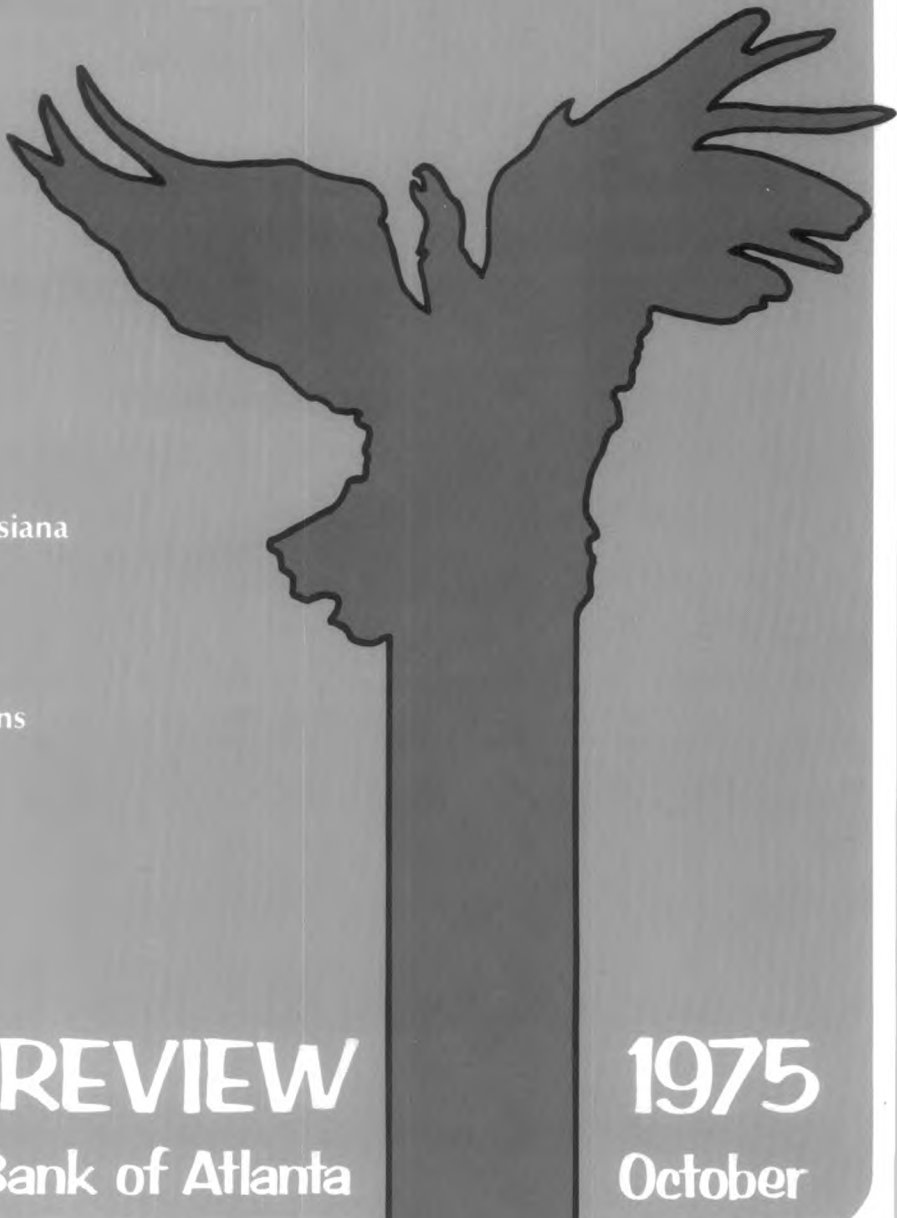


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## In This Issue:

Banking Structure in Louisiana

. . . in Mississippi

. . . in Tennessee

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# MONTHLY REVIEW

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# Banking Structure in Louisiana

by David D. Whitehead, III

Louisiana's regional economic growth patterns and restrictive banking laws have combined to produce a concentrated banking structure and a geographic concentration of banking resources. Most of the state's population and income growth has occurred within its seven Standard Metropolitan Statistical Areas (SMSA's). Only a few nonSMSA parishes, most of which are located in the southern part of the state, have shown any substantial growth. Although they encompass a rather small portion of the state, these areas contain the vast majority of the state's population and income.

Banking laws in Louisiana prohibit the formation of multibank holding companies and in most instances restrict branching to the parish in which the bank's home office is located. Therefore, banks in the relatively few parishes which have enjoyed sustained economic growth control a disproportionately large share of the state's total bank deposits. This has resulted in a banking structure characterized by a small number of relatively large banks located predominantly in urban areas, a large number of small banks located predominantly in rural parishes, and relatively few medium-sized banks. A brief review of Louisiana's economy, majority urban areas, and banking laws sets the stage for a description of the state's banking structure.

## Economy

Louisiana's economy is less well developed and diversified than that of the nation as a whole. The state is basically rural and highly dependent upon its agricultural and mineral-extraction industries for its economic base. The percentage of total employment in the mining industries, with heavy emphasis on crude petroleum and natural gas extraction, is approximately four and one-half times the percentage of the nation's labor force employed in these industries. The agricultural and mining sectors produce raw materials which are further processed, providing the basis for much of the state's manufacturing,

**This issue continues a series of articles on banking structure in the Sixth District states. The September issue contained analyses of structure in Alabama, Florida, and Georgia.**

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TABLE 1  
Summary of Louisiana Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
248	21.6%	791	170.9%	246	20.6%
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
\$9,915.1	182.1%	4.8	-59.3%	20.1	-14.5%

construction, wholesale, and transportation employment.

Louisiana manufacturing workers constitute only 13 percent of the state's total employment, compared to 24 percent nationally. The state has not developed a diversified manufacturing sector; it tends to be more specialized than the nation in the production and processing of raw materials and the construction trades. Areas which are heavily dependent on these types of activities tend to show higher levels of unemployment than areas which have experienced more balanced economic growth. Louisiana is no exception. The state's unemployment rate in recent years has generally remained one to two percentage points higher than the national average.

Louisiana's population and income grew more slowly than the nation's from 1964 through 1974. State population increased from 3.4 million to 3.7 million during the decade; total personal income increased from \$6.9 billion to \$15.9 billion. Total personal income increased much faster than population, resulting in per capita income increasing slightly faster than the national average. In 1974, however, Louisiana's average per capita income was only three-fourths the national average, not changing significantly from 1960.

Per capita income in Louisiana is projected to rise by 87 percent during the Seventies. Projections indicate that Louisiana will not be able to close the significant gap between its average per capita income and the national average during the decade of the 1970's.

### Major Urban Areas

Louisiana's population became increasingly urban from 1960 through 1973. The state contains seven SMSA's: Alexandria, Baton Rouge, Lafayette, Lake Charles, Monroe, New Orleans, and Shreveport. Approximately 60 percent of the state's population

lived in these areas in 1960; by 1970, approximately 62 percent; and in 1973, almost 63 percent lived in SMSA's. The Baton Rouge and Alexandria SMSA's are projected to lose population from 1973 through 1980. The other five SMSA's are projected to show sizable population gains, resulting in 64 percent of the state's population residing in SMSA's in 1980.

Total personal income figures show that these seven SMSA's accounted for 75 percent of the state's total in 1960, 70 percent in 1970, and 67 percent in 1972. Projections indicate that these areas will continue to account for two-thirds of

TABLE 2A  
GEOGRAPHIC DISTRIBUTION OF LOUISIANA'S BANKS  
(as of June 1974)

No. Banks in Parish	No. Parishes
0	0
1 or 2	25
3 or 4	20
5 or 6	10
7 to 10	7
11 to 15	2
16 or more	0

TABLE 2B  
GEOGRAPHIC DISTRIBUTION OF BANKS IN NONSMSA PARISHES  
(as of June 1974)

No. Banks in Parish	No. Parishes
0	0
1 or 2	22
3 or 4	16
5 or 6	6
7 to 10	4
11 to 15	0
16 or more	0

**TABLE 3**  
Louisiana Banks by Size and Holding Company Status<sup>1</sup>

Deposit Size Class (\$ million)	All Banks		Banks in Multibank Holding Companies		Banks in One-Bank Holding Companies		Other Banks	
	Number	Deposits (\$ million)	Number	Deposits (\$ million)	Number	Deposits (\$ million)	Number	Deposits (\$ million)
500+	2	1,573.7	0	0	2	1,573.7	0	0
250 - 500	6	1,993.7	0	0	3	1,068.8	3	924.9
100 - 250	12	1,914.6	0	0	3	577.1	9	1,337.5
75 - 100	8	719.1	0	0	2	181.4	6	537.7
50 - 75	3	180.8	0	0	0	0	3	180.8
25 - 50	42	1,485.2	1*	32.7	2	72.8	39	1,379.7
0 - 25	175	2,048.0	2	22.5	3	65.8	170	1,959.7
<b>Total</b>	<b>248</b>	<b>9,915.1</b>	<b>3</b>	<b>55.2</b>	<b>15</b>	<b>3,539.6</b>	<b>230</b>	<b>6,320.3</b>

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

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

the state's total personal income through 1980. Most of Louisiana's population and income, then, are concentrated into a rather small geographic area, the seven SMSA's which contain only 16 of the state's 64 parishes.

### Banking Laws

Louisiana is a limited branch banking state. Generally, the law prohibits branching outside the parish in which the bank's home office is located. Legislation, however, does provide that banks with \$100,000 or more in capital may open and maintain one branch office in any parish in which there is no state bank, savings bank, or trust company. At present, four banks control a total of 13 branches which are located outside the parishes in which the home offices of these banks are located. One of these banks controls eight branches in three parishes under grandfather provisions. One bank controls two branch offices in one adjacent parish, each, however located on a military installation.

