposits in various areas held by certain banking organizations, and bank resources and offices relative to income and population.

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TABLE 1
Economic Environment of Southeastern Banks

State	Per Capita Income 1974	% Population Growth 1964-1974	% Population in SMSA's, 1973	% Employed in (Dec. 1974)		
				Agriculture	Mfg.	Nonmfg.*
Alabama	\$ 4,041	5.4	61.9	12.2	25.5	62.3
Florida	5,084	39.9	77.4	7.9	12.2	79.9
Georgia	4,508	14.6	58.7	10.2	22.8	67.0
Louisiana	4,218	9.2	62.9	12.5	13.4	74.1
Mississippi	3,518	3.7	21.3	21.2	22.7	56.1
Tennessee	4,407	9.5	63.2	10.9	27.8	61.3
U.S.	5,381	10.6	72.7	3.6	23.6	72.8

*Includes all other nonagricultural employment

The discussion in the succeeding series of articles will concentrate on these measures and on recent changes in them. In introducing these measures, the articles will discuss the legal and economic environment influencing the development of banking structure.

Banking structure is significantly influenced by the legal and economic environment in which it develops. The capabilities and objectives of actual and potential bank organizations in terms of prices, services offered, location of offices, and marketing

strategy are influenced by the economic characteristics of the markets in which banks operate. What banking organizations are actually allowed to do is determined by the laws and regulations that outline permissible bank activities. It is within these major influences that banking structure is formed.

There is also evidence that this structure affects the economic and legal developments that influence it. Since economic and legal environments in the Southeastern states differ considerably, one should not be surprised to find in the subsequent series of

TABLE 2
Legal Restrictions
(June 15, 1975)

State	Branching Law	Holding Company Law
Alabama	Varies from county to county, ranging from countywide branching to unit banking.	No limits on number of bank subsidiaries.
Florida	Unit banking with one limited facility allowed each bank.	No limits on number of bank subsidiaries.
Georgia	Countywide branching; number of branches per bank limited by county population.	Multibank companies prohibited with exception of three "grandfather" companies that may not add subsidiaries.
Louisiana	Parishwide branching; number of branches limited by capital of bank.	Multibank companies prohibited.
Mississippi	Regional branching; home office protection in small towns.	Multibank companies prohibited.
Tennessee	Countywide branching.	No limits on number of bank subsidiaries; holding companies may not acquire more than 16½ percent of IPC deposits in the state by external expansion.

Summary
Banking Structure Measures

Sixth District States
(as of June 28, 1974)

	Ala.	Fla.	Ga.	La.	Miss.	Tenn.
Banks	292	690	443	248	184	330
Bank Offices	679	777	1,045	760	653	1,014
Banking Organizations	250	307	431	246	184	279
Deposits of All Banks (\$ billion)	7.9	22.8	11.4	9.9	5.0	11.6
Deposits of Median Bank (\$ million)	11.7	17.6	9.6	15.6	12.9	12.7
Population Per Bank Office (thousand)	5.3	10.4	4.7	4.9	3.6	4.1
Personal Income per Bank Office (\$ million)	21.3	52.9	21.1	20.9	12.5	18.2
Percentage of Banks in SMSA's	38.0	77.7	28.4	36.3	12.0	27.6
Percentage of Bank Offices in SMSA's	58.0	77.6	55.7	53.7	26.2	51.6
Percentage of Bank Deposits in SMSA's	66.9	87.1	67.1	73.1	35.2	69.2
Percentage of Banks in Multibank Holding Companies	19.9	63.0	3.8	1.2	0.0	17.9
Percentage of Deposits in Multibank Holding Companies	59.6	77.7	29.4	.6	0.0	47.8
Percentage of Deposits Held by						
3 Largest Organizations	38.4	25.1	40.4	20.8	28.4	28.1
5 Largest Organizations	53.5	37.1	47.1	27.0	34.4	43.5
10 Largest Organizations	63.8	54.5	52.4	40.6	43.3	61.9
20 Largest Organizations	68.8	69.4	58.2	55.3	53.5	69.7

articles that banking structures have developed differently in each state.

Briefly, banks in the Southeast have operated in economic environments with characteristics ranging from above average to very low per capita incomes, rapid to very slow population and income growth, and mainly urban to substantially rural economies. Economic bases range from service-oriented to agricultural economies. Table 1 gives some general indicators of these varying economic environments.

The legal environment of banking also varies considerably among the states. Branching law ranged until very recently from restrictive unit banking with limited facilities in Florida to regional branching in Mississippi, with countywide branching the general rule in the other four states (see Table 2, col. 2). State holding company law, while allowing one-bank companies and forbidding out-of-state multibank holding companies, ranges from unlimited permission for multibank companies in Florida and Alabama to absolute prohibition in

Mississippi and Louisiana (see Table 2, col. 3).¹

Thus with different needs and powers, banking organizations have developed differently in each Southeastern state and banking structures vary considerably. For example, Georgia and Tennessee, states that allow branches, have many more bank offices than Florida, in essence a unit banking state up until now, though with a much larger population. Florida is a state with many metropolitan areas containing more than three-fourths of its bank offices; Mississippi, a state with few such areas, has only one-fourth of its bank offices there. Many other comparisons are shown in the summary table preceding the series of articles on specific states. The banking structures of Alabama, Florida, and Georgia are analyzed in this issue; Louisiana, Mississippi, and Tennessee are treated in the next issue. ■

¹One Louisiana organization that includes three banks is a multibank holding company by Federal standards but not by Louisiana standards.

Banking Structure in Alabama

by B. Frank King

The development of multibank holding companies has changed banking structure in Alabama considerably since 1971. Since most of the state's largest banks have been brought into a few multibank companies, a large proportion of deposits has become concentrated in a few large banking organizations. The remainder is spread among many small independent banks. Few medium-sized banking organizations exist. Possibilities for emergence of additional larger organizations are severely limited by this paucity of independent large- and medium-sized banks, by the state's small volume of total deposits, and by relatively slow economic growth.

Economy and Banking Laws

Alabama has long been characterized by low per capita income, slow population growth, and a relatively large rural population. These characteristics have shown some signs of changing in recent years; nevertheless, large portions of the state continue to lose population, trailing most parts of the country in measures of economic welfare. From 1964 through 1974, population in Alabama grew at about one-half the national rate; personal income grew at about the same rate as the nation's. Thus, per capita personal income increased relative to the nation, yet in 1974 was still only three-quarters of the nation's.

Economic activity has shifted among parts of the state. Since 1960, population and income growth has been centered in the Tennessee River Valley in the north, in the southeastern corner of the state, and in peripheral counties of the four largest metropolitan areas. Central and southern rural counties have lost population. Projected population growth through 1980 continues this pattern.

Metropolitan areas contain a relatively large proportion of Alabama's population, bank offices, and deposits.¹ There are eight standard metropolitan statistical areas (SMSA's) entirely in Alabama, along with one county, Russell, of the Columbus, Georgia-Alabama SMSA. These areas contain about 60 percent of the

¹Banking data in this article are as of June 28, 1974, unless otherwise noted; holding company data reflect subsidiaries consummated through May 31, 1975.

TABLE 1

Summary of Alabama Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
292	17.3%	710	144.8%	250	0.4%
Deposits		Pop. Per Bank Office		Income Per Bank Office	
June 1974 (\$ million)	Change 1964-1974	Dec. 1974 (000)	Change 1964-1974	Dec. 1974 (\$ million)	Change 1964-1974
\$7,910.7	199.7%	5.0	-57.3%	\$20.4	-5.1%

state's population and banking offices and over two-thirds of its bank deposits. All but one of the state's 16 largest banks has headquarters in an SMSA. (This one exception, Central Bank of Alabama, N.A., Decatur, has offices in three SMSA's, but its headquarters is in a nonSMSA county.) Each of the state's six largest banking organizations, all multi-bank holding companies, has its headquarters in either Birmingham, Mobile, or Montgomery.

Alabama has a variety of branch banking laws applicable to individual counties. These laws run from countywide branching at the least restrictive extreme to unit banking at the most. Generally, counties with large populations have some sort of branch banking; those with fewer people usually have either strictly limited branching or unit banking.

Bank customers in most parts of Alabama have few banks to choose from; in the past ten years, new banks have opened at a relatively slow pace. Only ten of the state's 67 counties have seven or more banks; 38 counties have four or fewer. From 1964 through 1974, only 43 new banks were organized in Alabama, a number about equal to new openings in Louisiana and Tennessee during the same period but well below new entries in Georgia and Florida.

Since there are no applicable state laws, multi-bank holding companies are allowed in Alabama. These companies may acquire existing banks without limitation by state law. Whether these companies may acquire newly chartered (*de novo*) banks, however, is in question. In October of 1973, the Alabama Banking Board instructed the Superintendent of Banks not to approve *de novo* charters for bank holding companies. This policy has not yet been tested in the state courts. The Board of Governors of the Federal Reserve System on July 9, 1975, approved acquisition of a newly chartered national bank in Tuscaloosa by Central Bankshares of the South. Opponents of this acquisition have

argued that it contravenes state law, and there is a possibility that they will take their protests to court.

Banking Structure

Most discussions of banking structure deal with banking aggregates or with numbers and proportion of banks in various categories. These summary measures are better understood against a background of the overall dimensions of banking. Alabama has 292 banks with 679 offices. Total deposits of these banks are almost \$8 billion, and total assets are over \$9 billion. In all of these dimensions but number of banks, the state ranks fifth, above Mississippi, among the Southeastern states. It has more banks than either Louisiana or Mississippi. Alabama's median bank has deposits of \$11.7 million.

