

INTRODUCTION

This report, an update of Research Report 76, *Banking Structure in New England 1999-2001*, provides information on the structure of New England's banking industry. The report is divided into six sections:

Section I briefly discusses key elements of antitrust analysis as applied to the banking industry, including the definition of local banking markets and the U.S. Department of Justice's guidelines for evaluating the anticompetitive effects of horizontal mergers.

Section II summarizes changes in the structure of New England banking that occurred between May 10, 2001, and April 30, 2004. (The *1999-2001* Report summarized changes occurring between May 1, 1999, and May 9, 2001.) This section includes five banking structure change tables that list in detail all mergers and acquisitions, formations of bank holding companies, bank openings, name and type changes, and bank closings and failures.

Section III presents tables ranking New England's commercial banking and thrift organizations by total consolidated New England deposits. The first table indicates each institution's deposits, ranking, and share of total New England deposits. This table also provides the total number and combined aggregate deposits of all commercial banking and thrift organizations in New England.¹ The second table provides the same statistics as those provided in the New England table, organized by state.

Section IV describes New England's local banking markets with maps and definitions.

¹The term "commercial bank" as used in this report includes national commercial banks and state-chartered commercial banks. The term "thrift institution" refers to state-chartered and federally chartered savings banks, savings and loan associations, mutual savings banks, and cooperative banks.

A "commercial banking organization" is either an independent commercial bank or a bank holding company having one or more commercial bank subsidiaries. A "thrift organization" is either a thrift holding company having one or more thrift subsidiaries (and no commercial bank subsidiaries) or an independent thrift.

State maps show the banking markets in that state as defined by the Federal Reserve Bank of Boston, color-coded for the degree of concentration.²

Section V contains New England's local banking market tables. The tables in this section list the commercial banking and thrift organizations operating in each local banking market, and together with their deposits and their share of deposits in the local market. At the bottom of each table, two measures of the Herfindahl-Hirschman Index (HHI) are provided: (1) the HHI with 100 percent thrift deposit inclusion, and (2) the HHI with 50 percent thrift deposit inclusion. The HHI is a statistical measure of market concentration. It is currently used by the Department of Justice and by the Federal Reserve in evaluating the competitive impact of a merger. At the Federal Reserve, the HHI is calculated by including 100 percent of the deposits of commercial banks in a market and at least 50 percent of the deposits of thrift institutions.

Several banking markets have been added, redelineated, or deleted since the publication of *Banking Structure in New England 1999-2001*. These changes are based on the 2000 definition of Ranally Metro Areas and Census 2000 data.

Section VI lists the New England local banking markets in which each banking or thrift organization operates.

The tables provided in this report are updated periodically by the Research Department of the Federal Reserve Bank of Boston and are available on the Bank's web site at <http://www.bos.frb.org/bankinfo/struct/index.htm>.

² Some markets include banks operating from more than one state. Each market is assigned to the state that contains the market's core (see Section I).