There are no parishes in Louisiana which are not presently served by at least one state bank; therefore, banks in Louisiana may not branch outside of the parish in which their home office is located. Branching within the parish of domicile is limited only by the branching bank's capital and a positive showing of public benefits.

State legislation passed in 1968 specifically allows Louisiana banks to form one-bank holding companies but prohibits bank holding companies from owning or controlling more than one bank. The prohibition against multibank holding companies and the laws limiting branch banking to the home office parish have restricted the

geographic service area of banks to the parish level. These restrictions, combined with the heavy concentration of population and income in a few parishes (SMSA's), have resulted in a concentrated banking structure and banking resources that are concentrated geographically.

### Banking Structure

In most overall dimensions, Louisiana ranks fourth or fifth among the Southeastern states. It has 248 banks with total deposits of \$9.9 billion and 512 branch offices. The median bank in the state holds \$15.6 million in deposits, the second highest median of any state in the District.

A large number of the state's banks are relatively small; almost nine-tenths hold deposits of less than \$50 million, while less than one-tenth hold deposits of \$100 million or more. Only 11 banks are in the mid-size \$50- to \$100-million category.

In terms of deposit concentration, the 20 banks with deposits of \$100 million or more hold 55 percent of total deposits; the 217 banks holding deposits of less than \$50 million account for only 36 percent of the total. This indicates a concentrated banking industry, the largest banks controlling a disproportionately large share of total bank deposits.

The number of Louisiana banks increased by 44 from 1964 to 1974. The number of banking offices, however, swelled from 292 to 791. The state's rather slow population growth during this period, combined with the jump in number of banking offices, resulted in population per bank office decreasing by 60 percent. This decline was larger than the 50-percent decline posted for all Sixth District states. Income per banking office fell

TABLE 4  
Louisiana's 20 Largest Banking Organizations<sup>1</sup>

Rank	Name	Deposits (\$ million)	Banks	Offices	% State's			Cumulative % of State's Deposits
					Deposits	Banks	Offices	
1	Whitney Holding Corporation	838.1	1	14	8.45	.4	1.8	8.5
2	First Commerce Corporation	735.6	1	18	7.42	.4	2.4	15.9
3	Hibernia Corporation	485.5	1	13	4.90	.4	1.7	20.8
4	Commercial National Bank, Shreveport	314.9	1	8	3.18	.4	1.1	24.0
5	Louisiana National Bank of Baton Rouge	305.7	1	18	3.08	.4	2.4	27.0
6	First National Bank, Shreveport	304.4	1	11	3.07	.4	1.5	30.1
7	New Orleans Bancshares, Inc.	300.5	1	10	3.03	.4	1.3	33.1
8	Great American Corporation	282.8	1	11	2.85	.4	1.5	36.0
9	National American Bank of New Orleans	248.0	1	10	2.50	.4	1.3	38.5
10	William T. Burton Industries, Inc.	211.2	1	15	2.13	.4	2.0	40.6
11	Fidelity National Bank of Baton Rouge	190.5	1	9	1.92	.4	1.2	42.5
12	First National Bank of Jefferson	189.2	1	8	1.91	.4	1.1	44.4
13	The ICB Corporation	175.4	1	8	1.77	.4	1.1	46.2
14	City National Bank of Baton Rouge	152.8	1	10	1.54	.4	1.3	47.8
15	Ouachita National Bank, Monroe	151.7	1	7	1.53	.4	.9	49.3
16	Guaranty Bank and Trust Company, Alexandria	127.8	1	9	1.29	.4	1.2	50.6
17	Central Bank, Monroe	127.3	1	9	1.28	.4	1.2	51.9
18	Guaranty Bank and Trust Company, Lafayette	120.3	1	8	1.21	.4	1.1	53.1
19	Capital Bank and Trust Company, Baton Rouge	112.2	1	7	1.13	.4	.9	54.2
20	Louisiana Bank and Trust Company, Shreveport	108.1	1	9	1.09	.4	1.2	55.3

<sup>1</sup>Deposits and offices as of June 28, 1974.

slightly between 1964 and 1974, since total personal income increased slightly less than in proportion to the increased number of banking offices.

Only three bank mergers occurred in Louisiana from 1964 to 1974. Each involved relatively small banks. The largest bank involved in a merger during this period held approximately \$25 million in deposits; the merger resulted in an organization with less than \$50 million in deposits. The other two mergers created banks which held less than \$20 million in deposits.

By December 1974, 17 Louisiana bank holding companies had registered with the Federal Reserve. The oldest of these was established in 1931, and the most recent was established in 1974. One of the 17 owns a bank in Florida and has no banking subsidiary in Louisiana. Ten of the 16 holding companies with subsidiaries in Louisiana were formed after 1968.

The 16 registered bank holding companies with subsidiaries in Louisiana control 18 banks which, in aggregate, hold \$4.0 billion in deposits, representing approximately 40 percent of total deposits in the state. Only one holding company controls more than a single bank. This holding company, Expressway Insurance Agency, Inc., controls one bank which in turn controls 24.9 percent of the stock of two other banks. Louisiana does not recognize this organization as a multibank

holding company, even though it meets Federal standards for multibank holding company status. Each of the three banks controlled by this organization is located in a separate parish of the New Orleans SMSA.

All but four of Louisiana's 16 holding companies control banking subsidiaries which have home offices in SMSA parishes. Of the 18 banking subsidiaries controlled by those organizations, nine are located in the New Orleans SMSA, two in Baton Rouge, two in Lake Charles, and one in the Shreveport SMSA. Of the four banking subsidiaries of holding companies located in nonSMSA parishes, two are located in Terrebonne Parish and one each in Claiborne and Iberville Parishes.

Nine banking subsidiaries of holding companies control deposits of \$100 million or more. Five of the nine are in Orleans Parish of the New Orleans SMSA, two are in East Baton Rouge Parish of the Baton Rouge SMSA, and one is located in the Lake Charles SMSA. The remaining holding company subsidiary with \$100 million or more in deposits is located in Terrebonne Parish.

#### Geographic Distribution of Banking Resources

The geographic distribution of banking resources in Louisiana closely follows that of growth centers

TABLE 5

Banking in Louisiana's SMSA's<sup>1</sup>  
No.

Area	Deposits (\$ million)	% State's Deposits	Banks	Offices	Multibank Holding Companies	% Deposits Held by Multibank Companies
New Orleans	3,564.3	36.0	30	154	1	1.5
Baton Rouge	1,254.0	12.7	17	71	0	0
Shreveport	1,135.6	11.5	20	74	0	0
Lake Charles	372.8	3.8	5	35	0	0
Monroe	361.5	3.7	5	25	0	0
Alexandria	280.2	2.8	9	28	0	0
Lafayette	276.7	2.8	4	21	0	0
<b>Total</b>	<b>7,245.1</b>	<b>73.3</b>	<b>90</b>	<b>408</b>		

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

(SMSA's) in the state. All 20 of the state's largest banking organizations are located within one of the seven SMSA's. These seven SMSA's—New Orleans, Baton Rouge, Shreveport, Alexandria, Lafayette, Lake Charles, and Monroe—not only contain the largest banking organizations but also contain approximately 73 percent of total bank deposits. The New Orleans SMSA holds the most bank deposits, \$3.6 billion; Lafayette holds the least, \$277 million.

Two of the SMSA's, New Orleans and Baton Rouge, encompass a four-parish area; Shreveport covers three parishes; Alexandria, two parishes; and Lafayette, Lake Charles, and Monroe each are composed of a single parish.

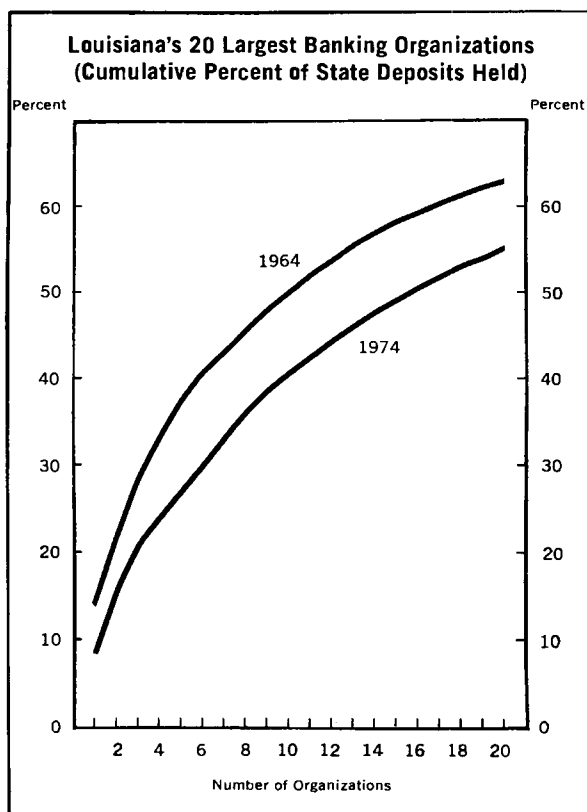
The largest SMSA's have less deposit concentration than the smaller ones. New Orleans, Baton Rouge, and Shreveport have a significantly larger number of banks than do the other four SMSA's, and the banking structure of each of these larger metropolitan areas tends to be less concentrated than the smaller SMSA's. The largest bank in each of the three largest SMSA's—New Orleans, Shreveport, and Baton Rouge—controls less than 28 percent of its respective SMSA's total deposits. The largest bank in each of the four smaller SMSA's controls in excess of 40 percent of deposits. In addition, the three larger SMSA's have few relatively large banks and many small banks, while the smaller SMSA's tend to have only a handful of small banks.

