

Interstate Bank Expansion: Market Forces and Competitive Realities

The Report of the
Florida Interstate Banking Study Group

Submitted to: **The Honorable H. Lee Moffitt**
Speaker of the House
Florida House of Representatives

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Chairman, Committee on Commerce
Florida House of Representatives

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Preface

The Florida Interstate Banking Study was commissioned by the House of Representatives Committee on Commerce. The study was directed by Dr. Larry A. Frieder, Professor of Banking and Finance, School of Business and Industry (SBI), Florida A&M University.

This study is the product of the work performed by a group of nine scholars who were selected based upon their special expertise related to the issues surrounding the interstate banking issue. The scholars who contributed were: Dr. Vincent P. Apilado, Dr. George J. Benston, Professor Jeffrey Davis, Dr. Robert A. Eisenbeis, Dr. Larry A. Frieder, Dr. Thomas G. Gies, Dr. Paul M. Horvitz, Dr. Harvey Rosenblum, and Dr. David D. Whitehead, III.

The following extract from the Legislature's initial charge highlights the substantive areas the group was requested to pursue:

. . . conduct a detailed study of the Interstate Banking issue for the Commerce Committee of the Florida House of Representatives. We very much wish to tap the excellent work you and your colleagues are doing in this evolving area. The members of the committee will be needing detailed and critical analyses related to this important matter as we deliberate on the public policy ramifications of this issue.

. . . This study should emphasize a Florida perspective. We expect your report to analyze available research and empirical evidence in the bank structure area. In this regard, the committee would appreciate insights related to financial markets/institutions, competition, allocational

and technical efficiency. Your work should culminate in a written report to the Commerce Committee which includes: (1) public policy implications and alternatives related to Interstate Banking; (2) an analysis of the extent of Interstate financial activity now being carried on; and (3) the type of such activity that could be carried on under the different possible legal alternatives (modification or repeal by Congress of the Douglas amendment or the McFadden Act) and the impact of that activity on the Florida economy, its citizens, and Florida based financial institutions.

This report has been taking shape for the past several months. Meetings, conference calls, exchange of drafts, have been constant. A product like this could only result with the great contributions of the study's several talented authors. Each of these individuals have a dedicated commitment to a sound financial structure geared to the public interest. It certainly was a pleasure for me to work closely with the members of this group. Although I underscore their individual contributions, I fully accept final responsibility for any errors or omissions.

I want to acknowledge the encouragement of Speaker H. Lee Moffitt (Florida House of Representatives) and Dr. Sybil Mobley (SBI Dean) to pursue this effort. They are truly magnificent leaders.

Our appreciation is extended to Mr. Wyatt Martin, Staff Director of the Committee on Commerce, who provided continual support for this project. Finally, we note the valuable financial support of the Florida Star Grant Program.

Tallahassee, Florida
January, 1984

L.A.F.

BIOGRAPHIES ON CONTRIBUTORS TO
INTERSTATE BANKING STUDY

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GEORGE J. BENSTON is Professor of accounting, economics, and finance at the Graduate School of Management of the University of Rochester and is a visiting scholar at the Federal Reserve Bank of Atlanta. Previously he taught at the University of Chicago and at Georgia State College and has lectured at the London School of Economics, the London Graduate School of Business Studies, and Hebrew University of Jerusalem. Dr. Benston has consulted for many institutions, including the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the Federal Home Loan Bank Board, and the National Commission on Consumer Finance, and has acted as expert witness on regulation, SEC, and antitrust cases. The author of numerous books and monographs, he has published widely in professional journals and publications.

JEFFREY DAVIS, Professor of Law. B.S., 1965, U.C.L.A.; J.D., 1972, Loyola Marymount; LL.M., 1973, Michigan. Professor Davis joined the Florida faculty in 1981. He has taught at New York University, Rutgers-Camden and the University of South Dakota law schools, and is admitted to the California Bar. At Loyola, Professor Davis was a member of the St. Thomas More Law Honor Society and Law Review and was a Student Teaching Fellow. He was a Cook Fellow at Michigan. He is a member of the American Bar Association Section of Corporate, Banking, and Business Law and his principal academic interests are commercial law, consumer credit law, and banking regulation.

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LARRY A. FRIEDER is an Associate Professor of Banking and Finance and Head of the Finance area at the School of Business and Industry of Florida A&M University. Dr. Frieder writes extensively on finance topics. His recent articles appear in the Journal of Bank Research, Journal of Financial Research and Bankers Magazine. He has authored a book entitled "Commercial Banking and Holding Company Acquisitions: New Dimensions in Theory, Evaluation, and Practice". Professor Frieder serves on the advisory board and referees for a number of scholarly journals.