Despite a substantial decline over the past decade, population per bank office in Alabama remains somewhat above both the national level and those of other Southeastern states except Florida. From 1964 through 1974 new bank offices opened at a rate several times that of population

TABLE 2

GEOGRAPHIC DISTRIBUTION OF ALABAMA'S BANKS
(as of June 1974)

No. Banks in County	No. Counties
0	0
1 or 2	13
3 or 4	25
5 or 6	19
7 to 10	8
11 to 15	2
16 or more	0

TABLE 3

Alabama Banks by Size and Holding Company Status¹

Deposit Size Class (\$ million)	All Banks		Banks in Multibank Holding Companies		Other Banks	
	Number	Deposits (\$ million)	Number	Deposits (\$ million)	Number	Deposits (\$ million)
500+	1	888.3	1	888.3	0	0.0
250 - 500	7	2,261.5	7	2,261.5	0	0.0
100 - 250	3	429.1	1	124.4	2	304.7
75 - 100	6	495.5	5	409.0	1	86.5
50 - 75	5	303.2	4	252.5	1	50.6
25 - 50	32	1,017.7	11	375.3	21	642.4
0 - 25	238	2,515.4	29	402.4	209	2,113.7
Total	292	7,910.7	58	4,713.4	234	3,197.2

¹Deposits as of June 28, 1974; holding company subsidiaries consummated through May 31, 1975.

growth; consequently, population per office was cut in half. The number of bank offices increased mainly from addition of branch offices. The headquarters of the 43 new banks established account for only one-tenth of the new bank offices.

The rising number of bank offices from 1964 through 1974 more or less kept pace with growth in personal income and deposits in the state. Thus, personal income and deposits per bank office changed very little. Because most new offices were branches, deposits per bank almost tripled.

Although Alabama added several banks and bank offices during that time, the number of banking organizations increased by only one because eight multibank holding companies consolidated previously independent banks into their organizations. Banks acquired by holding companies have generally been among the largest in the state; consequently, the dispersion in size of the state's banking organizations has increased.

Since 1971, multibank holding companies have acquired one-fifth of the banks in Alabama and now hold three-fifths of bank deposits. Multibank holding company acquisitions have left only a few larger independent banks. Only three of the state's 17 banks with deposits of more than \$75 million are not subsidiaries of a multibank holding company. These are Union Bank and Trust Company, Montgomery; The First National Bank of Tuscaloosa; and The First National Bank of Florence, the state's ninth, eleventh, and thirteenth largest banks, respectively. Four of the state's five banks in the \$50- to \$75-million deposit range are multibank company subsidiaries.

Multibank companies hold a smaller proportion of the state's medium-sized banks; in this group they have tended to acquire banks in growing

metropolitan areas. In the \$25- to \$50-million deposit size class, Alabama has 32 banks. Eleven are subsidiaries of multibank companies. Two-thirds of these are in metropolitan areas, while only one-third of independent banks in this size grouping are located in these areas. Two-thirds of the multibank holding company subsidiaries are also in counties in which population rose between 1960 and 1970; half of the independent banks are in such areas.

Most banks with deposits of less than \$25 million are independent. These smaller institutions account for more than four-fifths of the state's banks but only 30 percent of deposits. Most of these deposits are held by banks that are not owned by holding companies. Smaller banks are usually located outside of Alabama's metropolitan areas; many are in areas of declining population and slow-growing income and bank deposits.

Metropolitan banks account for a majority of the state's offices and deposits; they have received most of the attention of multibank holding companies. Almost two-fifths of Alabama's banks, three-fifths of its bank offices, and two-thirds of its deposits are in SMSA's. Multibank holding companies are strongly metropolitan, with two-thirds of their subsidiary banks in SMSA's; they hold 77 percent of deposits in SMSA's, compared with only 25 percent outside such areas.

Multibank holding companies are a relatively new phenomenon in Alabama banking. Although state law never prohibited them, the first application to form one was not filed with the Board of Governors of the Federal Reserve System until 1970. This application to form First Alabama Bancshares involved what were then the state's sixth, seventh, and tenth largest banks.

Shortly after this original formation, the Board of

TABLE 4

Alabama's 20 Largest Banking Organizations¹

Rank	Organization	Deposits (\$ million)	Banks	Offices	% State's			Cumulative % of State's Deposits
					Deposits	Banks	Offices	
1	Alabama Bancorporation	1,269.4	12	68	16.1	4.1	10.0	16.1
2	First Alabama Bancshares	970.6	13	76	12.3	4.5	11.2	28.3
3	Southern Bancorporation	807.8	11	56	10.2	3.8	8.2	38.4
4	Central Bancshares of the South	798.4	9	69	10.1	3.1	10.2	48.6
5	Southland Bancorporation	386.0	2	21	4.9	.6	3.1	53.5
6	First Bancgroup Alabama	332.2	2	18	4.2	.6	2.7	57.7
7	Union Bank and Trust Company, Montgomery	188.8	1	6	2.4	.3	.9	60.1
8	The First National Bank of Tuscaloosa	115.9	1	5	1.5	.3	.7	61.6
9	United Alabama Bancshares	91.1	4	16	1.2	1.4	2.4	62.7
10	The First National Bank of Florence	86.5	1	4	1.1	.3	.6	63.8
11	Citibank Group	57.7	5	9	.7	1.7	1.3	64.5
12	First National Bank, Jasper	50.6	1	4	.6	.3	.6	65.2
13	The Peoples Bank and Trust Co., Selma	45.4	1	2	.6	.3	.3	65.7
14	Anniston National Bank	44.2	1	1	.6	.3	.2	66.3
15	The American National Bank, Gadsden	42.3	1	1	.5	.3	.2	66.8
16	Enterprise Banking Company	38.8	1	2	.5	.3	.3	67.3
17	The First National Bank, Scottsboro	30.6	1	5	.4	.3	.7	67.7
18	First National Bank of Fairhope	29.3	1	4	.4	.3	.6	68.1
19	First National Bank, Russellville	29.0	1	4	.4	.3	.6	68.4
20	The First National Bank of Opp	28.5	1	1	.4	.3	.2	68.8

¹Deposits and offices as of June 28, 1974; subsidiaries as of May 31, 1975.

Governors approved an application by Central and State National Corporation (now Central Bancshares of the South) to form a company that would include what were the state's third and eighth largest banks. By early 1972, Alabama Bancorporation and BTNB Corporation (now Southern Bancorporation), owners of the state's two largest banks, had applied to add bank subsidiaries to their existing one-bank holding companies.

As a result of these and subsequent formations, eight multibank holding companies presently operate in Alabama. The four largest account for three-fourths of the banks and four-fifths of the deposits controlled by such companies. The largest has 12 subsidiaries and holds deposits of \$1.3 billion, or 16 percent of deposits in the state; the smallest has 9 subsidiaries and holds 10 percent of deposits. Together the four hold almost half of Alabama bank deposits.

These same four companies control four of the five largest banks in the state, as well as the seventh, eighth, and tenth largest. Their common expansion pattern of acquiring medium-sized banks in metropolitan areas has also given them control

of seven of the second ten largest banks in the state.

The four companies have moved rapidly since 1971 to develop statewide organizations. Each has at least one subsidiary in each of the four largest SMSA's. Three are represented in the Anniston and Florence SMSA's; two have subsidiaries in Gadsden; only one is represented in Tuscaloosa and in Russell County of the Columbus, Georgia-Alabama SMSA. Recently, however, one of these holding companies has received approval to acquire a subsidiary in Tuscaloosa and another has announced plans to acquire a subsidiary there and has applied to acquire banks in Gadsden and Florence; a third has applied to acquire a subsidiary in Russell County.

Following the four largest companies in size are two pairs of multibank companies with less deposits, fewer subsidiaries, and less extensive geographic coverage than their larger competitors. There are two medium-sized companies, each with two banks and about 5 percent of the state deposits. These companies are led by The Merchants National Bank, Mobile, and First National Bank of Mobile,

TABLE 5
Banking In Alabama's SMSA's¹

SMSA	Deposits (\$ million)	% Deposits in State	No.			% Deposits Held by Multibank Companies
			Banks	Offices	Multibank Companies	
Birmingham	2,254.5	28.5	28	136	6	89.4
Mobile	861.4	10.9	14	63	6	92.1
Montgomery	737.9	9.3	13	46	4	60.3
Huntsville ²	526.4	6.7	17	60	6	80.6
Florence ²	236.8	3.0	10	30	3	30.9
Anniston	224.1	2.8	11	24	3	55.0
Tuscaloosa	210.3	2.7	4	13	1	38.7
Gadsden ²	194.7	2.5	10	10	2	31.2
Russell County	49.2	.6	4	12	1	28.3
Total	5,295.3	67.0	108³	394		

¹ Deposit and office data are as of June 28, 1974; holding company subsidiaries as of May 31, 1975.

² Central Bank of Alabma, N.A., Decatur, operates branch offices in this area.

³ Does not add because one bank with headquarters in a nonSMSA county operates offices in three SMSA's.