The concentrated nature of all of the SMSA banking markets is the result of state law, which limits branch banking to the parish level, and the geographic distribution of the state's economic growth, which has been centered in a few parishes. These two elements have combined to create relatively large banks with branches located entirely within a single parish. The largest bank in each SMSA generally provides banking services to only a single parish while controlling between

24 percent and 57 percent of that area's total deposits.<sup>1</sup>

NonSMSA parishes in Louisiana have not enjoyed the economic growth which characterizes the SMSA parishes. These parishes are generally served

<sup>1</sup>Calcasieu Marine National Bank in the Lake Charles SMSA is the only exception, controlling approximately 57 percent of the SMSA's deposits, but eight of its branches are located outside of its home office parish.



by a few small banks. The 48 nonSMSA parishes contain almost two-thirds of the banks in the state but only a quarter of total bank deposits. Approximately 80 percent of the nonSMSA parishes are served by four or fewer banks. Approximately half of the 48 are served by one or two banks. In addition, the vast majority of nonSMSA parishes are relatively unattractive for new bank charters. Only two of the 48 nonSMSA parishes recorded personal income per bank above the state average. Only four of these parishes showed income per banking office figures exceeding the state average, and 14 parishes showed population per banking office in excess of the state's average.

### Prospective Development

The majority of Louisiana's population and income is concentrated in a few SMSA parishes. The state's banking laws have restricted branch banking to the parish of domicile and have not allowed regional or statewide banking organizations. These two factors have been instrumental in creating a concentrated banking structure and a geographic concentration of banking resources in the SMSA parishes. Louisiana's concentrated banking structure is, therefore, somewhat different from that in most other Sixth District states. Most other states in the District allow some form of regional or statewide banking; thus, deposits may be concentrated in a few organizations, but these organizations serve a

large geographic area. In Louisiana, the larger organizations are constrained to a single parish, and their banking resources are available only in a limited geographic area.

Projections indicate that SMSA parishes will continue to account for the largest portion of Louisiana growth in population and income. Given the current banking laws, this situation is unlikely to result in any significant decrease in the geographic concentration of banking resources in the state. In addition, the projected geographic distribution of the state's population and income growth is also unlikely to lessen to any significant degree the high levels of concentration characteristic of the banking structure within the seven SMSA's. Therefore, the prohibition against statewide banking organizations may be expected to prolong the geographic concentration of the state's banking resources as well as the concentrated structure of banking within the SMSA's.

Multibank holding company legislation has been introduced in Louisiana. If enacted, the largest banks in the state would be the most likely potential lead banks for these organizations. As such, this type of legislation would tend to increase the concentrated structure of the state's banking industry. It would also, however, increase the geographic area served by these large organizations, thereby expanding the geographic availability of banking resources within the state. ■

## Bank Announcements

July 17, 1975

### SUN BANK OF SEMINOLE

*Altamonte Springs, Florida*

Opened for business. Officers: Faye C. Gaines, president; Nancy A. Crotty, vice president; Cesar E. Calvet, cashier; Larry J. Townsend, loan officer. Capital, \$500,000; surplus and other funds, \$500,000.

July 25, 1975

### JOHNSON COUNTY BANK

*Mountain City, Tennessee*

Opened for business. Officers: S. J. Ellis, executive vice president and cashier. Capital, \$400,000; surplus and other funds, \$600,000.

August 1, 1975

### CITIZENS BANK

*Thomasville, Alabama*

Opened for business. Officers: T. A. Branch, president; J. R. Hancock, cashier. Capital, \$400,000; surplus and other funds, \$400,000.

August 1, 1975

### JASPER COUNTY BANK

*Bay Springs, Mississippi*

Opened for business.

August 4, 1975

### SINGING RIVER BANK

*Moss Point, Mississippi*

Opened for business. Officers: J. B. Rouse, president; Charles Weaver, vice president. Capital, \$500,000; surplus and other funds, \$500,000.

August 15, 1975

### COFFEE COUNTY BANK

*Manchester, Tennessee*

Opened for business. Officers: Howard Vaden, Jr., president; Ewing J. Threet, president; Buster Bush, secretary. Capital, \$440,000; surplus and other funds, \$660,000.

August 18, 1975

### THE FIRST NATIONAL BANK OF CHATSWORTH

*Chatsworth, Georgia*

Opened for business as a member. Officers: James R. Gregory, chairman; Paul H. Ross, president; Andrew R. Becton, vice president and cashier. Capital, \$400,000; surplus and other funds, \$600,000.

August 29, 1975

### SOUTHERN NATIONAL BANK

*Birmingham, Alabama*

Opened for business as a member. Officers: Clyde N. Tate, president; James G. Lovell, Jr., vice president; William R. Weatherly, vice president; Charles R. Breedlove, cashier. Capital, \$1,600,000; surplus and other funds, \$2,400,000.

# Banking Structure in Mississippi

by Stuart G. Hoffman

Mississippi is one of three Southeastern states that do not currently allow the formation of multibank holding companies. Instead, Mississippi's banking laws permit branching within a 100-mile radius of a bank's headquarters. These statutes have fostered the growth of seven large (over \$100 million in deposits) banking systems, each operating branches in several counties in its own region of the state.<sup>1</sup> The areas within which these systems are legally permitted to branch do overlap, to a large extent; however, there is limited direct competition among these organizations. Statewide concentration of banking resources in Mississippi, as measured by the share of state deposits held by its twenty largest banks, is lowest among the Southeastern states. However, significant concentration of bank resources characterizes each of the state's major banking markets.

## Economic Characteristics

Mississippi is a slow-growing state, low in per capita personal income and more heavily dependent upon its agricultural sector than the nation as a whole. In 1970, Mississippi had twice as many workers per thousand employed in agricultural and related industries as the nation, compared to three times as many in 1960. During the Sixties, the mining, manufacturing, and service industries were important sources of employment for workers in Mississippi as the state diversified industrially.

From 1964 to 1974, Mississippi's population increased only one-third as rapidly as the nation's and less than one-fourth as rapidly as the Southeast's. This generally slow growth period was accompanied by significant population movement from rural areas to the state's metropolitan areas and surrounding counties. The west-central portion of the state and the Gulf Coast region, which contain the state's three SMSA's, grew the most rapidly. The north and south Delta region, north- and east-central Mississippi, and the southwestern

<sup>1</sup>Throughout the remainder of this article, these organizations will be referred to as Mississippi's seven large regional banking systems.



TABLE 1

## Summary of Mississippi Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
184	-4.7%	683	+140.5%	184	-4.7%
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
4,980.9	+195.0%	3.4	-56.9%	12.0	-1.6%

portion of the state actually lost population during this period. Projected state population growth through 1980 is significantly below the national average and indicates that the past regional growth pattern is likely to continue, with one exception. A new growth area is projected to develop in the north Delta region (particularly DeSoto County), which should benefit from rapid expansion of the Memphis, Tennessee, metropolitan area.

Mississippi's 1974 per capita personal income was the lowest of any state in the country, equal to 71 percent of the national average. This was up from only 60 percent of the national figure in 1964. Personal income projections to 1980 coupled with population projections suggest that the ratio of Mississippi's to national per capita income is likely to continue to improve but that the dollar differential should continue to widen.

### Banking Laws

Mississippi's current banking statutes define three types of banking facilities: parent bank, branch office (including off-premise, drive-in facilities), and branch bank. The parent bank is the home office facility of a banking organization incorporated under the state's laws; the county in which the parent bank is located is designated as that organization's home office county.

A parent bank may operate an unlimited number of branch offices or drive-in facilities, subject to certain restrictions. First, the branch office must be located in the same county as the home office of the parent bank or an adjacent county. Second, a parent bank is permitted to establish a branch office in its home city only if that city's population is over 10,000. Finally, no branch office may be established in a city of less than 3,500 if another parent or branch bank is already located there.

Parent banks are also permitted to establish a maximum of 15 branch banks within a radius of 100 "air" miles of the parent bank, except in a city whose population is less than 3,100 that

already has one or more banks in operation. Mississippi's banking law is silent about the legality of branch banks operating branch offices. At the present time, branch banks continue to establish and operate branch offices and, as yet, this situation has gone unchallenged in the Mississippi courts.

The state's banking statutes prohibit "... the organization, ownership, or operation of banks in groups or chains, or in systems or chain banking systems." Consequently, there are no multibank holding companies operating in Mississippi. However, there were five registered one-bank holding companies in the state as of December 1974, their five banking subsidiaries collectively holding 29 percent of total state deposits. These subsidiaries control a disproportionate share of state deposits because they include the three largest banks in the state.

