

TOP 10 DEPOSITS

by [Steve Brown](#)

The latest regulatory results are out and as the chart shows, deposit holdings for the Top 10 bank holding companies represent 37% of the total deposit market in the U.S.

Just for fun, we drill down to see what else we can find.

To begin, the average year over year growth rate in deposits for this group has been 6.6%. Bankers doing strategic planning and assuming growth rates above this level will probably need to also consider wholesale funding options as well.

Also of interest, Bank of America has focused domestically, while other large banks have gone overseas for funding. As the data shows, Bank of America's deposit holdings represent 24% of the overall top 10 deposit pie. They are followed by JPMorgan at 19%, Wachovia at 16%, Wells Fargo at 11% and Citibank at 10%. The top 5 are so dominant in fact that the bottom 5 holds about half as much (with a maximum of 5% each).

By expanding our data set to the top 50 bank holding companies, we find more interesting data. Foreign banks now represent 24% of deposits in the country when based on number of banks and 14% based on overall holdings.

Further, the bottom 25 banks combined hold less in deposits than either Bank of America or JPMorgan Chase. Also interesting, Charles Schwab now holds the #35 spot, while credit card company Capital One Bank sits at #12.

Focusing alphabetically, it is clear banks like to be early in the alphabet. When it comes to deposit holdings, the favorite choices for a bank begin with the letter "B" or "C" at 8 banks each.

Excluding specialized trust banks (i.e. State Street, Bank of New York, etc.), we find the average deposit balance held per office for the rest of the Top 50 is about \$85mm. While the range is admittedly pretty wide (from \$33mm on the low end to \$239mm on the high end), the overall number is stunning. For community banks (assets below \$1B average), the average deposits outstanding per office is about \$30mm (with a range from \$11mm to \$44mm), or about 65% less.

As for the number of offices, the Top 50 group has 42,403 or about 44% of all offices in the country. Interestingly, the Top 10 control nearly 63% of the branches for the Top 50. When you drive around town and think you are seeing their signs more frequently, you are not dreaming. In the past 2Ys alone, banks have opened about 7% more offices across the country, while the overall number of banks has fallen by 3%. In addition, community banks are running at about 5 offices per bank on average.

Finally, consider the names that have disappeared over just the past 3Ys. Gone from the Top 50 are Amsouth, Banc One, BankNorth, Charter One, Countrywide, Greenpoint, Hibernia, MBNA, Mercantile, National Commerce, North Fork, South Trust and Union Planters.

While names and rankings shift around year over year, it is interesting to note the top 10 group has controlled about 37% of the domestic deposits for the past 3Ys. Meanwhile, over the past 2Ys,

community banks with assets below \$1B have gone from roughly 19% down to 17% of the overall domestic deposit pie. As such, in 2008, we suggest community banks redouble efforts to make deposit gathering a primary focal point.

BANK NEWS

Foreclosure

The MBA is reporting that the number of people expected to lose their homes to foreclosure reached a new record in the 2Q, as late payments surged. On the subprime front, 1 in every 7 loans was delinquent.

CP Market Still Shaky

Data released by the Fed showed that the amount of asset-backed CP outstanding fell by \$11B to a seasonally adjusted total of \$883B for the week ending Oct 17, a sign that investors are still nervous about the state of the short-term debt market.

Fed Support

The FRB indicated it will endorse the Treasury-designed plan to create an \$80B superfund that will increase liquidity in the market for asset-backed commercial paper.

Customer Competition

Bank of America indicates it collects customer research from 6 key sources each week, including surveys and blogs. The bank then uses that information to refine online offerings, fine-tune web pages and improve customer service.

Tough Housing

A new report from the GAO projects 1.1mm foreclosures over the next 6Ys as a result of weak underwriting. The report also found that mortgage brokers originated roughly 60% of all subprime loans, compared to only 25% of the prime market.

Text Banking

Wells Fargo has added a text banking feature to its mobile banking service. Customers that enroll for the service will be able to receive account balance and recent activity alerts via text messages.

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