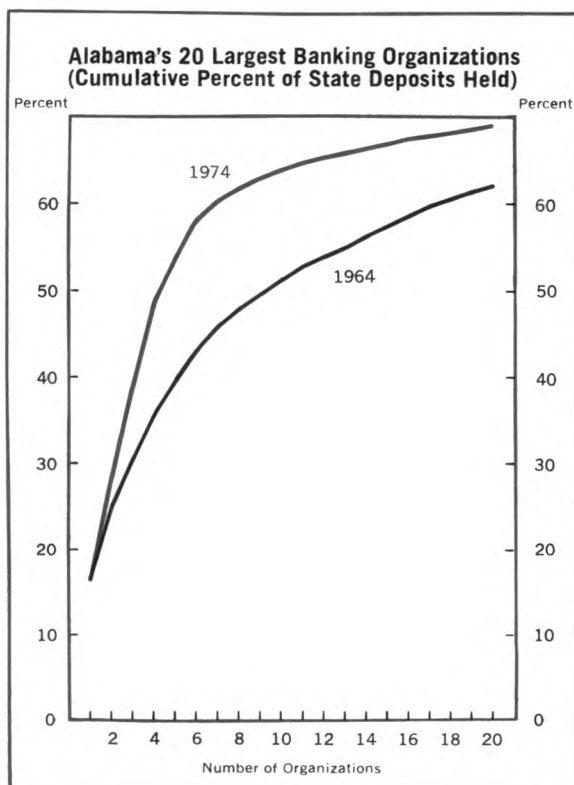
each of which has deposits of about \$300 million. There are also two small companies—one with four subsidiaries, the other with five; each has about 1 percent of deposits.²

As the holding company movement in Alabama has progressed, deposits have become concentrated in fewer organizations. In 1964, the five largest organizations in the state, all independent banks, held 40 percent of deposits; the ten largest held 51 percent. By 1971, before approval of the first multibank holding company formation, the five largest organizations held only 32 percent of deposits and the ten largest, 45 percent. Since 1971, the largest organizations have acquired a greater share of deposits. Presently, the five largest organizations, all multibank holding companies, hold 54 percent; the ten largest hold 64 percent.

Multibank holding companies, led by the four largest, have acquired most of the deposits in the state's four largest SMSA's (Birmingham, Mobile, Montgomery, and Huntsville). They have moved cautiously into the four smaller SMSA's (Florence, Anniston, Tuscaloosa, and Gadsden) and into Russell County, so that they control few banks and less than a majority of deposits in four of these five areas. However, recent expansion moves indicate that the multibank companies are looking closely at these areas. The multibank companies have also been partial to three nonSMSA counties: Dallas; Morgan, where three of the four largest are now represented; and Houston, where two of the four largest and one smaller company are represented.

Since multibank holding companies concentrate

² One of the medium-sized companies has been given approval by the Board of Governors of the Federal Reserve System to merge with one of the smaller companies. The resulting company would have five subsidiaries and be represented in three of the state's four largest SMSA's, as well as two nonSMSA counties.



on larger banks in these areas of large pools of deposits and relatively rapid growth, the state's present tendency toward a dispersion of bank deposits between a few large organizations represented in major economic areas and many small single-bank organizations is likely to continue. Establishing new large organizations will be difficult because few banks large enough to lead such organizations are left. ■

Banking Structure in Florida

by B. Frank King

Florida's banking structure has changed radically over the past decade. The state has added more banks and deposits than the Southeast's other states, and the rapid development of multibank holding companies has brought most of its banks and deposits into multioffice organizations, several of which have extensive geographic coverage.

Economy and Banking Laws

Florida's economic and legal environments have been important influences on banking trends. The state's economy has grown rapidly. Its population grew by 40 percent to 8.1 million in the ten years ending in 1974. Per capita income in 1974 almost equaled that of the United States as a whole. In the previous decade, the growth of per capita income in Florida had substantially exceeded that for the United States.

Florida's economic development has shown pronounced regional patterns. The northern third is less affluent and has grown much less rapidly than the central and southern parts of the state. All five Florida counties that lost population from 1960 to 1970 are in the northern part of the state as are all but one of the 13 Florida counties gaining less than 10 percent in population. Most areas that have achieved or are projected to achieve large population and income growth are in central or southern Florida.

With the exception of Jacksonville, the large population centers are in the central and southern parts of the state. From 1960 to 1970, the Fort Lauderdale-Hollywood and West Palm Beach-Boca Raton areas led the large centers in population growth rates.

A large proportion of Florida's population lives in the state's 14 standard metropolitan statistical areas (SMSA's). These areas contain about four-fifths of its population, banks and bank offices, and almost 90 percent of its bank deposits.¹ Bank holding companies have been partial to these areas; their

¹Banking data in this article are as of June 28, 1974, unless otherwise noted; holding company data reflect subsidiaries consummated through May 31, 1975.

TABLE 1

Summary of Florida Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
690	69.9%	837	97.4%	286	-21%

Deposits		Population Per Bank Office		Income Per Bank Office	
June 1974 (\$ million)	Change 1964-1974	Dec. 1974 (thousand)	Change 1964-1974	Dec. 1974 (\$ million)	Change 1964-1974
\$22,836.7	265.5%	9.7	-28.7%	\$49.1	59.4%

subsidiaries have 80 percent of total deposits in metropolitan areas, compared with 63 percent of total deposits in nonmetropolitan areas.

Until a limited facilities law was passed in 1973, Florida was almost entirely a unit banking state. The 1973 law was a slight liberalization of branch banking rules; it allowed each bank one facility for accepting deposits and loan payments within one mile of its main office. The first limited facility was opened early in 1974.

As a consequence of Florida's strictly limited branching, local banking markets have more individually chartered banks than one would find in states that allow branching. Florida has 11 of the 14 counties in the entire Southeast with more than 15 banks. In many cases, however, more than one bank in a local market is owned by the same group of shareholders or by a multibank holding company. These commonly owned banks are often operated much like a branch system.

A newly promulgated branching law allows each Florida bank to open two branches each year in its home county. This law goes into effect at the beginning of 1977.

Multibank holding companies have long been allowed in Florida. There is no limitation in the state's law on number of subsidiaries or amount of deposits such a company can hold. The law does require that the state Comptroller approve any transfer of control of a state bank.

Banking Structure

The overall dimensions of Florida banking are generally large in relation to other Southeastern states. Florida ranks first in most categories; its third ranking to Georgia and Tennessee in number of bank offices is a notable exception. Six hundred and ninety banks operate 777 offices in the state. Most offices other than headquarters offices are limited service facilities of one sort or another. Florida banks have deposits of \$22.8 billion, assets of \$27.0 billion, and capital of \$2.1 billion.

Population per bank office in Florida is almost twice the population per bank office in other unit banking states and at least twice this ratio in each of the other Southeastern states except Alabama. Although this ratio declined as the number of new banks increased twice as fast as population during the 1964-1974 decade, it fell much less in Florida than in the other Southeastern states.

Personal income per bank office is more than twice that of any other Southeastern state. Despite a doubling of bank offices during the period from 1964 through 1974, this statistic rose by two-thirds. Income per office fell slightly in each of the other Southeastern states except Georgia, where it rose slightly.

Most Florida areas have high population and income per bank office. This indicates among other things that most Florida areas are still attractive for new bank entry and that they will be attractive for new branches once branching is allowed.

While the number of banks in the state increased by almost 300 from 1964 through 1974, the number of banking organizations dropped by almost 100.

TABLE 2

GEOGRAPHIC DISTRIBUTION OF FLORIDA'S BANKS (as of June 1974)

No. Banks in County	No. Counties
0	2
1 or 2	21
3 or 4	15
5 or 6	5
7 to 10	5
11 to 15	8
16 or more	11

TABLE 3

Florida Banks by Size and Holding Company Status¹

Deposit Size Class (\$ million)	All Banks		Banks in Multibank Holding Companies		Other Banks	
	Number	Deposit (\$ million)	Number	Deposit (\$ million)	Number	Deposit (\$ million)
500+	1	1,283.7	1	1,283.7	0	0.0
250 - 500	6	1,880.1	6	1,880.1	0	0.0
100 - 250	25	3,638.0	20	3,012.9	5	625.1
75 - 100	28	2,400.4	22	1,878.1	6	522.3
50 - 75	67	4,087.8	51	3,110.0	16	977.8
25 - 50	144	4,995.7	107	3,804.0	37	1,191.7
0 - 25	419	4,551.0	228	2,778.8	191	1,772.2
Total	690	22,836.7	435	17,747.6	255	5,089.1

¹Deposits are as of June 28, 1974, holding company subsidiaries consummated through May 31, 1975. In addition to the 435 holding company subsidiaries shown here, multibank holding companies opened 20 banks between June 28, 1974 and May 31, 1975.

The rapid development of multibank holding companies explains this. Nearly two-thirds of Florida's banks, controlling more than three-quarters of its deposits, are now owned by multibank holding companies. Although these companies have concentrated on larger banks, they own a majority of banks even in the under-\$25-million deposit class.

Each of the state's seven banks with deposits of \$250 million or more is the lead bank of a multibank company. Four-fifths of the banks in the \$100- to \$250-million deposit size class are multibank company subsidiaries. Three Florida multibank companies own three banks with deposits of \$100 million or more; two other companies own two banks with deposits of \$100 million or more. The largest bank in the state that does not belong to a multibank company has deposits of \$146 million; it is the state's sixteenth largest bank.

Multibank holding companies own a smaller proportion of banks with deposits under \$100 million. All but six of the 28 banks with deposits of \$75 million to \$100 million are subsidiaries of multibank companies. None of these six is entirely independent; four are subsidiaries of one-bank holding companies; and two are related to smaller banks through common ownership and directors. Three-quarters of the banks in the \$50- to \$75-million deposit size category are holding company subsidiaries, along with three-fifths of the banks with deposits below \$50 million.

Florida's 31 multibank holding companies range in deposit size from \$2.2 billion to \$35 million and in number of subsidiaries from 55 to 2. Only the six largest companies—Southeast Banking Corporation, Barnett Banks, Sun Banks, Flagship

Banks, Florida National Banks, and Atlantic Bancorporation—can reasonably be called statewide organizations. A few others such as Landmark Banking Corporation and Pan American Bancshares seem to be developing the framework for establishing statewide systems either through acquisitions or mergers. The remaining organizations have confined their acquisitions to areas in which they were already represented when they formed. The large regional organizations such as First Financial Corporation and Ellis Banking Corporation, operating in several adjacent markets, are generally located on the west coast and the large, local organizations such as City National Bank Corporation and Broward Bancshares, in the southeast.