### Banking Structure

As of June 28, 1974, Mississippi had 184 parent commercial banks, and 653 banking offices. These banks had assets of \$5.7 billion, deposits of \$5.0 billion, and total capital of \$0.4 billion. Mississippi

TABLE 2  
GEOGRAPHIC DISTRIBUTION  
OF MISSISSIPPI'S BANK OFFICES  
(as of June 1974)

No. Bank Offices in County	No. Counties
0	1
1 or 2	9
3 or 4	21
5 or 6	14
7 or 8	9
9 to 11	13
12 to 15	6
16 to 20	4
21 or more	5

**TABLE 3**  
**Mississippi Banks by Size and Deposit Distribution**  
**June 1974**

Deposit Size Class (\$ million)	No. Banks	% of State Total	Total Deposits (\$ million)	% of State Total
500+	2	1.1	1,255.6	25.2
250 - 500	0	0	0	0
100 - 250	5	2.7	696.8	14.0
75 - 100	1	0.6	78.4	1.6
50 - 75	6	3.3	346.1	6.9
25 - 50	28	15.2	1,040.5	20.9
0 - 25	142	77.1	1,563.5	31.4
<b>Total</b>	<b>184</b>	<b>100.0</b>	<b>4,980.9</b>	<b>100.0</b>

currently has the lowest total assets, deposits, and capital of any Southeastern state; however, its median bank has deposits of \$12.9 million, which is the third highest of the six Southeastern states.

From 1964 through 1974, the number of banking offices in Mississippi increased by approximately 140 percent. This rapid growth in banking offices, coupled with a low 3.7-percent increase in population, cut the state's population per banking office ratio by more than half.<sup>2</sup> The present figure of 3,400 is well below the national average population-bank office ratio of 4,900 and the Southeastern average of 5,100. Mississippi's banking offices seem to be well distributed throughout the state. Only one county had no banking office, whereas the mode of the distribution was three or four. Over 62 percent of Mississippi's counties were served by five or more banking offices. The current number and distribution of banking offices in Mississippi, coupled with the state's low projected population growth through 1980, suggest that there will be a limited number of areas attractive for *de novo* entry.

From 1964 to 1974, personal income in Mississippi increased almost as rapidly as bank offices. Thus, personal income per bank office changed very little during the decade. Over the same period, total bank deposits increased more rapidly than bank offices, resulting in a corresponding rise in deposits per banking office. Mississippi currently has the lowest total deposits, total personal income, and deposits and income per bank office of any Southeastern state.

In June 1974, three-fourths of the state's banks were in the less-than-\$25-million deposit category; yet they collectively held only one-third of total state deposits. In contrast, the state's seven banks

with over \$100 million in deposits controlled two-fifths of state deposits and one-quarter of state banking offices. Each of these seven organizations operates a system of branches confined to its particular region of the state. The two largest are Deposit Guaranty National Bank, Jackson, and First National Bank of Jackson, controlling approximately \$600 million in deposits each. This leaves a substantial deposit-size gap between them and the third largest organization, First Mississippi National Bank, Hattiesburg, which controls less than \$200 million in deposits.

Direct competition among the seven regional banking organizations is not extensive; this is due, in part, to the "100-mile radius" limitation which fostered a regional orientation in their past geographic expansion and to their common pattern of choosing branch locations where they will not have to compete with one another.

From 1964 through 1974, 25 new banks opened for business in Mississippi, while 40 banks were absorbed through mergers, resulting in a net decline of 15 banks. Two-thirds of the banks lost through mergers were acquired by the seven large regional banking systems. Bank of Mississippi acquired six banks, Deposit Guaranty National Bank and First National Bank of Jackson acquired five banks each, Bank of Clarksdale acquired four banks, First Mississippi National Bank acquired three banks, and Grenada Bank and Hancock Bank acquired one bank each. In every case, these mergers represented a market extension for the acquiring bank. In only two instances during the past ten years has any one of the seven large regional systems entered a market with a new branch bank.<sup>3</sup>

Concentration of banking resources in Mississippi, as measured by the share of state deposits

<sup>2</sup>The population per banking office ratio is a standard measure of the adequacy of convenient and readily accessible banking facilities.

<sup>3</sup>First Mississippi National Bank entered the City of Gautier in the Pascagoula-Moss Point Banking Market in 1971 and the City of Pearl in the Jackson Banking Market in 1974 through a *de novo* branch bank.

**TABLE 4**  
**Mississippi's 20 Largest Banking Organizations<sup>1</sup>**

Rank	Name	Deposits (\$ million)	Bank Offices	% State's		Cumulative % of State's Deposits
				Deposits	Offices	
1	Deposit Guaranty National Bank, Jackson	665.6	38	13.36	5.8	13.36
2	First National Bank of Jackson	589.9	28	11.84	4.3	25.20
3	First Mississippi National Bank, Hattiesburg	185.9	24	3.73	3.7	28.93
4	Grenada Bank, Grenada	160.2	20	3.22	3.1	32.15
5	Bank of Mississippi, Tupelo	158.7	25	3.19	3.8	35.34
6	Hancock Bank, Gulfport	149.4	13	3.00	2.0	38.34
7	Bank of Clarksdale	100.0	15	2.01	2.3	40.35
8	Peoples Bank & Trust Company, Tupelo	84.1	13	1.69	2.0	42.04
9	National Bank of Commerce of Mississippi, Starkville	83.6	9	1.68	1.4	43.72
10	Commercial National Bank & Trust Company, Laurel	64.0	5	1.28	0.8	45.00
11	Mississippi Bank & Trust Company, Jackson	61.9	8	1.24	1.2	46.24
12	Pascagoula-Moss Point Bank, Pascagoula	58.8	8	1.18	1.2	47.42
13	First National Bank of Vicksburg	54.8	5	1.10	0.8	48.52
14	Citizens National Bank of Meridian	53.4	8	1.07	1.2	49.59
15	Merchants National Bank of Vicksburg	53.2	3	1.07	0.5	50.66
16	First National Bank of Laurel	50.0	4	1.00	0.6	51.66
17	First Citizens National Bank, Tupelo	48.6	9	.98	1.4	52.64
18	Peoples Bank of Mississippi, N.A., Union	47.6	9	.96	1.4	53.60
19	Merchants and Farmers Bank, Meridian	45.9	6	.92	0.9	54.52
20	Merchants and Marine Bank, Pascagoula	43.6	6	.88	0.9	55.40

<sup>1</sup>The deposit and bank office figures are of June 28, 1974 but reflect all mergers in Mississippi consummated through December 31, 1974.

controlled by its ten largest banks, increased from 38 percent in June 1964 to 45 percent at mid-year 1974. Mississippi was the only Southeastern state that prohibits multibank holding companies to register an increase in concentration of bank resources, so defined, during this period. Still, the state's cumulative share figure of 45 percent is second lowest in the Southeast.

### Banking Structure of Major Banking Markets

Seven areas in Mississippi are identified as major banking markets based on the following three criteria: (1) a relatively large and growing population base, (2) a fairly large pool of deposits, and (3) numerous banking organizations and offices. These markets are likely to be the most attractive areas for expansion by the state's largest banking systems.

Mississippi's three SMSA's—Jackson<sup>4</sup>, Biloxi-Gulfport, and Pascagoula-Moss Point—are among those areas identified as major banking markets. Other counties<sup>5</sup> designated as major markets

include: Forrest, Lauderdale, Lee, and Washington. In June 1974, these seven markets collectively accounted for 45 percent of the state's deposits and contained one-third of its banking offices, including the parent banks of five of the seven regional banking systems.<sup>6</sup> Jackson is the largest major market in terms of population, income, deposits, and number of bank offices. Its deposits are almost four times those of the next largest, the Biloxi-Gulfport SMSA.

The combined market share of the two largest banks in each major market ranges from a low of 55 percent in Washington County to a high of 84 percent in Forrest County. These figures indicate significant banking resource concentration in each of the seven major banking markets.

Each of the two large Jackson banking systems is currently represented in only two of the state's major markets. Deposit Guaranty National Bank is the largest organization in Jackson and the second largest in Washington County; First National Bank of Jackson is the second largest organization

<sup>4</sup>The Jackson Banking Market encompasses Hinds, Rankin, and Madison Counties. The latter county is included in the market because of the close proximity of its banks to the downtown Jackson banks and because of the interstate highway directly linking the two areas.

<sup>5</sup>It is assumed that each county listed in the text is a reasonably accurate approximation of a banking market.

<sup>6</sup>Although Grenada Bank is headquartered in Grenada County, only three of its 22 offices are located there, and they account for less than one-fourth of the organization's total deposits. Bank of Clarksdale is headquartered in Coahoma County, where five of its 15 offices are located accounting for less than half of its total deposits.

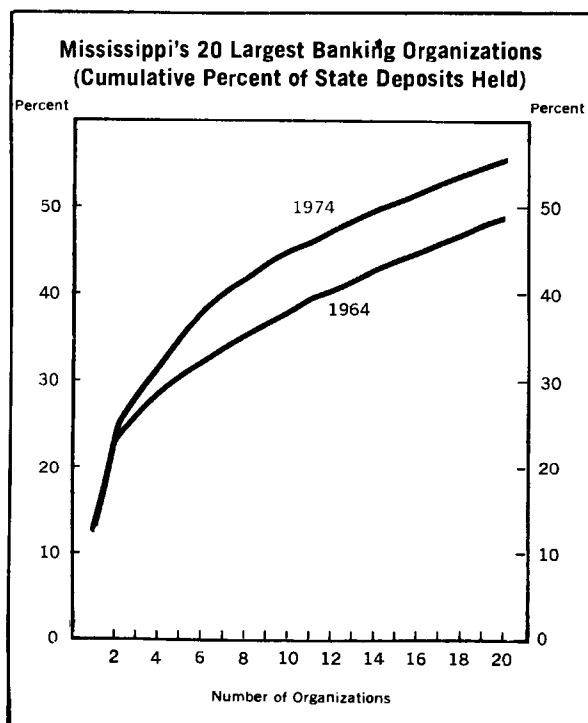
**TABLE 5**  
**Banking in Mississippi's Major Markets**

June 28, 1974

Major Banking Market	Deposits (\$ million)	% of State Deposits	No. Bank Organizations	No. Bank Offices
Jackson SMSA, plus Madison County	1,193.2	23.96	15	71
Biloxi-Gulfport SMSA	302.6	6.08	7	36
Washington County	153.3	3.08	6	22
Lauderdale County	148.7	2.99	4	25
Lee County	145.3	2.92	3	23
Pascagoula-Moss Point SMSA	136.0	2.73	5	20
Forrest County	135.8	2.73	3	17
<b>Total</b>	<b>2,214.9</b>	<b>44.49</b>	<b>43</b>	<b>214</b>

in the former market and the largest in the latter. First Mississippi National Bank, Hattiesburg, is the only large regional system represented in more than two of the major markets. It is the largest organization in Forrest County, its home office county, the second largest in the Biloxi-Gulfport SMSA, and the fourth largest in both the Pascagoula-Moss Point and Jackson banking markets. Hancock Bank and Bank of Mississippi are each the largest organization in its respective home office county, while Grenada Bank and Bank of Clarksdale are not represented in any major market.