Dr. Frieder serves as a guest lecturer to many commercial banks. He has served as a consultant to financial institutions as well as financial regulatory authorities. In 1981, he was a Visiting Fellow to the Continental Illinois National Bank, Chicago, Illinois.

DR. THOMAS G. GIES is Professor of Finance at the University of Michigan Graduate School of Business Administration, specializing in analysis of money and capital markets and financial institutions. He is internationally known in this field for his research in equity capital sources, portfolio policies and regulation of financial institutions, and the long-run financial development of regional areas.

He has lectured throughout the United States and Western Europe and has served as special consultant to the Securities & Exchange Commission, the U.S. Treasury and the Board of Governors of the Federal Reserve, the Senate Banking Committee and the Select Committee on Small Business. He has served as consultant to the last five governors of Michigan and as a member of the Governor's Council of Financial Advisors.

He is the author of several monographs and numerous professional publications in finance and banking. He directed the three-year study sponsored by the State Department of Commerce, Legislating for Economic Expansion, an analysis of the effect of regulatory and supervisory controls upon the financial behavior and economic development of a major industrial region. Most recently, he directed a two-year study on the Impact of Inflation on the distribution industry. He has also written on Business Capital Requirements, the Shortage of Equity Capital, and Treasury Operations and Bank Reserves. His volume entitled Utility Regulation: New Directions in Theory and Policy (with Professor W.G. Shepherd) has become one of the most widely used readings in the area of public utility economics.

Professor Gies has served on the boards of directors of a number of banks and industrial corporations during the past two decades, as well as a consultant to the American Telephone and Telegraph Company, the American Natural Gas Company, and numerous financial institutions.

PAUL M. HORVITZ holds the Judge Mames A. Elkins Chair of Banking and Finance at the University of Houston, and is a member of the Board of Directors of the Federal Home Loan Bank of Dallas. He received his BA degree from the University of Chicago, an MBA from Boston University, and his Ph.D. from MIT in 1958. Prior positions have included Financial Economist, Federal Reserve Bank of Boston; Senior Economist, Office of the Comptroller of the Currency; and Director of Research, FDIC. Horvitz is the author of a money and banking textbook and numerous articles in financial and professional journals. He also writes a monthly column for the American Banker. He was a member of President Reagan's Advisory Task Force on Small Business, and has been a consultant to the Treasury Department, FDIC, Federal Home Loan Bank Board, Small Business Administration, and several banks and trade associations. He is a Director of Ameriway Bank-Brookhollow in Houston.

HARVEY ROSENBLUM is economic adviser and vice president in the Research Department of the Federal Reserve Bank of Chicago. In addition, Dr. Rosenblum also serves as a visiting professor of finance at DePaul University, a position he has held since January 1973. During 1977-78 he took a leave of absence from the bank's Research Department to serve as visiting associate professor of finance at the University of Oregon, Eugene. Dr. Rosenblum has also served as a consultant to a number of financial institutions. In addition, he has published articles on a wide range of topics in academic and professional business journals. He received his B.A. degree from the University of Connecticut, and his M.A. and Ph.D. in economics from the University of California at Santa Barbara.

Dr. Rosenblum's areas of specialization include monetary theory and policy, finance, and industrial organization.

DAVID D. WHITEHEAD, III is Senior Financial Economist at the Federal Reserve Bank of Atlanta. He is responsible for research on financial institutions, current analysis on regional banking, and acts as consultant on multibank holding company matters. He has authored numerous articles focusing on bank structure and performance, market structure and performance, and behavior of multibank holding companies. Within the last year Dr. Whitehead has been responsible for publishing two special issues of the Atlanta Bank's Economic Review, one assessing the legal treatment of banking as a "Separate Line of Commerce" and the other examining the interstate banking controversy. Dr. Whitehead received his Ph.D. from the University of Kentucky, specializing in monetary theory and regional economics.

Prior to joining the Reserve Bank in 1973, Dr. Whitehead was a Research Economist with Spindletop Research, Inc., Lexington, Kentucky, where he was responsible for designing, managing and authoring a series of research projects for both public and private clients.

Dr. Whitehead has maintained an adjunct relationship with the Mercer University in Atlanta since 1975 and is currently Associate Professor of Economics at that institution. In this capacity he teaches in both the MBA and undergraduate programs.

EXECUTIVE SUMMARY

The main purpose of this study is to provide an analysis of the public policy ramifications surrounding the interstate banking issue. Legislative options are presently being pursued. A systematic evaluation of the various economic impacts of these options will provide background for sound policy deliberations.