Along with its multibank holding companies, Florida has several bank chains in which banks are connected by common individual ownership and common directors rather than by common corporate

TABLE 4

FLORIDA BANK HOLDING COMPANIES BY SIZE*

Deposits (\$ billion)	No. Companies	No. Subsidiaries	No. Companies
1.5 or more	2	40 or more	2
1.0 — 1.5	4	30 to 40	4
.5 — 1.0	4	20 to 30	1
.25 — .5	9	10 to 20	6
less than .25	12	5 to 10	11
		less than 5	7

*Deposits as of June 28, 1974; reflects acquisitions of banks existing on June 28, 1974, consummated through May 31, 1975

TABLE 5

Florida's 20 Largest Banking Organizations¹

Rank	Organization	Deposits (\$ million)	Banks	Offices	% State's			Cumulative % of State's Deposits
					Deposits	Banks	Offices	
1	Southeast Banking Corporation	2,297.0	37	41	10.1	5.4	5.3	10.1
2	Barnett Banks of Florida	1,934.0	55	64	8.5	8.0	8.2	18.6
3	Sun Banks of Florida	1,490.6	39	47	6.5	5.7	6.1	25.1
4	Flagship Banks	1,458.1	40	41	6.4	5.8	5.3	31.5
5	Florida National Banks of Florida	1,287.3	33	33	5.6	4.8	4.3	37.1
6	Atlantic Bancorporation	1,146.2	30	31	5.0	4.4	4.0	42.1
7	First Financial Corporation	962.7	16	20	4.2	2.3	2.5	46.3
8	Landmark Banking Corporation of Florida	681.7	14	14	3.0	2.0	1.8	49.3
9	Ellis Banking Corporation	639.0	21	26	2.8	3.0	3.4	52.1
10	Pan American Bancshares of Florida	558.3	14	18	2.4	2.0	2.3	54.5
11	First Bancshares of Florida	484.3	12	12	2.1	1.7	1.5	56.6
12	Exchange Bancorporation	480.1	13	15	2.1	1.9	1.9	58.7
13	City National Bank Corporation	463.4	4	4	2.0	.5	.5	60.7
14	Charter Bankshares Corporation	329.2	9	11	1.4	1.3	1.4	62.1
15	American Bancshares, North Miami	308.2	10	13	1.4	1.5	1.7	63.5
16	Broward Bancshares	300.3	5	5	1.3	.7	.6	64.8
17	Florida Commercial Banks	270.2	7	8	1.2	1.0	1.0	66.0
18	First State Banking Corporation	263.1	5	6	1.2	.7	.8	67.2
19	Southwest Florida Banks	259.5	5	6	1.1	.7	.8	68.3
20	First National Bankshares of Florida	239.2	6	6	1.1	.9	.8	69.4

¹Deposits are as of June 28, 1974, subsidiaries operating on June 28, 1974, consummated through May 31, 1975.

ownership. They are found in most parts of the state. No official list of such chains exists; consequently, their extent can only be estimated. Available information indicates that there are upwards of 45 bank chains with about 120 banks and deposits of \$2.7 billion, or about 12 percent of bank deposits in the state. None of the chains is among the state's 20 largest organizations. Adding deposits held by these chains to those held by multibank holding companies brings the total deposits held by multibank organizations to almost 90 percent of state deposits.

Regional and local organizations are important features of local markets in Florida. The six statewide companies compete with smaller organizations in most markets. In many of these local markets, the smaller organizations have greater market shares than the statewide organizations. In three of the six largest SMSA's, organizations other than statewide companies hold the largest share of deposits. The same is true in five of the eight smaller SMSA's. Florida's regional and local companies are not only potential entrants into other markets but also major competitors of statewide organizations in most markets.

Holding company development in Florida in the past decade included the formation of 28 new multibank companies. These formations have typically involved the corporate reorganization of bank chains; 26 of the 31 multibank companies presently operating in Florida resulted from such reorganiza-

tions.² As mentioned, some of the reorganized chains expanded into statewide or regional organizations, while others remained confined to their original markets.

Geographic expansion by multibank holding companies has been extensive. In 1963 only one organization was represented throughout the state. Now there are six organizations with substantial statewide geographic coverage. Seven multibank organizations are represented in 11 or more counties. In all, 30 counties have subsidiaries of two or more multibank holding companies.

On a statewide basis, banking resources have become more concentrated during the last decade of holding company development. In 1964 the ten largest organizations (including bank chains) held 38 percent of deposits in the state; the 20 largest held 53 percent. In 1974 the ten largest held 55 percent and the 20 largest held 69 percent. Even so, rapid deposit growth, chartering of many new independent banks, and holding company formations involving reorganization of existing chains have limited the increase in statewide concentration. Further, the rapid increase in the number

²For a detailed discussion of holding company development in Florida before 1970, see Dudley Salley, "A Decade of Holding Company Regulation in Florida," *Monthly Review*, Federal Reserve Bank of Atlanta, July 1970.

TABLE 6

Banking In Florida SMSA's¹

SMSA	Deposits (\$ million)	% Deposits in State	Number of		% Deposits Held by Multibank Companies
			Banks	Multibank Companies	
Miami	5,209.7	22.8	90	16	81.4
Tampa-St. Petersburg	3,798.8	16.6	107	18	73.6
Fort Lauderdale-Hollywood	2,247.7	9.8	65	15	86.2
Jacksonville	1,938.3	8.5	46	7	87.9
West Palm Beach-Boca Raton	1,485.5	6.5	39	9	64.3
Orlando	1,452.0	6.4	51	11	93.5
Sarasota	707.0	3.1	19	7	84.6
Bartow-Lakeland-Winter Haven	682.5	3.0	23	8	69.0
Fort Myers	544.4	2.4	13	6	77.8
Daytona Beach	500.0	2.2	21	8	92.3
Melbourne-Titusville-Cocoa	401.4	1.8	21	7	80.6
Pensacola	389.7	1.7	17	5	61.9
Tallahassee	293.2	1.3	12	3	65.8
Gainesville	216.0	1.0	12	5	84.0
Total	19,866.2	87.1	536		

¹Deposits banks and offices are as of June 28, 1974; holding company subsidiaries as of May 31, 1975.

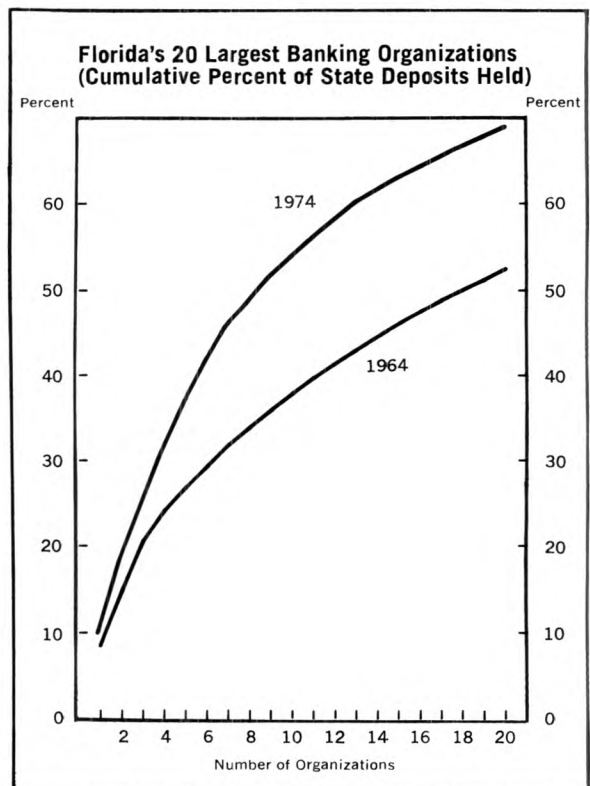
of banks and geographic expansion by several multibank companies has reduced deposit concentration in most local banking markets.

Prospective Development

Florida's new branching law is likely to combine with its high levels of population and income per bank office and future economic growth to bring about a rapid increase in the number of banking offices during the next few years. This, in turn, will probably lower population, income, and deposits per bank office and increase the convenience of banking services to customers.

The branching law is one of several factors that will influence bank holding company developments. The extent of past holding company expansion and the management, asset, and capital problems encountered by several multibank companies will also strongly influence developments. These factors working together are likely to slow the pace of formations and acquisitions for several years to come.

New holding company formations by bank chains, the source of most existing companies, are likely to be few and far between. Most remaining chains are small; they have resisted the temptation to form registered holding companies for some time. The existence of several large multibank organizations with expansion goals deters chains considering formation of bank holding companies because the companies already in existence are potentially rival bidders for acquisition candidates. Under Florida's new branching law, some attempts to merge mem-



bers of chains into a single bank with branches are likely to occur.

The purchase of chains as a package by one of

TABLE 7
GEOGRAPHIC DISTRIBUTION OF FLORIDA'S
MULTIBANK HOLDING COMPANIES

No. Counties Represented, by Company

No. Counties Company Represented in	No. Companies
more than 20	2
16 — 20	2
11 — 15	3
6 — 10	5
3 — 5	4
1 — 2	15

No. SMSA's Represented, by Company

No. SMSA's Company Represented in	No. Companies
11 — 14	2
7 — 10	4
4 — 6	5
2 — 3	9
1	11

No. Companies Represented, by County

No. Multibank Holding Companies Represented	No. Counties
more than 10	4
6 — 10	9
3 — 5	10
2	7
1	16
none	21

the existing holding companies has already become common and could well become even more prevalent in the future. These acquisitions are often attractive to holding companies because they facilitate acquisition of broader geographic coverage than if only one bank were acquired or if the affiliated banks were applied for in sequence. Such acquisitions by statewide organizations have already been approved by the Board of Governors in the Miami, Fort Lauderdale, West Palm Beach, Naples, Tampa, and Tallahassee areas, among others; they have been denied in part in the Vero Beach, Sarasota, and St. Petersburg areas.