The virtual absence of multiple representation in Mississippi's major banking markets by the state's large regional systems, in part due to the restrictions inherent in the state's current banking statutes, portends merger activity in these markets and acquisition activity in the event legislation allowing multibank holding companies were to be passed. With the exception of Lee County, each major banking market has several smaller banks that could serve as attractive entry points for the large regional systems not already represented there. Such activity would tend to decrease banking resource concentration in these markets. ■



# Banking Structure in Tennessee

by **B. Frank King**

Tennessee's banking structure, like Alabama's and Florida's, shows the distinct imprint of recent multibank holding company expansion. Yet such expansion has, so far, left more large banks out of multibank organizations than have holding company movements in the other two states and has not yet involved so large a proportion of the state's banks or deposits.

## **Economy and Banking Laws**

Tennessee's per capita personal income ranks third among the Southeastern states; it is 83 percent of national per capita income. Population growth from 1964 through 1974 was only slightly below that of the nation, while income growth was well above the national growth rate and second only to Florida in the Southeast. Manufacturing employment as a percentage of total employed is greater in Tennessee than in any of the other Southeastern states or in the nation as a whole.

Tennessee ranks second behind Florida among Southeastern states in percentage of population in metropolitan areas. Sixty-three percent of its people live in six standard metropolitan statistical areas (SMSA's). In the Southeast only Mississippi has fewer SMSA's. Thus, Tennessee's metropolitan areas have, on average, considerably larger populations than those in other Southeastern states. Banks in SMSA's hold 69 percent of deposits in the state and operate half of the state's bank offices.

The state's branching laws are similar to those of Georgia and Louisiana. Individual banks may have branches only within the counties in which their home office is located. Two banks are exempted from this stricture by a grandfather clause in state banking law; each has single branches in several counties but may open no new branches outside its home county.

Multibank holding companies may operate in Tennessee; however, they are

**TABLE 1**  
Summary of Tennessee Structure

No. Banks		No. Bank Offices		No. Organizations	
June 1974	Change 1964-1974	Dec. 1974	Change 1964-1974	June 1974	Change 1964-1974
330	14.2%	1,063	174.0%	279	-1.4%

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
11,572.3	165.6%	3.9	-59.8%	17.4	-6.5%

subject to certain restrictions under a new holding company law effective in early 1974. With certain exceptions, until 1980 these companies may not acquire banks that have been in operation for less than five years. (Excepted from this restriction are banks in Davidson, Hamilton, Knox, and Shelby Counties—the central counties of the Nashville, Chattanooga, Knoxville, and Memphis SMSA's, respectively.) This effectively precludes multibank companies from providing additional competitive alternatives in any but four counties where most multibank companies already operate. Multibank companies also may not acquire externally more than 16½ percent of what amounts to demand and savings deposits of individuals, partnerships, and corporations.

### Banking Structure

Tennessee ranks second or third among the Southeastern states in most overall banking measures. It has 330 banks with deposits of \$11.6 billion.<sup>1</sup> These banks operate 1,014 offices. In number of banks, the state ranks third to Florida and Georgia; in deposits, it ranks second to Florida; and in number of offices, it ranks second to Georgia.

As in the other Southeastern states, most parts of Tennessee have few banking alternatives. Of its 96 counties, 34 have one or two banks; 75 have four or fewer. Only two counties have 11 or more banks.

Population per bank office in Tennessee is the second lowest of all Southeastern states and lowest of the region's countywide branch banking states. From 1964 through 1974 Tennessee showed the sharpest fall in population per bank office and

**TABLE 2**  
GEOGRAPHIC DISTRIBUTION OF TENNESSEE'S BANKS  
(as of June 1974)

No. Banks in County	No. Counties
0	0
1 or 2	34
3 or 4	41
5 or 6	13
7 to 11	5
11 to 15	2
16 or more	0

the largest absolute and percentage increase in number of bank offices in the Southeast. Yet while bank offices increased by 675, the number of banks in the state grew by only 41; this is less, absolutely and proportionally, than in any other Southeastern state except Mississippi.

The rate of increase in Tennessee's number of bank offices from 1964 through 1974 was slightly greater than the rate of increase of personal income. Thus, income per bank office fell slightly. Over the same period, deposits per bank office remained constant.

Although the numbers of banks and bank offices rose from 1964 through 1974, the number of bank organizations declined by four. The formation and expansion of multibank holding companies were responsible for this phenomenon. In 1964 only one such company had its headquarters in the state. By 1974, eight such organizations headquartered in Tennessee held 59 subsidiaries with deposits of \$5.5 billion.<sup>2</sup>

<sup>1</sup>Unless otherwise noted, banking data are for June 28, 1974, and reflect holding company acquisitions consummated through May 31, 1975.

<sup>2</sup>Two Tennessee banks are owned by out-of-state multibank holding companies that may not acquire more banks in Tennessee. These are not included in our discussion of multibank companies and their subsidiaries.

TABLE 3

Tennessee Banks by Size and Holding Company Status<sup>1</sup>

Deposit Size Class (\$ million)	All Banks		Banks in Multibank Holding Companies		Other Banks	
	Number	Deposits (\$ million)	Number	Deposits (\$ million)	Number	Deposits (\$ million)
750 or more	4	3,438.8	3	2,575.2	1	863.6
500 - 750	1	747.6	1	747.6	0	0.0
250 - 500	4	1,400.5	2	748.2	2	652.3
100 - 250	5	700.8	0	0.0	5	700.8
75 - 100	3	268.0	2	173.5	1	94.5
50 - 75	12	714.1	4	243.8	8	420.0
25 - 50	49	1,723.4	18	626.2	31	1,097.2
0 - 25	252	2,579.3	29	413.9	223	2,165.4
<b>Total</b>	<b>330</b>	<b>11,572.7</b>	<b>59</b>	<b>5,528.4</b>	<b>271</b>	<b>6,044.1</b>

<sup>1</sup>Deposits as of June 28, 1974; acquisitions consummated and dispositions carried out through May 31, 1975.

Although multibank companies in Tennessee have grown rapidly, they have acquired a smaller proportion of the state's large and medium-sized banks than have multibank companies in Alabama and Florida. These multibank organizations hold four-fifths of the banks with deposits of over \$50 million; in Tennessee they hold only two-fifths. Multibank company subsidiaries with deposits of over \$50 million hold 90 percent of deposits of banks in that size class in Alabama, 84 percent in Florida, and 62 percent in Tennessee.

Three of Tennessee's nine banks with deposits of \$250 million or more are not yet in multibank companies with headquarters in the state; none of its five banks in the \$100- to \$250-million deposit size range are. In the \$50- to \$100-million deposit class, only one-third of the banks are multibank company subsidiaries.

Multibank holding companies hold about one-sixth of the state's banks with deposits of less than \$50 million. The 250 smaller banks that are not subsidiaries of multibank organizations have deposits of \$3.3 billion, almost 30 percent of total deposits in the state. Most of these banks are located outside metropolitan areas.

Tennessee's eight multibank holding companies hold 59 banks with deposits of \$5.5 billion, almost half the total state deposits. Most of their banks have been acquired since 1971. Prior to that, only one multibank company, with nine banks, existed in the state.

Tennessee's largest multibank company measured by deposits—First Tennessee National Corporation, Memphis—has 12 subsidiaries and \$1.2 billion in

deposits. Another multibank company—Hamilton Bancshares, Inc., Chattanooga—has 16 subsidiaries. Each of the five largest multibank companies has deposits of more than \$800 million and eight or more subsidiaries. These companies are among the six largest organizations in the state. Four of the five have at least one subsidiary in three of the four largest SMSA's in the state. In all, these five companies account for nine-tenths of the subsidiaries and the deposits of multibank companies headquartered in Tennessee.

The sixth largest multibank company in Tennessee is only about one-half the size of the fifth largest. It has recently disposed of two subsidiaries. The other two multibank companies are small; each has two banks that operate ten offices in two contiguous counties. One is in the Memphis area; the other, in the Knoxville area.

Tennessee's fifth and eighth largest banking organizations are one-bank holding companies. Its ninth and tenth largest are independent banks. Each has headquarters in an SMSA.

Like multibank companies in other Southeastern states, those in Tennessee have concentrated on the state's metropolitan areas in their quest for subsidiaries. However, at least one of the two largest and two of the four largest banks in each metropolitan area other than Nashville remain outside multibank companies. Multibank companies hold a majority of deposits in only two SMSA's. These organizations hold a smaller percentage of SMSA deposits than do multibank organizations in Alabama and Florida.

