

Section 3: Geography of MDIs

Overview

Minority depository institutions are geographically clustered in several of the most populous states, and many of their branch offices are concentrated in and around large metropolitan areas.¹⁶ MDIs generally hold a relatively small share of the local deposit market in their densely populated metropolitan locations. But a few large counties, including Los Angeles and Miami-Dade, have a significant share of total bank deposits held by MDIs. MDIs also hold a sizable share of deposits in some micropolitan areas and rural counties, although their overall presence in nonmetro areas is small. The concentration of MDI offices in a limited number of metropolitan areas is partly because most MDIs are headquartered in metropolitan areas and operate a relatively small number of banking offices spread across three or fewer counties. Unlike MDIs, non-MDI community banks are dispersed throughout all U.S. states and territories and only half are in metropolitan areas.

The Geography of MDIs

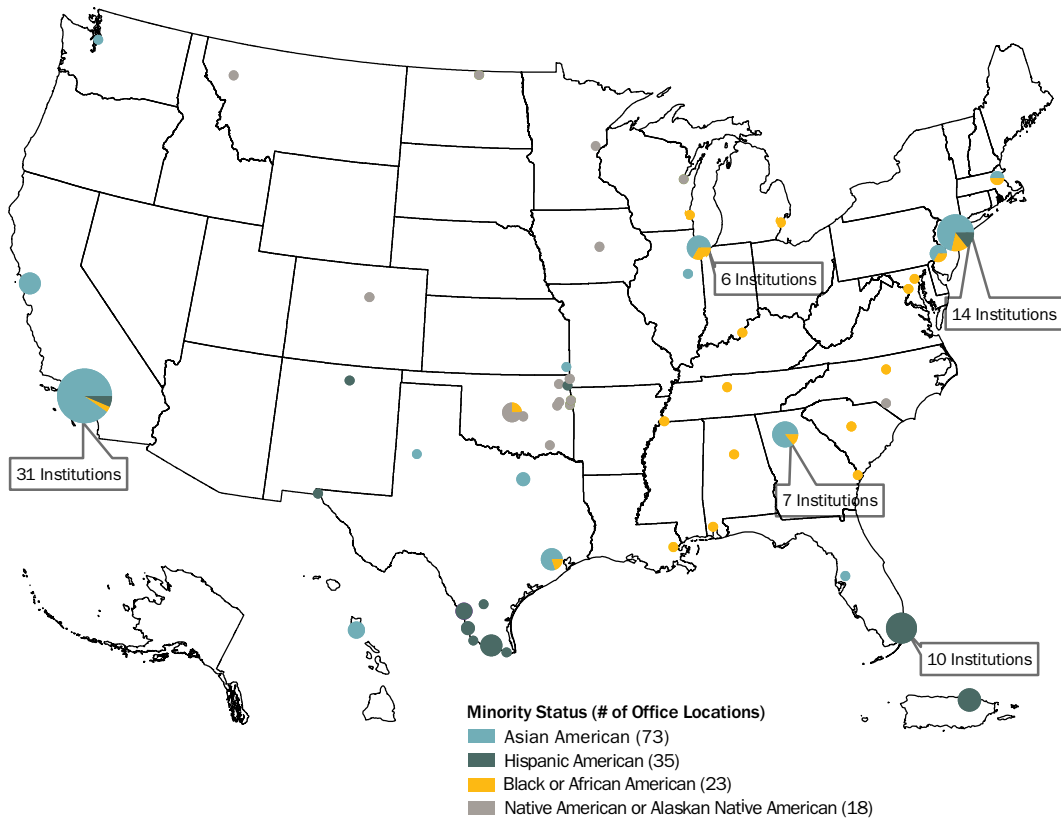
The 149 MDI headquarters are mostly in a relatively small number of densely populated metropolitan areas. However, these institutions maintain more

than 1,500 offices that are somewhat more widely distributed. This section describes the geographic characteristics of MDI headquarters and office locations, examines their market share, and briefly describes the geographic characteristics of FDIC-insured non-MDI community banks.