The forces that lead chains to sell to multibank companies apply to smaller multibank companies and larger independent banks as well. Expansion possibilities for smaller companies have diminished because many attractive banks have been acquired, because some larger companies continue to bid for banks, and because larger companies seem to have some advantages in raising capital. The larger independents face similar problems.

The ultimate resolution of forces that limit expansion possibilities of small holding companies and bank chains is likely to be further merger attempts by holding companies. Two mergers of holding companies have already taken place. A third has recently been approved by the Board of Governors. Applications for two others were submitted, approved, and then withdrawn. An application for a fifth merger has been submitted. Negotiations on several others have been announced and canceled. The forces behind these mergers added to expansion plans of some organizations and the removal of some branching prohibitions seem likely to engender more alterations in Florida's changing banking structure. ■

Banking Structure in Georgia

by Joseph E. Rossman, Jr.

Georgia's current banking structure has been molded over the past 100 years by a combination of economic, social, and legal forces. The Civil War, the economic slump of the Twenties, the depression of the Thirties with its wave of bank mergers and failures, and, more recently, the expansion of Georgia's metropolitan areas have all been important factors.

A brief review of Georgia's early banking history from the 1860's to 1960 provides a better understanding of the current structure.¹ Following the Civil War and the subsequent collapse of the plantation system and its banks came the development of a crop lien system and a need to replace those banks that failed with the Confederacy. Banks increased in size and number through the turn of the century; however, in terms of expansion, the period between 1900 and 1910 may be viewed as the "golden age" of banking. The number of state and national banks increased nearly 400 percent to 644, more banks than are in operation today.

Few banks opened in the state from 1910 to 1940. The period between 1920 and 1933 was particularly important, however; it was then that the state's two largest banking organizations established much of their existing structure. Georgia, then heavily dependent upon the agricultural sector and specifically upon cotton, suffered an economic slump during much of the 1920's. Many state-chartered banks, especially dependent upon agriculture, collapsed during this period, while weak national banks, typically larger than state banks, sought merger partners. Blocked by national banking laws that prohibited branching, Trust Company of Georgia, then owned by the Lowry National Bank of Atlanta, obtained a charter for Trusco Investments Company in June 1922. For the rest of the decade, Trusco purchased controlling interests in banks in Augusta,

¹Discussion of early banking history drawn from William S. Dawson's doctoral dissertation entitled "Entry, Exit, and the Structural Evolution of a Market: A Case Study of Georgia Banking," Duke, 1967.

TABLE 1

Summary of Georgia Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
443	4.2%	1,103	126.0%	431	4.4%
Total Deposits		Pop. Per Bank Office		Income Per Bank Office	
June 1974 (\$ million)	Change 1964-1974	Dec. 1974 (000)	Change 1964-1974	Dec. 1974 (\$ million)	Change 1964-1974
\$11,430.7	207.2%	4.4	- 49.4%	\$19.9	12.4%

Macon, Rome, and Savannah. Almost concurrent with Trust Company's merger operations, Citizens and Southern Bank, a nonmember state bank (through 1927) and the leading bank in Savannah, achieved through merger a substantial position in the remaining three cities of the state's four largest cities—Atlanta, Augusta, and Macon.

The collapse of the Manly Group in 1927, involving over 80 small Georgia country banks, produced state legislation prohibiting statewide branching. C&S, prohibited from further expansion by merging with a bank and operating the merged bank as a branch, formed the C&S Holding Company in 1927 and between 1928 and 1930 gained control of banks in Albany, Thomaston, and LaGrange.

A merger between Trust Company and Lowry National Bank of Atlanta in 1930 led to a change in title for Trust Company's holding company—from Trusco to the First National Associates. In addition to a name change, the First National Associates became the holding company for the newly named The First National Bank of Atlanta (formerly Lowry National Bank of Atlanta).

By 1933, the First National Associates had emerged as a prominent institution in all five leading Georgia cities (Atlanta, Augusta, Columbus, Macon, and Savannah). C&S also became a prominent banking organization, operating branches in the state's four largest cities and controlling other banks through its holding company. Together, the C&S organization and the First National Associates controlled over 80 percent of banking deposits in Atlanta, Savannah, and Macon. Of the state's five largest cities, only Augusta and Columbus had banking markets that were not overshadowed by either C&S or the First National Associates or both. Although C&S had operated a branch in Augusta since 1912, Georgia Railroad Bank and Trust Company, one of the oldest banks in the state, continued to be the market's largest bank.

Trust Company of Georgia, along with banking

subsidiaries of The First National Bank of Atlanta's holding company, was separated in 1933 from First National by the National Banking Act and began operating as an independent organization. First National continued as a major banking power in Atlanta, even without representation in other Georgia towns.

Bank holding companies made no additional acquisitions from 1933 through World War II. Shortly after World War II, C&S used its holding company to purchase several small Atlanta banks. At the same time, no new holding companies were formed and existing holding companies remained dormant.

In 1956, Georgia enacted legislation which prevented the formation of any new multibank holding companies and also limited future acquisition of bank stock by existing bank holding companies to 15 percent of the bank's stock. The 1956 Act gave "grandfather" privileges to existing multibank holding companies (C&S National Bank and Trust Company of Georgia and Hamilton

TABLE 2

GEOGRAPHIC DISTRIBUTION OF
GEORGIA'S BANKS
(as of June 1974)

No. Banks in County	No. Counties
0	6
1 or 2	84
3 or 4	52
5 or 6	12
7 to 10	5
11 to 15	1
16 or more	1

TABLE 3

Georgia Banks by Size and Holding Company Status¹

Deposit Size Class (\$ million)	All Banks		Banks in Multibank Holding Companies		Other Banks	
	Number	Deposits (\$ million)	Number	Deposits (\$ million)	Number	Deposits (\$ million)
500+	4	4,401.7	2	2,523.8	2	1,877.9
250 - 500	0	0	0	0	0	0
100 - 250	6	1,021.3	1	133.6	5	887.7
75 - 100	4	331.0	1	77.0	3	254.0
50 - 75	15	935.5	6	378.9	9	556.6
25 - 50	39	1,261.1	7	245.7	32	1,015.4
0 - 25	375	3,480.1	0	0	375	3,480.1
Total	443	11,430.7	17	3,359.0	426	8,071.7

¹Deposits as of June 29, 1974; holding company subsidiaries consummated through May 31, 1975.

Bancshares, a Tennessee-based holding company). In 1960, additional legislation further reduced bank stock acquisition by bank holding companies to 5 percent and continued the prohibition of any new multibank holding companies. Legislation was also passed allowing banks to branch within the limits of the city in which their home office was located.

Economic and Legal Factors

Although shaped by influences stretching over a hundred years, economic and legal forces have greatly changed Georgia's banking structure since 1960. A rapid growth in number of banking offices during the Sixties and Seventies is related to strong population gains. In the ten years ending in 1974, Georgia's population has grown faster than the nation's, increasing some 15 percent against 11 percent in the U.S. The growth was not, however, evenly distributed. Metropolitan areas grew almost three times faster than non-metropolitan areas.

Population growth varied widely from county to county during the 1960's. Of Georgia's 159 counties, 46 exceeded the national average, 47 grew more slowly, and 66 lost population. Of the latter, nearly all lost 10 percent or more of their total population.

Income, an influence on deposit growth, has also risen sharply in Georgia during recent years. Per capita income nearly doubled in the Sixties, compared with a national gain of 76 percent; Georgia ranked fourth among the 50 states. Viewed in absolute terms, however, the state's income picture becomes less bright; Georgia's per capita income has historically been below that of the U.S. Even with the strong growth of the Sixties, Georgia's per capita income through 1974 was 84 percent of the U.S. figure.

Considering nonSMSA counties, the income gap is even greater, particularly in the southern part of the state. The reasons for the gap are many, and detailed analysis is beyond the intended purpose of this article. However, it should be noted that the four largest employers (industries) of manufacturing workers in Georgia are basically labor-intensive and low-wage industries. These four—apparel, textiles, food, and lumber—account for roughly 60 percent of the state's manufacturing workers.

Strong population increases centered in metropolitan areas and greatly relaxed branching laws help to explain the two-fold increase in bank offices since 1960.¹ Extensive revision in Georgia's branch banking laws during 1960 not only relaxed restrictions but also distinguished between different types of branch operations. The 1929 law, in effect until 1960, only recognized and allowed the establishment of branch banks. The 1960 legislation defined and established criteria for establishing a branch office as opposed to a branch bank. Perhaps more important than branch form or structure is that Georgia banks' branching opportunities prior to 1970 were virtually limited to the city or municipality in which the parent bank's home office was located. This restriction was removed in 1971 when an amendment allowed county-wide branching. Georgia banks responded by doubling their branches between 1970 and 1974.

Although Georgia banks have sharply increased their branching operations since 1960, the number of existing banks has remained virtually constant. This does not mean, however, that no new banks were chartered during this period. Since 1960, some 22 bank mergers have taken place. Almost all of the merged banks were very small, with two-thirds

¹Banking data are as of June 28, 1974, unless otherwise specified.