Deposits of the 91 banks which operate 520 offices in Tennessee's SMSA's are \$8.0 billion. Of

**TABLE 4**  
Tennessee's 20 Largest Banking Organizations<sup>1</sup>

Rank	Name	Deposits (\$ million)	Banks	Offices	% State's		Cumulative % of State's Deposits	
					Deposits	Banks		Offices
1	First Tennessee National Corporation	1,229.7	12	70	10.6	3.6	6.9	10.6
2	First AmTenn Corporation	1,027.3	8	48	8.9	2.4	4.7	19.5
3	Third National Corporation	989.6	8	47	8.6	2.4	4.6	28.1
4	Tennessee Valley Bancorp, Inc.	908.6	11	53	7.9	3.3	5.2	36.0
5	Union Planters Corporation	863.6	1	37	7.5	.3	3.7	43.5
6	Hamilton Bancshares, Inc.	809.3	16	67	7.0	4.8	6.6	50.5
7	United Tennessee Bancshares Corporation	424.1	3	33	3.7	.9	3.3	54.2
8	Ancorp Bancshares, Inc.	342.3	1	19	3.0	.3	1.9	57.2
9	Hamilton National Bank of Knoxville	310.0	1	16	2.7	.3	1.6	59.9
10	Park National Bank of Knoxville	227.6	1	9	2.0	.3	.9	61.9
11	First National Bank of Sullivan, Kingsport	136.1	1	11	1.2	.3	1.1	63.1
12	Memphis Trust Company	120.3	1	12	1.0	.3	1.2	64.1
13	Commercial and Industrial Bank, Memphis	115.7	1	13	1.0	.3	1.3	65.1
14	Pioneer Bank, Chattanooga	101.2	1	12	.9	.3	1.2	66.0
15	Valley Fidelity Bank and Trust, Knoxville	94.5	1	8	.8	.3	.8	66.8
16	Barrettsville Bank and Trust Company	74.5	2	10	.6	.6	1.0	67.4
17	Bank of Maryville	73.1	1	6	.6	.3	.6	68.0
18	First National Bank of Jackson	67.3	1	5	.6	.3	.5	68.6
19	Tennessee National Bancshares, Inc.	65.5	2	10	.6	.6	1.0	69.2
20	National Bank of Commerce of Jackson	60.6	1	5	.5	.3	.5	69.7

<sup>1</sup>Deposits are as of June 28, 1974; subsidiaries owned on May 31, 1975.

these banks, 25 with deposits of \$4.7 billion are subsidiaries of multibank companies. Multibank companies, thus, hold three-fifths of deposits in SMSA's as compared to one quarter in nonSMSA's.

Concentration of bank deposits on a statewide basis has been remarkably constant in Tennessee over the past decade, despite the diminution in the number of bank organizations and the consolidation of banks into multibank holding companies. In 1964 the three largest organizations held 31 percent of deposits in the state; in 1974 they held 28 percent. In 1964 the five and ten largest organizations held 44 and 61 percent of deposits in the state, respectively; in 1974 they held 43 and 62 percent, respectively. The twenty largest organizations held 70 percent in each year.

### Prospective Development

In the absence of changes in branching law, the number of banks in Tennessee is likely to continue to increase slowly even after multibank holding companies are allowed to open *de novo* banks in all counties in 1980. The already low population

and income per bank office indicate that the rate of growth in number of bank offices will probably be limited by the rate of growth of personal income in the state.

The existence of several large independent banks in the state's metropolitan areas leads one to expect some additional multibank company formations as well as attempts by existing companies to acquire such banks. Two recent acquisition attempts have involved larger banks in SMSA's. One was denied by the Board of Governors of the Federal Reserve System; the other was approved but has not yet been consummated. There are other attractive locations and banks, so that substantial further attempts to consolidate banks into multibank organizations can be expected. Since multibank companies must acquire existing (rather than *de novo*) banks in most areas, these further acquisitions must add to the concentration of the state's deposits in its largest organizations.

Further consolidation is likely to be slower than that of the past four years. Several larger banks and holding companies are retrenching in order



**TABLE 5**  
Banking in Tennessee's SMSA's<sup>1</sup>

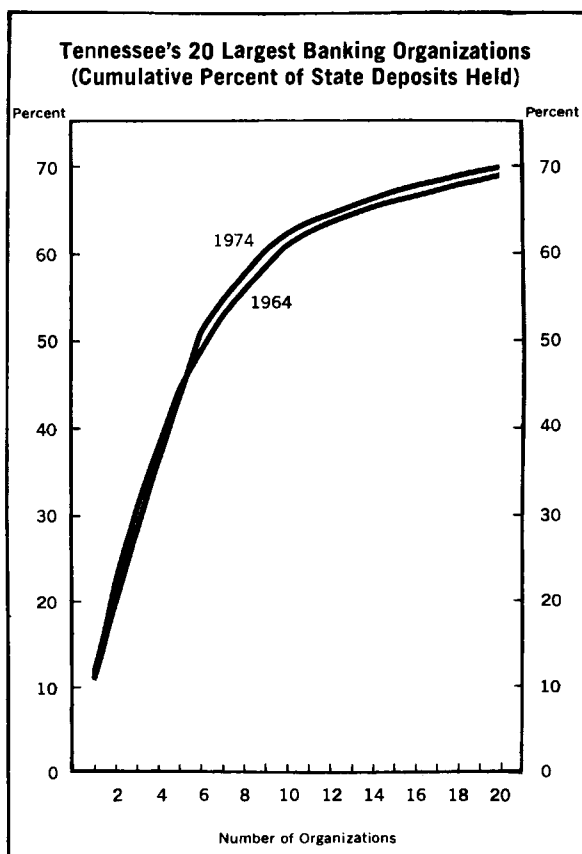
SMSA	Deposits (\$ million)	% State's Deposits	No.		% Deposits Held by Multibank Companies <sup>2</sup>
			Banks	Multibank Holding Companies	
Nashville-Davidson	2,979.0	25.7	39	6	85.5
Memphis <sup>3</sup>	2,544.3	22.0	17	6	53.0
Knoxville	1,099.6	9.5	16	4	23.1
Chattanooga <sup>3</sup>	985.7	8.5	10	2	46.4
Kingsport-Bristol <sup>3</sup>	270.3	2.3	6	1	12.1
Clarksville-Hopkinsville <sup>3</sup>	129.5	1.1	3	1	27.6

<sup>1</sup>Banks and deposits as of June 28, 1974; banks owned by holding companies as of May 31, 1975.

<sup>2</sup>Only companies with headquarters in Tennessee.

<sup>3</sup>Tennessee portion only.

to solve internal problems rather than attempting to buy new ones. One multibank company has disposed of two subsidiaries and announced its intention of disposing of a third. A large one-bank company which had approval to merge with a small two-bank company did not consummate that merger and has made no new applications. Other multibank companies have slowed or stopped their flow of acquisitions. Consequently, problems that exist mainly in the holding companies and larger potential lead banks are likely to slow consolidation for several years. ■