Map 3.1 on page 24 highlights several regional concentrations of MDI headquarters locations according to their minority status. The headquarters of MDIs are shown as pie charts, with the size of the pie increasing with the number of MDIs headquartered in each city and the slices of the pie indicating the breakdown of those institutions by minority status. For metropolitan and nonmetropolitan areas with few MDIs, each headquarters location is shown as a smaller circle. This depiction of MDI headquarters shows clusters of Hispanic American MDIs in Puerto Rico, Florida, and Texas. African American MDIs are clustered in the eastern and southern regions of the United States, while Native American MDIs are predominantly located in Oklahoma and the northern plains. By contrast, Asian American MDIs are dispersed throughout the West, the Midwest, the South, and the Mid-Atlantic regions of the country.

¹⁶The Office of Management and Budget delineates metropolitan and micropolitan statistical areas. A revised delineation was issued on September 14, 2018. See <https://www.whitehouse.gov/wp-content/uploads/2018/09/Bulletin-18-04.pdf>. Metropolitan Statistical Areas (MSAs, or metro or metropolitan areas) have at least one urbanized area of 50,000 or more people, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Micropolitan Statistical Areas (micro or micropolitan areas) have at least one urban cluster of at least 10,000 but less than 50,000 people, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. For purposes of this study, places not defined as either metro or micro are considered rural. However, both metro and micro areas may contain rural parts.

Map 3.1
MDI Headquarters Tend to Cluster According to Minority Status
 Locations of MDI Headquarters by Minority Status



Source: FDIC

Headquarters

More than half of all MDIs at year-end 2018 were headquartered in the four most populous U.S. states: California, Texas, New York, and Florida. By far, California has the largest number of MDIs, with 36 MDIs headquartered in the state. This represents nearly one-fourth of all MDI charters (see Table 3.1,

page 25). California also has the largest number of MDI offices, with 349, or nearly one-quarter of all U.S. MDI offices. Texas has 22 MDIs operating 306 banking offices. While Puerto Rico has only five MDIs, it has 301 MDI banking offices, representing 20 percent of all U.S. MDI offices at year-end 2018.

Table 3.1

Top MDI Headquarters Locations by State

State	Number of Charters	Percent of Charters	Number of Offices	Percent of Offices
California	36	24%	349	23%
Texas	22	15%	306	20%
Oklahoma	12	8%	38	2%
Florida	11	7%	84	6%
New York	11	7%	117	8%
Georgia	8	5%	38	2%
Illinois	7	5%	40	3%
Puerto Rico	5	3%	301	20%
Guam*	3	2%	18	1%
Hawaii*	3	2%	30	2%
New Jersey*	3	2%	30	2%
Pennsylvania*	3	2%	8	1%
Alabama**	2	1%	10	1%
Massachusetts**	2	1%	13	1%
North Carolina**	2	1%	22	1%
Tennessee**	2	1%	4	0.3%
Wisconsin**	2	1%	3	0.2%
Other States	15	10%	113	7%
Total	149	100%	1,524	100%

Source: FDIC

Note: Headquarters are as of December 31, 2018. Offices are as of June 30, 2018, as reported in the 2018 Summary of Deposits. Offices include those physically located in each state, as opposed to the number of MDI offices operated by the MDIs headquartered in each state.

*States tied for the ninth-largest number of charters located in the state.

**States tied for the tenth-largest number of charters located in the state.

MDI headquarters are concentrated in metropolitan areas; some 85 percent of MDI headquarters offices are located in one of the nation's 392 MSAs. Just 10 cities have 62 percent of all MDI headquarters. There are 31 MDIs headquartered in greater Los Angeles, 14 are headquartered in New York, 10 are headquartered in Miami, and seven

are headquartered in Atlanta. Another 34 MDIs are headquartered in 26 other MSAs (see Table 3.2, page 26). The remaining 15 percent of MDI headquarters offices are located in 19 nonmetropolitan areas. Just over half (52 percent) of these nonmetro institutions are Native American MDIs.