TABLE 4

Georgia's Twenty Largest Banking Organizations¹

Rank	Name	Deposits (\$ million)	Banks	Offices	% State's			Cumulative % of State's Deposits
					Deposits	Banks	Offices	
1	The Citizens and Southern National Bank	2,082.8	9	119	18.2	2.0	11.4	18.2
2	First National Holding Corporation	1,329.5	1	47	11.6	.2	4.5	29.8
3	Trust Company Bank	1,200.3	6	69	10.5	1.3	6.6	40.3
4	The Fulton National Corporation	548.4	1	30	4.8	.2	2.9	45.1
5	The National Bank of Georgia	231.5	1	23	2.0	.2	2.1	47.1
6	First Railroad and Banking Company of Georgia	224.9	1	13	2.0	.2	1.2	49.1
7	Savannah Bank and Trust Company	153.1	1	13	1.3	.2	1.2	50.4
8	CB&T Bancshares, Inc.	145.2	1	12	1.3	.2	1.1	51.7
9	First National Bank of Columbus	133.0	1	10	1.2	.2	1.0	52.9
10	Commercial Bank Trust Company, Griffin	88.5	1	3	.8	.2	.3	53.7
11	First National Bank of Cobb County, Marietta	87.7	1	9	.8	.2	.9	54.5
12	First Georgia Bancshares, Inc.	77.8	1	9	.7	.2	.9	55.2
13	Hamilton Bancshares, Inc.	75.9	2	7	.7	.4	.7	55.9
14	First National Bank of Gainesville	71.8	1	3	.6	.2	.3	56.5
15	Georgia Bank and Trust Company, Macon	67.2	1	5	.6	.2	.5	57.1
16	First State Bank and Trust Company, Albany	66.2	1	4	.6	.2	.4	57.7
17	National City Bank of Rome	62.6	1	5	.5	.2	.5	58.2
18	First National Bank Bank of Dalton	61.8	1	4	.5	.2	.4	58.7
19	First National Bank of Athens	61.0	1	4	.5	.2	.4	59.2
20	Peachtree Bank and Trust Company, Chamblee	56.1	1	8	.5	.2	.8	59.7

¹Deposits and offices as of June 29, 1974, subsidiaries as of May 31, 1975.

having less than \$10 million in deposits. Merging activity was often related to consolidation in poor growth areas, while areas of stronger growth attracted new banks.

A significant number of the new banks established in Georgia during the Sixties resulted from restrictions on branching beyond some geographic boundary such as a county line or city limit. Large city banks that were unable to establish branches in the growing suburbs outside city limits began to sponsor and to help establish banks in the county in which the suburb was located. Although sponsoring banks were limited to direct ownership of 5 percent of the new bank's stock (from which the term "five

percenters" developed), directors and shareholders of the sponsoring bank often purchased large portions of the remaining stock. Initially staffed by the city bank and with common stockholders, the five percenters acted in many instances as branches of large city banks.

Some five percenters became eligible for merger into their sponsoring banks when countywide branching was established in 1971. Some of these have already merged. Others have recently been allowed to merge by a recent U. S. Supreme Court decision supporting the C&S organization's acquisition of five suburban Atlanta banks, established as five percenters. A state court order re-

TABLE 5

Banking in Georgia's SMSA's¹

SMSA	Deposits (\$ million)	% Deposits in State	Number of			% Deposits Held Multibank Companies
			Banks	Offices	Multibank Companies	
Atlanta	5,648.8	49.4	84	337	2	35.4
Savannah	497.0	4.3	9	128	2	50.8
Augusta						
(Ga. portion)	428.1	3.7	6	24	2	43.0
Macon	417.6	3.6	13	31	2	60.4
Columbus	385.2	3.4	5	11	1	16.5
Albany	181.2	1.6	5	18	1	42.5
Chattanooga						
(Ga. portion)	77.7	.7	7	11	0	00.0
Total	7,635.6	66.7	119²	560		

¹Deposit and office data are as of June 28, 1974; holding company subsidiaries as of May 31, 1975.

²Does not add because a bank with headquarters in one SMSA operates offices in three others.

quiring C&S, its officers and directors and their immediate families to reduce their **total** stock holdings in 25 banks to 5 percent weakens ties between remaining five percenters and sponsoring banks.

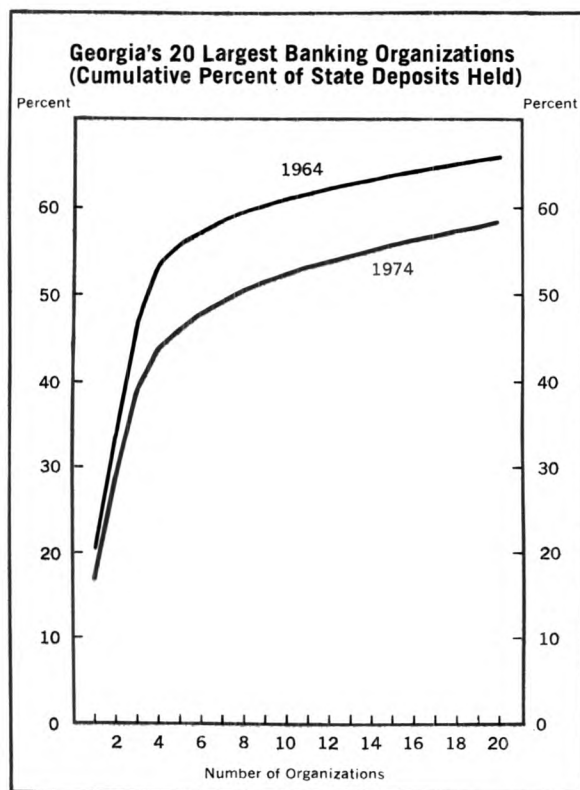
Existing Structure

Banking in Georgia today is conducted by over 440 insured commercial banks. These institutions, in addition to their home offices, operate over 600 branches. Nearly three-fourths of these branches are in metropolitan areas, compared with only one-fifth of the total number of banks. Two widely used structural measures, population per banking office and income per banking office, show the state with a population of 4,400 per bank office and an income of \$19.9 million per office in December 1974. Compared with other Sixth District states, Georgia has the third lowest population per bank office and the fourth lowest income per office.

A breakdown on size distribution, based on mid-1974 deposits, shows that most Georgia banks are small. The median bank, compared with that of other Southeastern states, is the smallest (slightly under \$10 million in deposits). Only ten banks have deposits greater than \$100 million, and approximately half of all banks have less than \$10 million in deposits.

Although few in number, large banks account for a large percentage of banking deposits in the state. The four largest banks, all in Atlanta, account for over two-fifths of total deposits; and the ten largest, for more than half.

Although existing Georgia laws prohibit multibank holding company expansion and formation, three multibank and 22 one-bank holding companies own



and control 39 Georgia banks. Wholly owned banks of the three multibank holding companies number 17 and account for slightly over one-fourth of state deposits. One multibank holding company is headquartered in Tennessee and owns two Georgia banks under "grandfather provisions" of the 1956

state holding company law, since the two banks were acquired in 1930.

While Georgia's population is almost evenly divided between metropolitan (SMSA) and non-metropolitan areas, two-thirds of the state's bank deposits are held by banks headquartered in metropolitan areas. Of the seven SMSA's (Atlanta, Augusta, Albany, Columbus, Macon, Savannah, and Chattanooga) wholly or partially in Georgia, banks in the Atlanta SMSA hold the most deposits, accounting for half of the state's total.

Georgia's metropolitan markets, excluding Chattanooga's SMSA, are highly concentrated, with the four largest organizations in each market accounting for at least 80 percent of total market deposits. The state's largest banking organization, C&S, has the greatest market share in four of these metropolitan markets, is second largest in another market but is not represented in the Columbus area.

The state's second largest organization, The First National Bank of Atlanta, only competes in the Atlanta area, while the state's third largest organization, Trust Company of Georgia, competes with C&S in four of the six metropolitan areas. In three of these markets (Atlanta, Augusta and Savannah), it occupies a third rank position; in the fourth

market (Macon), it ranks second.

Speculations about future development of Georgia bank structure hinge on whether proposed legislation allowing new holding company formations and the expansion of existing holding companies is passed. Narrowly defeated in the last session of the Georgia State Legislature, its passage would allow the remaining large banks not currently part of a multibank organization to form separate multibank holding companies. Operating as a multibank holding company, the largest unaffiliated banks would then be able to enter markets across the state in which they were not represented by acquiring unaffiliated banks in those markets. There are at least three and maybe four of these banking organizations now capable of supporting a statewide organization.

Thus, the passage of holding company legislation would, in all probability, result in the deconcentration of Georgia's major banking markets, since multibank organizations usually seek to enter large banking markets. However, should any holding company legislation be passed which prohibits holding companies from starting new banks, statewide concentration will be guaranteed to increase. ■

Sixth District Statistics

Seasonally Adjusted

(All data are indexes, unless indicated otherwise.)

	Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago		Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
SIXTH DISTRICT					Unemployment Rate (Percent of Work Force)*** July 8.8 Avg. Weekly Hrs. in Mfg. (Hrs.) July 39.1				
INCOME AND SPENDING					FINANCE AND BANKING				
Manufacturing Payrolls July	177.6	175.5	171.8	177.7	Member Bank Loans July	264	264	269	249
Farm Cash Receipts June	176	199	172	174	Member Bank Deposits July	224	221	218	208
Crops June	230	334	227	232	Bank Debits** July	291	287	283	273
Livestock June	163	94	165	159	FLORIDA				
Installment Credit at Bank**/1 (Mil. \$) July	606	665r	595	676	INCOME				
New Loans July	622	697r	604	667	Manufacturing Payrolls July	186.6	184.0	178.3	193.8
Repayments July					Farm Cash Receipts June	179	125	212	202
EMPLOYMENT AND PRODUCTION					EMPLOYMENT				
Nonfarm Employment July	129.7	129.2	129.9	134.6	Nonfarm Employment July	150.0	148.8	149.5	159.1
Manufacturing July	108.1	108.2	108.1	118.7	Manufacturing July	117.7	117.5	117.6	129.3
Nondurable Goods July	107.8	108.1	107.7	116.0	Nonmanufacturing July	156.2	154.8	155.6	164.8
Food July	101.6	101.9	103.6	104.5	Construction July	135.4	141.8	146.4	204.4
Textiles July	100.3	100.2	99.3	113.0	Farm Employment June	77.0	72.7	70.9	83.4
Apparel July	104.6	105.2	102.7	113.7	Unemployment Rate July	10.4	10.5	12.3	5.6
Paper July	104.5	103.2	105.5	115.8	Avg. Weekly Hrs. in Mfg. (Hrs.) July	39.9	39.6	39.1	40.4
Printing and Publishing July	122.4	122.8	123.5	131.3	FINANCE AND BANKING				
Chemicals July	106.4	106.1	106.4	112.4	Member Bank Loans July	286	288	294	313
Durable Goods July	108.4	108.3	108.6	122.2	Member Bank Deposits July	247	244	248	248
Lbr., Wood Prods., Furn. & Fix. July	96.2	94.8	94.3	110.8	Bank Debits** July	315	314	317	311
Stone, Clay, and Glass July	113.9	114.9	115.3	131.3	GEORGIA				
Primary Metals July	100.1	100.8	101.2	115.5	INCOME				
Fabricated Metals July	118.4	117.7	120.5	134.4	Manufacturing Payrolls July	161.5	159.7	158.1	164.2
Machinery July	143.0	146.0	146.9	163.7	Farm Cash Receipts June	178	197	188	153
Transportation Equipment July	101.5	98.7	98.6	104.5	EMPLOYMENT				
Nonmanufacturing July	137.3	136.6	137.6	140.2	Nonfarm Employment July	123.4	124.1	124.9	129.1
Construction July	119.7	122.7	127.5	149.6	Manufacturing July	99.5	100.0	99.6	109.5
Transportation July	122.1	122.2	123.6	126.9	Nonmanufacturing July	134.4	135.2	136.4	138.1
Trade July	135.3	134.9	134.5	139.3	Construction July	113.3	116.9	122.3	143.8
Fin., ins., and real est. July	149.4	149.7	150.1	154.0	Farm Employment June	103.7	103.9	103.7	93.6
Services July	154.4	154.7	155.1	154.0	Unemployment Rate July	9.0	8.8	10.7	4.8
Federal Government July	106.0	104.7	105.9	104.1	Avg. Weekly Hrs. in Mfg. (Hrs.) July	39.2	39.3	39.1	39.6
State and Local Government July	147.1	142.7	143.7	139.2	FINANCE AND BANKING				
Farm Employment June	78.5	79.1	78.5	78.4	Member Bank Loans July	241	239	252	270
Unemployment Rate July	9.2	9.3	10.4	5.4	Member Bank Deposits July	191	193	195	195
(Percent of Cov. Emp.) July	5.6	6.6	6.8	2.3	Bank Debits** July	360	364	349	330
Avg. Weekly Hrs. in Mfg. (Hrs.) July	39.6	39.4	39.1	40.6	LOUISIANA				
Construction Contracts* July	198	216	182	213	INCOME				
Residential July	151	135	134	187	Manufacturing Payrolls July	169.1	165.7	161.7	160.1
All other June	245	296	228	239	Farm Cash Receipts June	165	324	131	154
Cotton Consumption** June	64.4	61.4	56.2	79.1	EMPLOYMENT				
Manufacturing Production June	141.6	141.5	140.4	150.8	Nonfarm Employment July	117.4	117.5	119.5	117.2
Nondurable Goods June	142.7	142.9	142.4	150.7	Manufacturing July	103.4	104.0	105.2	106.3
Food June	130.8	134.2	134.9	135.1	Nonmanufacturing July	120.3	120.4	122.5	119.5
Textiles June	136.6	138.7	136.0	148.9	Construction July	95.5	97.4	102.8	97.6
Apparel June	124.3	119.9	118.2	138.8	Farm Employment June	72.6	75.7	74.8	78.6
Paper June	130.9	131.1	131.4	138.0	Unemployment Rate July	8.3	8.2	8.4	6.9
Printing and Publishing June	128.4	125.9	125.8	136.4	Avg. Weekly Hrs. in Mfg. (Hrs.) July	39.0	38.3	38.0	40.0
Chemicals June	158.3	157.6	159.6	164.4	FINANCE AND BANKING				
Durable Goods June	139.7	139.5	137.8	151.4	Member Bank Loans* July	241	246	246	248
Lumber and Wood June	142.1	140.7	138.9	155.0	Member Bank Deposits* July	205	205	206	191
Furniture and Fixtures June	122.7	120.7	116.2	160.9	Bank Debits*/** July	263	271	249	244
Stone, Clay, and Glass June	139.8	139.3	137.4	159.4	MISSISSIPPI				
Primary Metals June	98.9	99.1	100.8	107.8	INCOME				
Fabricated Metals June	111.7	111.6	111.1	124.8	Manufacturing Payrolls July	208.4	202.8	197.9	201.4
Nonelectrical Machinery June	149.5	148.7	148.8	150.9	Farm Cash Receipts June	189	293	173	186
Electrical Machinery June	235.3	241.1	240.1	252.5	EMPLOYMENT				
Transportation Equipment June	129.1	126.9	122.0	132.6	Nonfarm Employment July	126.1	125.2	126.5	131.1
FINANCE AND BANKING					Manufacturing July	120.3	119.3	119.8	134.2
Loans* July					Nonmanufacturing July	128.7	128.0	129.6	129.7
All Member Banks July	263	264	270	276	Construction July	101.0	109.4	117.8	138.5
Large Banks July	241	241	251	259	Farm Employment June	59.6	63.5	58.3	69.9
Deposits* July					ALABAMA				
All Member Banks July	222	220	222	216	INCOME				
Large Banks July	191	192	193	185	Manufacturing Payrolls July	182.2	179.6	179.8	186.7
Bank Debits*/** July	306	306	297	293	Farm Cash Receipts June	226	311	193	207
EMPLOYMENT					MISSISSIPPI				
Nonfarm Employment July	121.0	119.0	118.9	123.2	INCOME				
Manufacturing July	108.0	107.4	107.6	118.8	Manufacturing Payrolls July	208.4	202.8	197.9	201.4
Nonmanufacturing July	127.0	124.3	124.0	125.2	Farm Cash Receipts June	189	293	173	186
Construction July	129.4	128.8	128.8	135.5	EMPLOYMENT				
Farm Employment June	72.3	73.0	74.6	70.4	Nonfarm Employment July	126.1	125.2	126.5	131.1

	Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)***	July 8.5	8.1	8.6	4.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	July 39.8	39.3	38.9	39.7
FINANCE AND BANKING				
Member Bank Loans*	July 261	260	262	258
Member Bank Deposits*	July 225	219	218	217
Bank Debits**	July 280	266	257	259

TENNESSEE

INCOME

Manufacturing Payrolls	July 177.0	177.5	174.4	181.4
Farm Cash Receipts	June 181	59	158	204

*For Sixth District area only; other totals for entire six states

***Seasonally adjusted data supplied by state agencies.

Note: All indexes: 1967=100.

Sources: Manufacturing production estimated by this Bank; nonfarm, mfg. and nonmfg. emp., mfg. payrolls and hours, and unemp., U.S. Dept. of Labor and cooperating state agencies; cotton consumption, U.S. Bureau of Census; construction contracts, F. W. Dodge Div., McGraw-Hill Information Systems Co.; farm cash receipts and farm emp., U.S.D.A. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

†Data benchmarked to June 1971 Report of Condition.

*Revised to reflect 1974 benchmarks and new seasonal factors.

EMPLOYMENT

Nonfarm Employment	July 125.2	125.2	125.1	129.2
Manufacturing	July 107.5	108.2	107.3	119.9
Nonmanufacturing	July 135.1	134.7	135.1	134.3
Construction	July 130.4	127.1	133.0	134.1
Farm Employment	June 86.6	88.0	88.6	78.9
Unemployment Rate (Percent of Work Force)†	July 8.6	8.5	9.3	5.4
Avg. Weekly Hrs. in Mfg. (Hrs.)	July 40.1	40.0	39.5	40.1

FINANCE AND BANKING

Member Bank Loans*	July 272	271	277	268
Member Bank Deposits*	July 219	218	223	204
Bank Debits**	July 262	257	244	270

*Preliminary data

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N.A. Not available

Debits to Demand Deposit Accounts

Insured Commercial Banks in the Sixth District (In Thousands of Dollars)