# 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	
<b>SIXTH DISTRICT</b>					Unemployment Rate (Percent of Work Force)***	Aug.	9.2	8.8	8.7	5.4
<b>INCOME AND SPENDING</b>					Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	40.0	38.9	39.3	40.7
Manufacturing Payrolls	Aug. 183.9	177.0	175.5	180.1	<b>FINANCE AND BANKING</b>					
Farm Cash Receipts	June 176	199	172	174	Member Bank Loans	Aug.	264	264	264	254
Crops	June 230	234	227	232	Member Bank Deposits	Aug.	225	224	221	206
Livestock	June 163	94	165	59	Bank Debits**	Aug.	282	291	287	267
Instalment Credit at Banks** (Mil. \$)					<b>FLORIDA</b>					
New Loans	Aug. 618	609r	665	624	<b>INCOME</b>					
Repayments	Aug. 619	646r	697	597	Manufacturing Payrolls	Aug.	186.5	187.3	184.0	193.5
<b>EMPLOYMENT AND PRODUCTION</b>					Farm Cash Receipts	June	179	125	212	202
Nonfarm Employment	Aug. 129.9	129.7	129.2	134.9	<b>EMPLOYMENT</b>					
Manufacturing	Aug. 109.4	108.1	108.2	118.9	Nonfarm Employment	Aug.	149.9	150.5	148.8	158.6
Nondurable Goods	Aug. 100.5	107.7	108.1	115.9	Manufacturing	Aug.	118.8	118.2	117.5	129.0
Food	Aug. 102.1	99.4	100.2	112.2	Nonmanufacturing	Aug.	155.9	156.7	154.8	164.3
Apparel	Aug. 107.4	104.6	105.2	114.1	Construction	Aug.	133.2	135.4	141.8	200.0
Paper	Aug. 105.2	104.6	103.2	115.2	Farm Employment	Sept.	100.1	99.7	107.8	93.5
Printing and Publishing	Aug. 122.8	122.4	122.8	131.3	Unemployment Rate					
Chemicals	Aug. 107.3	106.4	106.1	112.7	(Percent of Work Force)***	Aug.	11.9	10.4	10.5	6.3
Durable Goods	Aug. 109.9	108.5	108.3	122.6	Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	39.4	39.7	39.6	40.2
Lbr., Wood Prods., Furn. & Fix.	Aug. 97.5	96.2	94.8	109.9	<b>FINANCE AND BANKING</b>					
Stone, Clay, and Glass	Aug. 115.2	114.9	114.9	130.5	Member Bank Loans	Aug.	286	286	288	316
Primary Metals	Aug. 101.6	100.6	100.8	115.9	Member Bank Deposits	Aug.	249	247	244	248
Fabricated Metals	Aug. 119.8	118.9	117.7	132.1	Bank Debits**	Aug.	318	315	314	330
Machinery	Aug. 143.8	142.4	146.0	163.1	<b>GEORGIA</b>					
Transportation Equipment	Aug. 103.7	101.7	98.7	108.5	<b>INCOME</b>					
Nonmanufacturing	Aug. 137.1	137.3	136.6	140.5	Manufacturing Payrolls	Aug.	169.0	160.7	159.7	169.1
Construction	Aug. 119.6	119.9	122.7	148.5	Farm Cash Receipts	June	178	197	188	153
Transportation	Aug. 121.6	122.1	122.2	125.6	<b>EMPLOYMENT</b>					
Trade	Aug. 135.1	135.0	134.9	139.9	Nonfarm Employment	Aug.	123.8	122.9	124.1	129.6
Fin., ins., and real est.	Aug. 149.3	149.4	149.7	154.2	Manufacturing	Aug.	100.8	99.2	100.0	110.6
Services	Aug. 155.0	154.4	154.7	154.9	Nonmanufacturing	Aug.	134.3	133.8	135.2	138.3
Federal Government	Aug. 106.2	106.1	104.7	104.7	Construction	Aug.	114.9	113.4	116.9	140.5
State and Local Government	Aug. 147.1	147.5	142.7	140.6	Farm Employment	Sept.	102.3	112.3	109.3	97.1
Farm Employment	Sept. 90.5	91.7	95.6	83.1	Unemployment Rate					
Unemployment Rate					(Percent of Work Force):	Aug.	9.2	9.0	8.8	5.0
(Percent of Cov. Emp.)	Aug. 5.1	5.6	6.6	2.3	Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	40.0	39.8	39.3	39.8
Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug. 40.0	39.5	39.4	40.1	<b>FINANCE AND BANKING</b>					
Construction Contracts*	Aug. 150	198	216	198	Member Bank Loans	Aug.	244	241	239	270
Residential	Aug. 125	151	137	162	Member Bank Deposits	Aug.	192	191	193	188
All other	Aug. 175	245	296	232	Bank Debits**	Aug.	354	359r	364	344
Cotton Consumption**	July 73.5	64.4	61.4	76.5	<b>LOUISIANA</b>					
Manufacturing Production	July 142.6	141.5	141.5	151.9	<b>INCOME</b>					
Nondurable Goods	July 144.2	142.7	142.9	151.5	Manufacturing Payrolls	Aug.	173.1	166.4	165.7	158.8
Food	July 127.7	130.7	134.2	135.3	Farm Cash Receipts	June	165	324	131	154
Textiles	July 141.1	137.0	138.7	150.6	<b>EMPLOYMENT</b>					
Apparel	July 124.9	124.2	119.9	135.6	Nonfarm Employment	Aug.	117.3	117.3	117.5	117.2
Paper	July 134.5	130.9	131.1	139.0	Manufacturing	Aug.	103.8	103.5	104.0	104.0
Printing and Publishing	July 127.7	127.5	125.9	136.0	Nonmanufacturing	Aug.	120.2	120.2	120.4	119.9
Chemicals	July 160.2	158.3	157.6	167.7	Construction	Aug.	96.6	95.5	97.4	98.2
Durable Goods	July 139.9	139.6	139.5	152.6	Farm Employment	Sept.	71.4	75.4	80.9	87.7
Lumber and Wood	July 143.6	141.3	140.7	156.6	Unemployment Rate					
Furniture and Fixtures	July 127.7	122.9	120.7	159.4	(Percent of Work Force)***	Aug.	9.0	8.3	8.2	6.9
Stone, Clay, and Glass	July 140.1	141.1	139.3	160.5	Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	39.7	38.5	38.3	40.3
Primary Metals	July 100.5	98.7	99.1	108.9	<b>FINANCE AND BANKING</b>					
Fabricated Metals	July 111.3	111.6	111.6	123.5	Member Bank Loans*	Aug.	244	241	246	252
Nonelectrical Machinery	July 147.7	148.7	148.7	152.6	Member Bank Deposits*	Aug.	205	205	205	189
Electrical Machinery	July 226.6	235.5	241.1	256.6	Bank Debits**	Aug.	279	263	271	248
Transportation Equipment	July 133.6	129.2	126.9	134.4	<b>MISSISSIPPI</b>					
<b>FINANCE AND BANKING</b>					<b>INCOME</b>					
Loans*					Manufacturing Payrolls	Aug.	210.7	208.8	202.8	201.1
All Member Banks	Aug. 264	263	264	279	Farm Cash Receipts	June	189	293	173	186
Large Banks	Aug. 242	241	241	264	<b>EMPLOYMENT</b>					
Deposits*					Nonfarm Employment	Aug.	127.2	126.1	125.2	131.5
All Member Banks	Aug. 223	222	220	214	Manufacturing	Aug.	122.8	120.2	119.3	133.5
Large Banks	Aug. 194	191	192	187	Nonmanufacturing	Aug.	129.2	128.7	128.0	130.5
Bank Debits**	Aug. 307	306	306	304	Construction	Aug.	100.6	101.0	109.4	139.5
<b>ALABAMA</b>					Farm Employment	Sept.	67.8	64.9	75.8	76.3
<b>INCOME</b>					<b>MISSISSIPPI</b>					
Manufacturing Payrolls	Aug. 190.3	180.4	179.6	191.7	<b>INCOME</b>					
Farm Cash Receipts	June 226	311	193	207	Manufacturing Payrolls	Aug.	210.7	208.8	202.8	201.1
<b>EMPLOYMENT</b>					Farm Cash Receipts	June	189	293	173	186
Nonfarm Employment	Aug. 121.6	120.9	119.0	123.8	<b>EMPLOYMENT</b>					
Manufacturing	Aug. 109.9	107.4	107.4	119.3	Nonfarm Employment	Aug.	127.2	126.1	125.2	131.5
Nonmanufacturing	Aug. 126.9	127.1	124.3	125.8	Manufacturing	Aug.	122.8	120.2	119.3	133.5
Construction	Aug. 130.4	129.8	128.8	138.9	Nonmanufacturing	Aug.	129.2	128.7	128.0	130.5
Farm Employment	Sept. 110.1	119.9	118.9	98.2	Construction	Aug.	100.6	101.0	109.4	139.5

		Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
Unemployment Rate (Percent of Work Force)**	Aug.	8.2	8.6	8.1	4.1
Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	39.8	39.9	39.3	39.6
<b>FINANCE AND BANKING</b>					
Member Bank Loans*	Aug.	261	261	260	264
Member Bank Deposits*	Aug.	226	225	219	218
Bank Debits**	Aug.	267	280	266	262

**TENNESSEE**

**INCOME**

		Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
Manufacturing Payrolls	Aug.	183.9	177.4	177.5	183.4
Farm Cash Receipts	June	181	59	158	204

**EMPLOYMENT**

		Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
Nonfarm Employment	Aug.	125.2	125.2	125.2	130.3
Manufacturing	Aug.	108.7	107.8	108.2	120.3
Nonmanufacturing	Aug.	134.5	134.9	134.7	135.9
Construction	Aug.	130.3	131.2	127.1	134.9
Farm Employment	Sept.	101.3	97.1	96.7	93.4
Unemployment Rate (Percent of Work Force)*	Aug.	9.3	8.5	8.5	5.0
Avg. Weekly Hrs. in Mfg. (Hrs.)	Aug.	40.7	39.9	40.0	40.2

**FINANCE AND BANKING**

		Latest Month 1975	One Month Ago	Two Months Ago	One Year Ago
Member Bank Loans*	Aug.	272	272	271	272
Member Bank Deposits*	Aug.	218	219	218	203
Bank Debits**	Aug.	267	262	257	290

\*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.

Technical Note: The use of multiplicative seasonal factors to adjust for seasonal influences causes a distortion of the unemployment numbers for August 1975. Because the adjustment is based on the number of unemployed, when unemployment is high the factors overstate seasonal influences. In August, this adjustment results in a seasonally adjusted unemployment rate higher than would be the case if the true seasonal pattern alone were removed.