Table 3.2

Top 10 MDI Headquarters Locations by Metro Area

Metro Area	Number of Charters	Percent of Charters	Number of Offices	Percent of Offices
Los Angeles-Long Beach-Anaheim, CA	31	21%	260	17%
New York-Newark-Jersey City, NY-NJ-PA	14	9%	147	10%
Miami-Fort Lauderdale-West Palm Beach, FL	10	7%	82	5%
Atlanta-Sandy Springs-Roswell, GA	7	5%	34	2%
Chicago-Naperville-Elgin, IL-IN-WI	6	4%	38	2%
Houston-The Woodlands-Sugar Land, TX	5	3%	51	3%
McAllen-Edinburg-Mission, TX	5	3%	67	4%
San Francisco-Oakland-Hayward, CA	5	3%	53	3%
San Juan-Carolina-Caguas, PR	5	3%	211	14%
Oklahoma City, OK	4	3%	10	1%
Top 10 Metro Areas	92	62%	953	63%
Other Metro Areas (59)	34	23%	410	27%
Nonmetro Areas (69)	23	15%	161	11%
Total	149	100%	1,524	100%

Source: FDIC

Note: Headquarters are as of December 31, 2018. Offices are as of June 30, 2018, as reported in the 2018 Summary of Deposits. Percentages may not total to 100 due to rounding.

Branch Offices

Like MDI headquarters locations, MDI branch offices are concentrated in clusters (see Map 3.2, page 27). Among the 1,524 offices maintained by MDIs as of

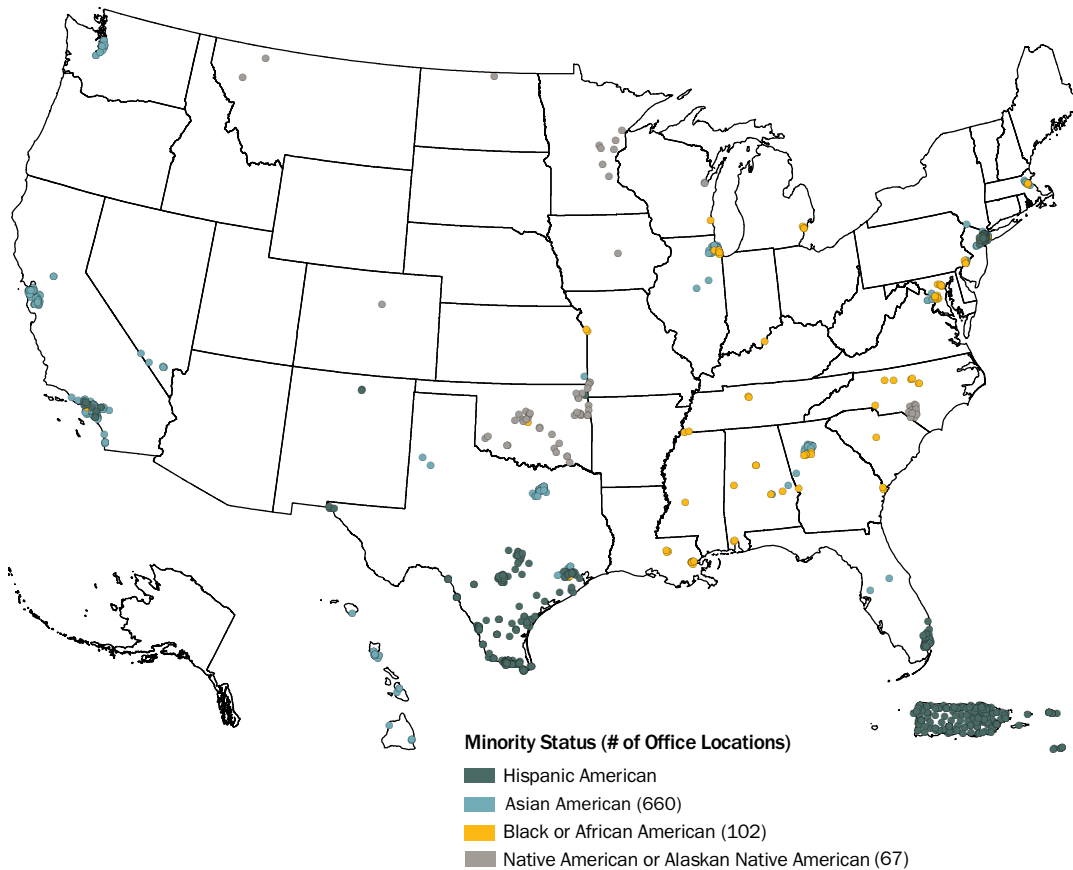
June 30, 2018, 63 percent were in the top 10 metro areas shown in Table 3.2; an additional 27 percent were in 59 other metro areas; and 161 branch offices, or 11 percent, were in 69 nonmetro areas.¹⁷