Percent Change							Percent Change						
			July 1975 from July 1974			Year to date 7 mos. 1975 from 1974				July 1975 from July 1974			Year to date 7 mos. 1975 from 1974
	July 1975	June 1975	July 1974	June 1975	July 1974		July 1975	June 1975	July 1974	June 1975	July 1974		July 1975 from 1974
STANDARD METROPOLITAN STATISTICAL AREAS¹							Dothan	205,865	196,108	226,594	+ 5	- 9	- 5
						Selma	93,164	83,779	84,322	+11	+10	- 3	
Birmingham	5,170,596	5,040,740	4,987,430	+ 3	+ 4	+17	Bradenton	210,719	206,629	213,007	+ 2	- 1	- 1
Gadsden	124,053	108,110	117,693	+15	+ 5	+ 2	Monroe County	114,352	111,344	93,054	+ 3	+23	+16
Huntsville	406,739	388,963	422,019	+ 5	- 4	+11	Ocala	220,404	232,388	208,096	- 5	+ 6	+10
Mobile	1,512,023	1,405,973	1,344,418	+ 8	+12	+19	St. Augustine	45,720	45,712	62,141	+ 0	-26	-21
Montgomery	918,624	808,450	643,645	+14	+43	+20	St. Petersburg	1,057,230	1,007,793	1,086,211	+ 5	- 3	- 4
Tuscaloosa	293,111	290,776	268,725	+ 1	+ 9	+10	Tampa	2,388,692	2,397,802	2,143,173	- 0	+11	+10
							Athens	178,611	171,838	172,004	+ 4	+ 4	+ 2
Bartow-Lakeland-							Brunswick	131,546	126,361	111,007	+ 4	+19	+19
Winter Haven	952,991	860,168	901,544	+11	+ 6	+ 7	Dalton	168,756	175,354	194,851	- 4	-13	-12
Daytona Beach	511,109	504,695	508,242	+ 1	+ 1	+10	Elberton	30,934	33,915	24,610	- 9	+26	+14
Ft. Lauderdale-							Gainesville	191,853	176,753	172,675	+ 9	+11	+10
Hollywood	1,964,912	1,918,830	2,176,463	+ 2	-10	- 4	Griffin	80,671	68,614	86,546	+18	- 7	-12
Ft. Myers	406,875	429,811	387,394	- 5	+ 5	+10	LaGrange	39,194	40,517	42,734	- 3	- 8	-17
Gainesville	250,956	255,230	301,288	- 2	-17	- 2	Newnan	68,591	52,344	57,571	+31	+19	+ 0
Jacksonville	5,041,127	5,175,591	4,765,737	- 3	+ 6	- 0	Rome	182,420	172,566	163,779	+ 6	+11	+ 6
Melbourne							Valdosta	125,187	114,581	119,955	+ 9	+ 4	+ 7
Titusville-Cocoa	423,534	446,646	466,202	- 5	- 9	- 1	Abbeville	18,421	17,843	17,108	+ 3	+ 8	+ 9
Miami	7,785,764	7,122,879	7,970,664	+ 9	- 2	- 2	Bunkie	16,352	15,519	15,381	+ 5	+ 6	+23
Orlando	1,768,463	1,793,555	1,580,924	- 1	+12	+ 3	Hammond	108,450	109,770	102,098	- 1	+ 6	+26
Pensacola	555,938	555,674	537,924	+ 0	+ 3	+10	New Iberia	93,660	79,719	76,476	+17	+29	+31
Sarasota	542,581	529,270	539,682	+ 3	+ 1	- 1	Plaquemine	33,105	31,840	27,052	+ 4	+22	+23
Tallahassee	1,072,849	923,522	893,096	+16	+20	+10	Thibodaux	67,773	63,106	40,381	+ 7	+68	+66
Tampa-St. Pete	4,527,062	4,461,600	4,282,274	+ 1	+ 6	+ 2							
W. Palm Beach	1,238,881	1,148,943	1,315,751	+ 8	+ 6	- 6							
							Hattiesburg	174,348	150,610	150,875	+16	+16	+11
Albany	203,450	206,184	204,415	- 1	- 0	- 4	Laurel	89,255	76,735	90,716	-16	- 2	- 3
Atlanta	22,143,628	21,279,670	19,194,081	+ 4	+15	+ 8	Meridian	143,791	146,063	140,320	- 2	+ 2	+ 4
Augusta	655,544	635,161	695,778	+ 3	- 6	+ 4	Natchez	57,762	57,990	67,179	- 0	-14	- 0
Columbus	527,033	486,451	528,969	+ 8	- 0	+ 0	Fascagoula-						
Macon	875,730	872,080	873,584	+ 0	+ 0	+ 8	Moss Point	168,819	178,376	172,026	- 5	- 2	+ 6
Savannah	1,087,007	1,032,010	682,430	+ 5	+59	+65	Vicksburg	86,458	78,338	91,738	+10	- 6	-10
							Yazoo City	58,638	46,321	58,239	+27	+ 1	- 6
Alexandria	350,428	325,209	309,754	+ 8	+13	+12							
Baton Rouge	2,092,284	2,117,172	2,150,175	- 1	- 3	+22	Bristol	157,195	160,285	158,010	- 2	- 1	+13
Lafayette	424,233	423,931	320,154	+ 0	+33	+32	Johnson City	191,599	172,604	185,896	+11	+ 3	+ 1
Lake Charles	322,552	279,884	289,008	+15	+12	+11	Kingsport	338,001	357,896	324,457	- 6	+ 4	+10
New Orleans	6,076,185	5,688,240	5,594,704	+ 7	+ 9	+12							
							Biloxi-Gulfport	327,324	305,432	293,769	+ 7	+11	+16
Jackson	1,970,327	1,678,959	1,775,684	+17	+11	+ 7	DISTRICT TOTAL	97,898,980	93,044,086	94,042,509	+ 5	+ 4	+ 6
							Chattanooga	1,389,649	1,237,107	1,407,906	+12	- 1	- 9
Knoxville	1,622,208	1,493,517	2,311,141	+ 9	-30	-14	Alabama	11,920,463	11,290,839	11,307,845	+ 6	+ 5	+15
Nashville	4,684,317	4,255,918	4,480,568	+10	+ 5	+13	Florida	29,412,752	28,560,313	29,361,252	+ 3	+ 0	+ 1
							Georgia	29,985,495	28,766,021	27,515,954	+ 4	+ 9	+ 8
							Louisiana²	11,058,167	10,553,298	10,262,735	+ 5	+ 8	+15
							Mississippi²	4,030,631	3,587,516	3,782,011	+12	+ 7	+ 5
							Tennessee²	11,491,472	10,286,099	11,812,712	+12	- 3	+ 2
							OTHER CENTERS						
Anniston	140,945	123,400	130,103	+14	+ 8	+ 7							

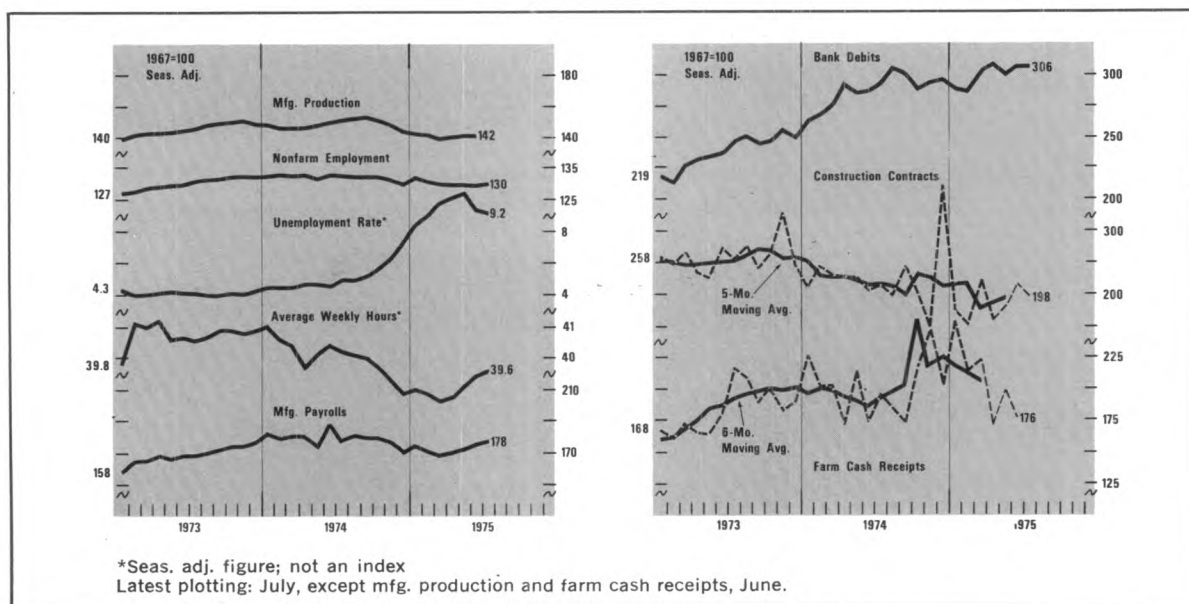
¹Conforms to SMSA definitions as of December 31, 1972.

²District portion only.

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Figures for some areas differ slightly from preliminary figures published in "Bank Debits and Deposit Turnover" by Board of Governors of the Federal Reserve System.

District Business Conditions



The Southeastern economy shows clear signs of recovery. Labor markets are stronger, and bank lending appears to be flattening out. Residential construction activity sustained its recent small advances. Consumer incomes were higher, and auto markets appeared to strengthen. Higher prices of farm products brightened farm income prospects, but costs also rose.

A small rise in employment and a continued decline in the unemployment rate brightened the labor market in July. The government and trade sectors provided strength in nonmanufacturing and more than offset a small decline in the nondurable goods sector; construction remained weak. Jobs in durable goods industries rose for only the second time in 23 months on the strength of a significant upturn in transportation equipment. Both factory hours and payrolls sustained their advance for the fourth month, and industrial output followed the same trend.

Bank loans posted a small increase during July. Preliminary data for August suggest that loans changed little in August; some bankers now expect business loan demand to pick up in the coming months. By late August, most large banks had raised their prime lending rate to 7¾ percent, in line with major banks in other areas. District banks are continuing to purchase sizable amounts of new Treasury securities and municipal obligations.

The value of construction contracts dipped in July as continued modest strength in the residential sec-

tor was offset by a decline in nonresidential contracts. All states but Georgia and Louisiana shared in the residential increase. Home mortgage rates crept up along with other interest rates, but inflows at thrift institutions continued at a high rate.

Manufacturing workers' incomes rose for the fourth consecutive month in July. The decline in consumer instalment credit at banks tapered off. While total outstanding auto credit fell, the size of the decrease was smaller. Repayments shrank; extensions grew, reflecting the recovery of automobile sales. Personal loan extensions declined.

Prices received by farmers rose again in July to reach 8 percent above the level of a year ago. However, prices paid by farmers were up 11 percent during the same period. Prices of broilers, hogs, wheat, and cotton led the upward movement in prices received, and preliminary data indicate that these prices have continued to increase in August. In the first half of 1975, farm cash receipts were 8 percent above the comparable 1974 level, with only Tennessee and Mississippi not sharing in the increase. Growing crops remained in good condition through August.

Note: Data on which statements are based have been adjusted whenever possible to eliminate seasonal influences.