



Industry Information Sheet

The Banking Industry: A Vital Component of the U.S. Economy

No country can succeed economically without a healthy, sound, reliable and accessible banking system. With over 91,000 bank offices and branches, and over 400,000 ATMs, bank customers have convenient access to local financial services. With mobile and Internet banking, customers can reach their banks every minute of every day. Banks' physical presence in small towns and large cities across the country gives them a personal stake in the economic growth and vitality of nearly every community.

With over \$13 trillion in assets and \$1.5 trillion in capital, the banking industry has the capital and commitment to support the financial needs of individuals, businesses and all levels of government. Banks make loans to consumers to finance purchases of homes, education, cars and major appliances. Bank credit helps small businesses get started, grow and prosper. Banks help state and local governments fund a variety of public improvements like schools, roads, water and sewer and public health facilities. And banks are major players in financing the federal government as both dealers and holders of Treasury and agency debt securities. In each of these roles, banks support the creation of jobs and the growth of our economy.



Banks Provide a Safe Place for Storing Wealth

Banks hold over \$9.2 trillion in deposits, and the FDIC insures them up to \$250,000 of deposits per account. Banks, not taxpayers, pay for this insurance. Furthermore, households, businesses and nonprofit organizations rely on banks to administer almost \$18.6 trillion in fiduciary assets.



Bank Innovations Provide Convenience

Bank innovations, including ATMs and online, telephone and mobile banking, have brought tremendous convenience to consumers. Customers now have 24/7 access to their money, which helps them better manage their personal finances.



Banks Have No Peers in Extending Credit

The banking industry holds \$7.2 trillion of loans, not counting the billions of dollars of mortgage, credit card, auto, and commercial loans those banks originate each year that are packaged and sold to investors in the form of securities backed by these loans. Banks are particularly important lenders to small businesses, with over 22 million small business loans outstanding in 2010.



Banks Keep the Many Parts of the Economy Moving

More than 40 billion checks, valued at almost \$40 trillion, are processed ever year. Additionally, electronic payments are growing fast and now account for over two-thirds of all payments. Debit card usage now exceeds all other forms of noncash payments, representing approximately 35 percent of total noncash payments. It is this confidence that payments will be honored that allows the free and efficient flow of commerce here and abroad.



Most Banks are Small Businesses Themselves

The 7,700 banks in the U.S. come in many varieties, including community, regional and money center banks, savings institutions, trust companies, and mutual savings banks. While headlines often portray banking as big, global firms, most banks are small. For example, the median-size bank employs only 37 people.



Banks Contribute to U.S. Growth and Help Finance Government Expenditures

The banking industry itself is an important component of the economy, employing more than 2 million people. Banks also pay taxes to support government services, and paid over \$40 billion in federal, state and local income taxes in 2010.



Governments at All Levels Rely on Banks to Finance Public Improvements

Banks hold \$175 billion in municipal securities and an additional \$63 billion in loans extended to governments. Banks finance the building of schools and water-treatment, sewer and public health facilities improvements, and underwrite state and local bond issues. Banks often are the most important source of financial advice and financial services to state and local jurisdictions. Banks are also a major component in financing the federal government as both dealers and holders of government debt. In fact, the banking industry holds 11 percent of the \$16.6 trillion of federal and agency debt outstanding.



Monetary Policy and Payments Would be Impossible without Banks

The banking industry is central to our payments system and helps facilitate monetary policy by transmitting the changes in the money supply directed by the Federal Reserve throughout the entire economy.



Banks Do Much More Than Just Take Deposits and Make Loans

Beyond the core services of banks, many also offer investment management and advice, insurance and securities, and tax preparation. Improved technology has made bill payment and account management easier for the customers that depend on banks for their financial services needs.



Banks Have a Long-Term Focus

Banks cannot be successful without developing and maintaining long-term relationships with customers. There are 2,732 banks – 35 percent of the banking industry – that have been in business for more than a century; 64 percent (4,935) of banks have been in existence for more than half a century. These numbers tell a dramatic story about the staying power of banks and their commitment to the communities they serve.

From the time the first bank was chartered in 1782, the U.S. banking industry has been a significant part of our nation's economy. By safeguarding the country's deposits and providing credit to consumers and businesses, the banking industry has helped finance U.S. economic and industrial development for centuries. Going forward, the industry will offer an ever-expanding range of services as new technology makes new products possible and enhances the way products are offered.