¹⁷Branch office location information is taken from the FDIC Summary of Deposits survey that is published annually as of June 30.

Map 3.2

MDI Branch Locations Tend to Cluster Geographically According to Minority Status

MDI Branch Locations



Source: FDIC Summary of Deposits as of June 30, 2018

Due to the comparatively small geographic footprint of most MDIs, their headquarters and office locations are distributed in a similar manner across the country. Like community banks, most MDIs establish branch offices near their headquarters. More than 70 percent of MDIs have offices in three or fewer counties, while 79 percent of community bank offices are in three or fewer counties (see Chart 3.1, page 28).

Except for Hispanic American MDIs, most MDIs maintain relatively few branch offices. On average, Asian American, African American, and Native American MDIs operated nine or fewer offices each (see Chart 3.2, page 28). By contrast, Hispanic American MDIs tend to operate larger branch networks. Hispanic

American MDIs operate 695 offices for an average of 20 offices per institution — more than twice as many as any other group. These offices are located primarily in Florida, New York, Puerto Rico, and Texas. However, this average is heavily influenced by the 301 MDI banking offices in Puerto Rico. Not including Puerto Rico MDI offices, Hispanic American MDIs still have an average of 13 offices per institution, 45 percent more than any other group.

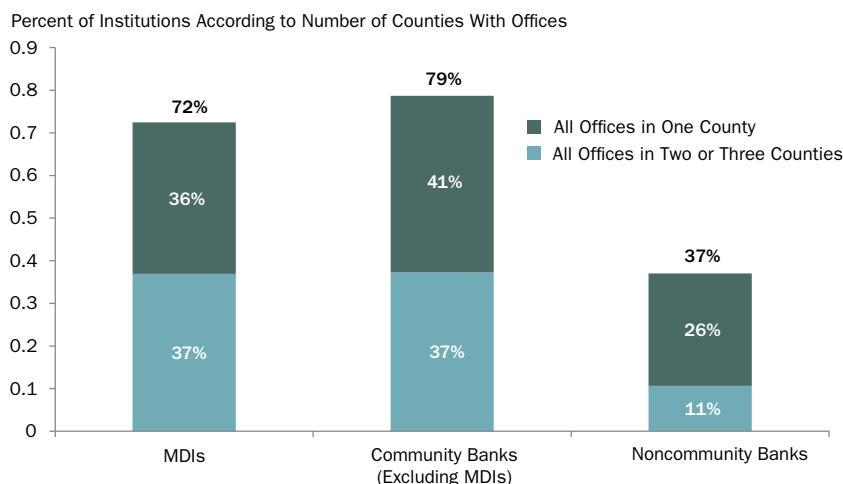
The number of MDI offices has recently declined, consistent with the national downward trend in the number of bank offices.¹⁸ From 2013 to 2018, the number of offices operated by all FDIC-insured institutions declined by 9 percent, whereas the number

¹⁸For a discussion of the recent overall decline in the number of FDIC-insured offices, see *Factors Shaping Recent Trends in Banking Office Structure for Community and Noncommunity Banks*, <https://www.fdic.gov/bank/analytical/quarterly/2017-vol11-4/fdic-v11n4-3q2017-article1.pdf> (2018).