# Debits to Demand Deposit Accounts

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

	Percent Change					Year to date 8 mos. 1975	Aug. 1975 from 1974	Percent Change					Year to date 8 mos. 1975	
	August 1975	July 1975	August 1974	July 1975	Aug. 1975 from 1974			August 1975	July 1975	August 1974	July 1975	Aug. 1975 from 1974		
<b>STANDARD METROPOLITAN STATISTICAL AREAS<sup>1</sup></b>														
Birmingham	4,650,630	5,170,596	4,780,326	-10	-3	+14		Dothan	214,832	205,865	199,746	+4	+8	-4
Gadsden	111,127	124,053	110,038	-10	+1	+2		Selma	83,184	93,164	81,950	-11	+2	-2
Huntsville	381,442	406,739	405,553	-6	-6	+9		Bradenton	179,107	210,719	211,788	-15	-15	-3
Mobile	1,375,618	1,512,023	1,276,185	-9	+8	+18		Monroe County	79,392	114,352	92,236	-31	-14	+3
Montgomery	811,103	918,624	723,791	-12	+12	+19		Ocala	189,228	220,404	193,013	-14	-2	+9
Tuscaloosa	275,700	293,111	246,162	-6	+12	+10		St. Augustine	44,033	45,720	57,224	-4	-23	-21
								St. Petersburg	1,023,950	1,057,230	940,139	-3	+9	-3
								Tampa	2,304,020	2,388,692	2,027,773	-4	+14	+12
								Athens	161,578	178,611	169,052	-10	-4	+1
Bartow-Lakeland-								Brunswick	123,705	131,546	89,272	-6	+39	+21
Winter Haven	819,986	952,991	811,934	-14	+1	+6		Dalton	178,518	168,756	185,381	+6	-4	-11
Daytona Beach	410,238	511,109	464,607	-20	-12	+7		Elberton	30,070	30,934	23,890	-3	+26	+16
Ft. Lauderdale-								Gainesville	175,654	191,853	175,028	-8	+0	+9
Hollywood	1,718,094	1,964,912	2,078,725	-13	-17	-6		Griffin	68,906	80,671	88,045	-15	-22	-13
Ft. Myers	350,047	406,875	372,086	-14	-6	+8		LaGrange	38,627	39,194	43,260	-1	-11	-16
Gainesville	240,730	250,956	286,812	-4	-16	-3		Newnan	46,432	48,591r	53,938	-4	-14	-15r
Jacksonville	4,683,920	5,041,127	4,987,018	-7	-6	-1r		Rome	175,809	182,420	151,473	-4	+16	+7
Melbourne								Valdosta	114,763	125,187	117,583	-8	-2	+5
Titusville-Cocoa	388,511	423,534	427,928	-8	-9	-2		Abbeville	18,143	18,421	16,367	-2	+11	+9
Miami	6,863,257	7,785,764	7,607,661	-12	-10	-3		Bunkie	15,939	16,352	14,750	-3	+8	+21
Orlando	1,562,267	1,768,463	1,606,996	-12	-3	+2		Hammond	114,399	108,450	94,489	+5	+21	+25
Pensacola	511,494	555,938	553,363	-8	-8	+8		New Iberia	78,208	93,660	72,912	-16	+7	+27
Sarasota	472,517	542,581	565,091	-13	-16	+3		Plaquemine	27,185	33,105	25,977	-18	+5	+18
Tallahassee	1,016,175	1,072,849	930,696	-5	+9	+10		Thibodaux	61,361	67,773	41,511	-9	+48	+64
Tampa-St. Pete	4,258,811	4,527,062	3,921,328	-6	+9	+3		Hattiesburg	150,536	174,348	146,079	-14	+3	+11
W. Palm Beach	1,003,868	1,238,881	1,180,645	-19	-15	-7		Laurel	84,495	89,255	80,661	-5	+5	+2
								Meridian	127,313	143,791	135,255	-11	-6	+2
								Natchez	56,064	57,762	62,631	-3	-10	-2
Albany	184,743	203,450	193,295	-9	-4	-4r		Pascagoula-						
Atlanta	19,988,137	22,143,628	18,417,971	-10	+9	+8		Moss Point	182,045	168,819	159,113	+8	+14	+7
Augusta	572,449	655,544	648,654	-13	-12	+2		Vicksburg	74,671	86,458	86,011	-14	-13	-10
Columbus	478,190	527,033	485,011	-9	-1	+0		Yazoo City	37,378	58,638	44,888	-36	-17	-7
Macon	868,215	875,730	855,937	-1	+1	+7		Bristol	127,747	157,195	146,840	-19	-13	+4
Savannah	1,003,360	1,087,007	670,866	-8	+50	+63		Johnson City	173,946	191,599	153,980	-9	+13	+2
								Kingsport	314,725	338,001	320,580	-7	-2	+8
Alexandria	315,029	350,428	291,563	-10	+8	+11		DISTRICT TOTAL	88,886,530	97,824,664r	90,241,774	-9	-2	+5
Baton Rouge	1,909,241	2,092,284	1,890,973	-9	+1	+19		Alabama	10,821,582	11,920,463	10,408,698	-9	+4	+14
Lafayette	396,936	424,233	333,414	-6	+19	+30		Florida	26,319,833	29,412,752	28,291,301	-11	-7	-0
Lake Charles	240,792	322,552	270,508	-25	-11	+9		Georgia	27,058,839	29,911,179r	26,717,786	-10	+1	+7
New Orleans	5,990,043	6,076,185	5,167,248	-1	+16	+12		Louisiana <sup>2</sup>	10,511,715	11,058,167	9,589,479	-5	+10	+15
								Mississippi <sup>2</sup>	3,710,758	4,030,631	3,715,633	-8	-0	+4
Biloxi-Gulfport	281,550	327,324	277,549	-14	+1	+14		Tennessee <sup>2</sup>	10,463,803	11,491,472	11,518,877	-9	-9	+2
Jackson	1,847,085	1,970,327	1,860,830	-6	+1	+2								
Chattanooga	1,286,858	1,389,649	1,321,984	-7	-3	-8								
Knoxville	1,529,949	1,622,208	2,123,910	-6	-28	-16								
Nashville	4,390,548	4,684,317	4,428,973	-6	-1	+11								
<b>OTHER CENTERS</b>														
Aniston	127,541	140,945	124,377	-10	+3	+7								

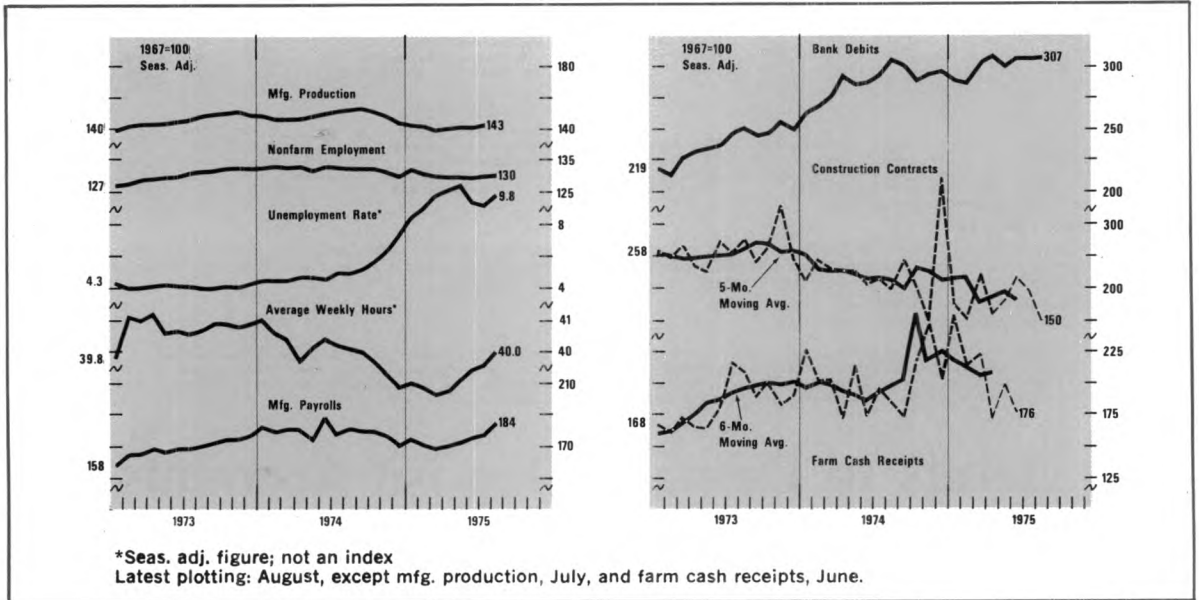
<sup>1</sup>Conforms to SMSA definitions as of December 31, 1972.

<sup>2</sup>Distorted 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 Southeast's economic recovery continued, but some weaknesses lingered. Business borrowing advanced at the larger banks. Impressive gains were registered in employment and manufacturing payrolls, but rising prices eroded much of the increase in consumer incomes. Prospective net farm income was squeezed by rising costs, and construction activity lagged.

Both employment and unemployment rose in August. Manufacturing industries showed hefty job gains which were shared about equally by the durable and nondurable sectors. District manufacturing payrolls leapt upward, outstripping the nation's record increase in percentage terms and rising above the year-earlier level for the first time in 1975. The average factory workweek posted its strongest advance in a six-month series of gains. Nonmanufacturing employment was off a bit, though the service sector picked up and construction losses slowed.

Incomes of manufacturing employees rose in August for the fifth successive month; however, income gains in the first half fell short of price increases. New auto registrations eased in July after surging in June. Continued weakening in auto sales in August is suggested by bank instalment lending for automobile purchases, which declined for the first time since March. Department store sales in July increased very little, although a marked rise in nonauto consumer goods instalment borrowing during August may presage stronger retail sales.

Prices received by farmers held steady in August, but prices paid rose, placing a tighter squeeze on present and prospective net farm income. Preliminary data for September show price declines

for grains and soybean crops, but livestock prices have increased from August levels. However, feeder calf prices remain below year-ago levels and almost two-thirds under the September 1973 level. The prolonged depression in the cattle industry is threatening the economic survival of some cattle producers. Agricultural loan volume continued to increase; some interest rates have risen.

According to preliminary data, commercial and industrial firms are stepping up their use of bank lines of credit. Since midsummer, business loans have posted small gains. By the end of September, most of the larger banks had raised their prime lending rate to 8 percent. Passbook savings account gains appear weaker; other consumer time deposits rose in August. Banks continued to take on large amounts of new Treasury debt, while reducing their holdings of other securities.

The value of construction contracts was down sharply in August, with both residential and non-residential sectors weak. Nonresidential contracts declined to their lowest level of the year. Pervasive declines brought the value of residential contracts down after six straight months of gains. Declines in deposit inflows at nonbank thrift institutions in mid-August persisted through September, accompanied by rising mortgage rates.

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