of offices operated by community banks declined by 12 percent, and the number of offices operated by MDIs declined by 14 percent. Office closures, acquisitions by non-MDI financial institutions, and redesignations resulted in a net loss of 258 MDI offices between 2013 and 2018 (see Chart 3.3, page 29). However, the scale of office reduction varies widely among MDIs according to minority status (see Table 3.3 page 29). Native American MDIs operated several more offices in 2018

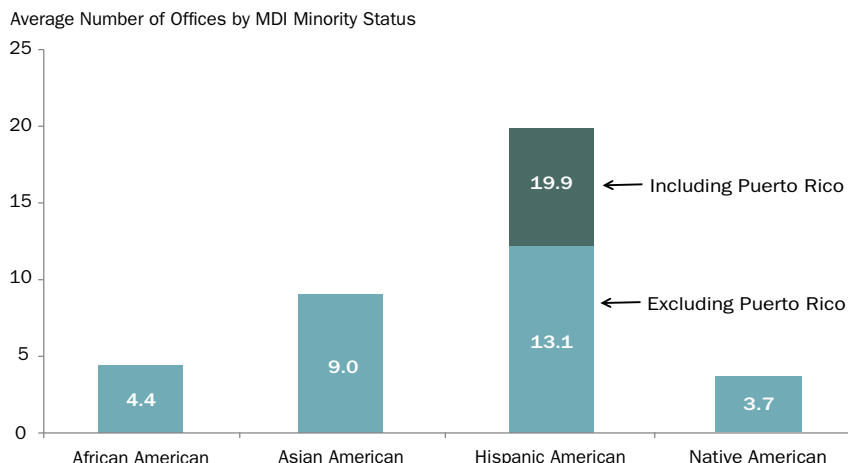
than in 2013, due in part to offices of institutions newly designated as MDIs. By contrast, Hispanic American MDIs and African American MDIs, respectively, operated 23 percent and 18 percent fewer offices in 2018 than they did five years earlier. While Hispanic American MDI office reductions outpaced other MDIs in absolute terms, these institutions continue to operate the largest number of offices of any MDI type.

Chart 3.1
MDIs Generally Have A Small Geographic Footprint, Similar to Community Banks



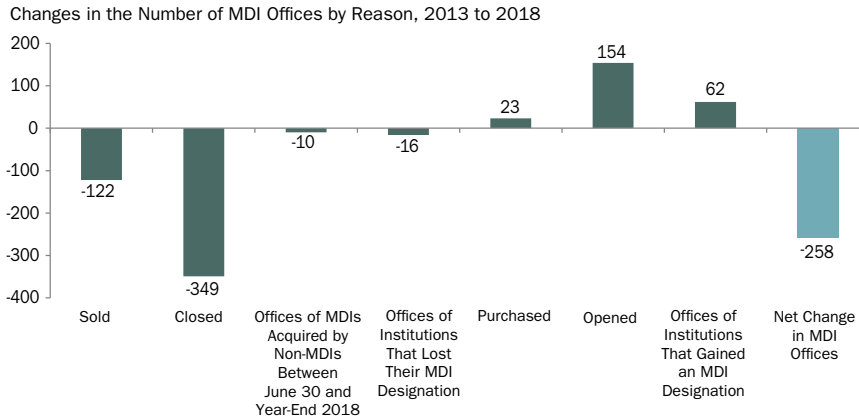
Source: FDIC Summary of Deposits as of June 30, 2018
 Note: Percentages may not total due to rounding.

Chart 3.2
Hispanic MDIs Tend to Have the Largest Branch Networks



Source: FDIC Summary of Deposits as of June 30, 2018

Chart 3.3
MDIs Sold or Closed Offices on Net Between 2013 and 2018



Source: FDIC Summary of Deposits (SOD) and Reports of Structure Changes (ROC)
 Note: Changes in offices measured between June 30, 2013 and June 30, 2018. Because historical SOD data are refreshed once annually to account for corrections or resubmissions of the prior year's survey, while ROC data are refreshed continuously for any historical period, discrepancies may arise between the two data sources over time.

Table 3.3
Office Reductions Vary Widely According to MDI Minority Status

Detailed Changes in the Number of Offices Between 2013 and 2018, by Type of MDI

MDI Type	Offices in 2013	Office Transactions				MDI Status Changes		Adj. for MDIs*	Net Change	% of Offices in 2013
		Opened	Closed	Purchased	Sold	Gained	Lost			
African American	152	7	-32	0	-2	1	-1	0	-27	-18%
Hispanic American	919	39	-184	19	-109	32	0	-9	-212	-23%
Asian American	658	105	-130	3	-11	23	-15	0	-25	-4%
Native American	63	3	-3	1	0	6	0	0	7	11%
Multi racial	1	0	0	0	0	0	0	-1	-1	-100%
Total	1,793	154	-349	23	-122	62	-16	-10	-258	-14%

Source: FDIC summary of Deposits (SOD) and Reports of Structure Changes (ROC). Offices in 2013 as of June 30.
 Note: Changes measured from June 30, 2013 to June 30, 2018. Because historical SOD data is refreshed once annually to account for corrections or resubmissions of the prior year's survey, while ROC data is refreshed continuously for any historical period, discrepancies may arise between the two data sources over time.
 *Adjustments for MDIs acquired since June 30, 2018.

Market Share

MDIs tend to hold a relatively small share of local banking market deposits due to the concentration of their headquarters and branch offices in metropolitan areas. Using the reported deposits held by individual banking offices from the FDIC Summary of Deposits (SOD) is a way to measure market share.¹⁹ Using this measurement, MDIs held just 1.5 percent of the metro office deposits of all FDIC-insured institutions

in 2018. However, four counties in metropolitan areas with populations greater than 250,000 had an MDI deposit-market share of at least 25 percent (see Table 3.4).²⁰ MDIs hold more than 10 percent of deposits in Los Angeles County and nearly 9 percent of deposits in Miami-Dade County, with combined populations of nearly 13 million and MDI deposits of more than \$60 billion.

Table 3.4
Top 10 Large Metro Counties by MDI Deposit Market Share

County	Metro	State	MDI Deposits (\$000)	MDI Market Share (Percent)
Webb	Laredo	TX	2,973,455	47.3%
Logan	Oklahoma City	OK	164,755	41.5%
Hidalgo	McAllen	TX	3,479,648	36.6%
Cameron	Brownsville	TX	1,130,145	26.8%
Los Angeles	Los Angeles	CA	48,899,198	11.8%
Gwinnett	Atlanta	GA	1,926,887	11.3%
Hoke	Fayetteville	NC	12,385	10.8%
Miami-Dade	Miami	FL	11,367,130	8.9%
Canadian	Oklahoma City	OK	156,916	8.5%
Caldwell	Austin	TX	25,813	7.0%
Total Metro			174,697,669	1.5%

Source: FDIC

Note: Calculations based on data from the Summary of Deposits and the Census Bureau.

Includes counties of the 50 states and DC with more than 40,000 people in metropolitan areas with total population greater than 250,000. Total Metro includes all counties in metropolitan areas.

Micro metropolitan areas and rural counties are home to relatively few MDIs, and they hold less than 1 percent of local deposits in these markets. However, MDIs hold a much larger deposit market share in some nonmetro areas. Excluding U.S. territories, MDIs held a deposit market share of more than 9 percent in 33

micro metropolitan areas and rural counties in 2018. Many of these counties, such as those in Oklahoma, North Dakota, and Montana, are served by Native American institutions. The top 10 nonmetro counties by MDI deposit market share are shown in Table 3.5, page 31.

¹⁹Data on total banking offices are collected through the FDIC's Summary of Deposits (SOD), which provides a detailed record of each individual banking office, its location, and total deposits, starting in 1987. The SOD covers all FDIC-insured institutions, including insured U.S. branches of foreign banks. Banking offices are defined to include any location or facility of a financial institution, including its main office, where deposit accounts are opened, deposits are accepted, checks paid, and loans are granted, and do not include loan production offices, computer centers, and other nondeposit installations, such as automated teller machines (ATMs).

²⁰These market shares exclude metropolitan counties in Puerto Rico, where MDIs control 100 percent of local deposits in 67 counties.

Table 3.5

Top 10 Nonmetro Counties by MDI Deposit Market Share

County	Area	State	MDI Deposits (\$000)	MDI Market Share (Percent)
Zapata	Micropolitan	TX	203,163	100.0%
Maverick	Micropolitan	TX	617,990	81.2%
Starr	Micropolitan	TX	341,459	73.5%
Pushmataha	Rural	OK	104,719	61.4%
Adair	Rural	OK	88,645	52.9%
Taos	Micropolitan	NM	223,379	43.9%
Duval	Rural	TX	44,170	39.7%
Atoka	Rural	OK	74,277	29.5%
Coal	Rural	OK	32,400	28.2%
Jim Hogg	Rural	TX	30,603	27.9%
Total Nonmetro			8,336,991	1.0%

Source: FDIC

Note: Calculations based on data from the Summary of Deposits and the Census Bureau.

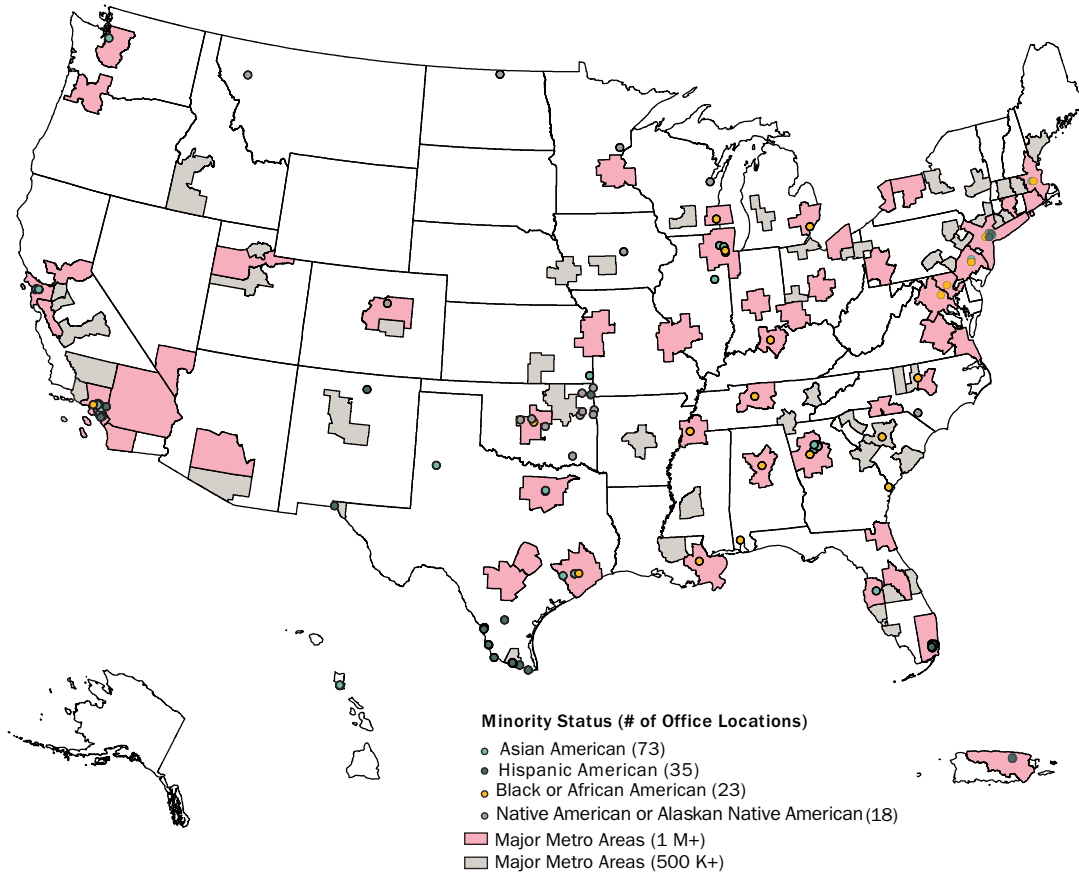
Note: The list of top 10 nonmetro counties excludes counties in U.S. territories. The total MDI market share for nonmetro counties includes counties in U.S. territories.

FDIC-Insured Non-MDI Community Bank Markets Differ From MDI Markets

The geographic footprint of non-MDI community banks differs substantially from that of most MDIs. Whereas MDIs are overwhelmingly located in the most populous states and metropolitan areas in the country, non-MDI community banks are dispersed

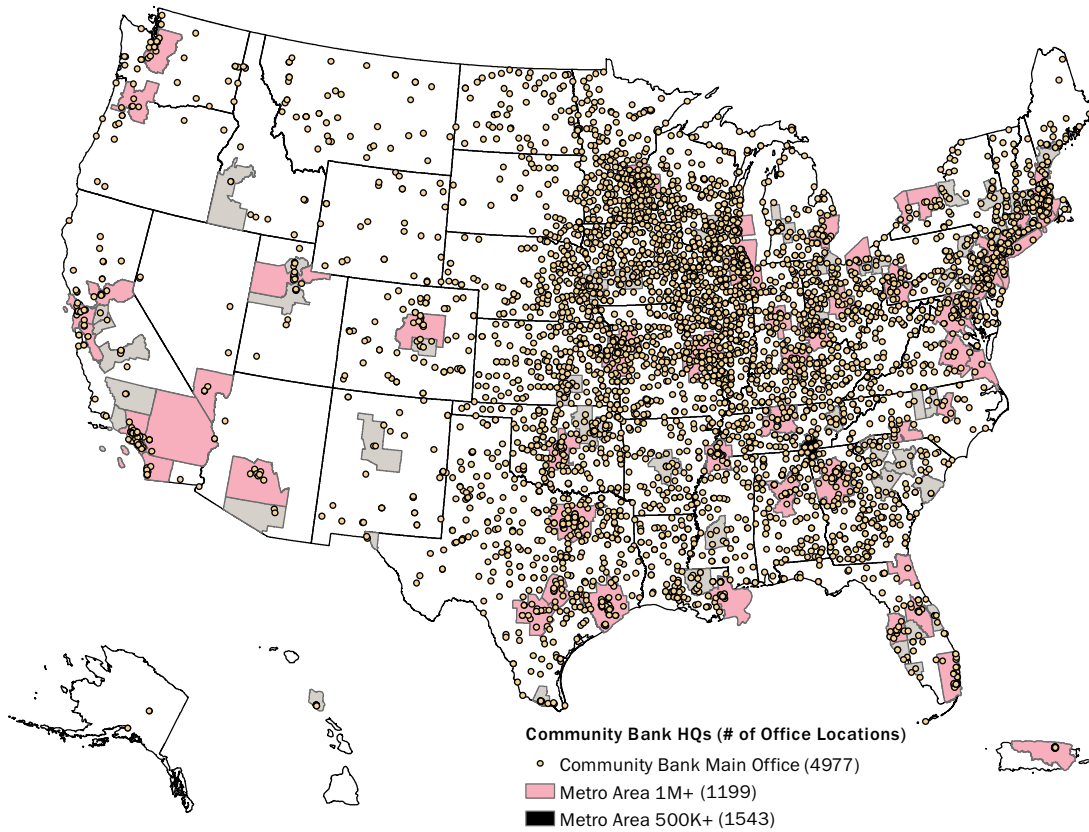
throughout the country, including urban and rural counties, and micropolitan areas. In 2018, half of non-MDI community banks were headquartered in nonmetropolitan areas, compared with only 15 percent of MDIs (see Maps 3.3 and 3.4, page 32–33).

Map 3.3:
MDI Headquarters Are Concentrated in Metropolitan Areas
 MDI Main Office Locations



Source: FDIC Summary of Deposits as of June 30, 2018

Map 3.4:
**Community Bank Headquarters Are Dispersed Across Metropolitan
and Non Metropolitan Areas**
Community Bank Main Office Locations



Source: FDIC Summary of Deposits as of June 30, 2018