The report addresses the specific implications of interstate banking that emanate from: (1) technical efficiency (economies of scale); (2) technological developments; (3) economic development; (4) legal issues; (5) existing interstate banking activities in Florida by both out-of-state banks and non-banks; (6) the state's present bank structure. Public policy considerations related to liberalization of geographical restrictions on interstate banking are examined. Arguments for and against such liberalization are analyzed. Finally, policy options are evaluated and a recommendation is made.

The appraisal of the magnitude of interstate banking activity currently being conducted in Florida focused upon the operations of out-of-state bank holding companies (BHCs) and nonbanks. Out-of-state banks have established 372 4(c) 8 offices, 6 loan production offices (LPOs), and 25 Edge Act offices in Florida. Additionally, a number of banking organizations aggressively lend money in Florida via LPO's located in Atlanta and calling officers who visit the state periodically. Fifty-one of the 136 non-Florida BHCs with interstate 4(c)8 subsidiaries operate in Florida.

Nonbank competition with commercial banks has increased dramatically over the past decade. Non-depository institutions were found to dominate the lists of the largest providers of consumer installment credit, automobile credit, commercial mortgage and business lease financing. Nonbanks are also major suppliers of business loans and credit cards. They are also very active on the deposit/savings side via money market mutual funds. Most nonbanks competitors operate in most or all 50 states and in Florida. It is obvious that Florida banks must compete with credit granting manufacturers, retailers, insurance companies, securities firms, and out-of-state BHCs operating through 4(c)8 subsidiaries, Edge Acts, and LPO's. Accordingly, policy makers must recognize that substantively interstate banking is a reality. It cannot be avoided, delayed, or arrested by state action or inaction. These competitive realities also highlight the fact that competition can no longer be narrowly viewed to consist of only banks in a single local market. Banks compete against a variety of other depository and non-depository institutions. Saving and borrowing (by both consumers and business) are becoming increasingly neutral in terms of whether the financial service provider is local or non-local.

Since there are diseconomies of scale in banking, larger banks have no inherent cost advantages vis-a-vis smaller banks. Accordingly, Florida banks and BHCs have no basis to fear out-of-state bank competition that would result from interstate

banking. It was noted that cost studies do not address consumer-borne costs. Accordingly, interstate banking could benefit Florida citizens by resulting in broader product lines, specialized services, or greater convenience.

Technological advances such as automated tellers, point-of-sale systems, automated clearinghouses, credit cards, and home banking all tend to lessen the dependency of households and even small business firms on local banks. Like large corporations which have had non-local bank connections for years, individuals and smaller firms may increasingly turn to non-local financial service firms. It is not possible to prevent out-of-state financial institutions from providing credit, deposit, or payment services even though it maybe possible to prevent them from establishing banks in Florida for an indefinite period. The existing de facto interstate banking infrastructure in Florida consisting of out-of-state banks and nonbanks is very large and represents a major pillar of the state's present credit structure which supports economic development. Florida business borrowers are as likely to obtain credit from out-of-state sources as from in-state banks. Both sources are crucial to the state in its effort to reach ambitious economic growth targets.

Florida could face constitutional challenges related to statutes pursuing interstate banking via regional reciprocity. However, the analysis indicates that legal attacks based upon the commerce clause, the due process clause of the fourteenth amendment, and the interstate compacts clause would not likely succeed.

On balance interstate banking proposals would be consistent with conventional public policy considerations. The public interest is enhanced by the greater number of bank sites, broader product and service lines, and increased credit availability to businesses (of all sizes), consumers, and municipalities expected to result from relaxation of interstate banking restrictions. Small banks would not be endangered by interstate banking since they face no scale size disadvantages. Banks safety and soundness (risk) would not be problematic. Although the risks of affiliated interstate banks would increase, these risks would be offset most likely by the benefits of diversification as well as organizational and institutional factors.

Florida's bank structure is currently undergoing significant consolidation, especially among the state's largest BHCs. Interstate banking proposals would tend to lessen concentration and would be more competitive than a continuation of the existing bank structure. The most recent evidence on Florida banking markets suggests that policies that increase the number of links between firms are pro-competitive. To the extent that geographical barriers to interstate banking are removed and links among banking organizations are increased, bank competition in Florida can be increased. This, of course, leads to better prices, services, and credit availability for the public.

In addition to being consistent with public policy considerations, liberalization of geographical restrictions was found to be desirable for other reasons. Such action would

give impetus to in-state banks to address present challenges and make strategic preparations necessary to adjust to the changing environment. By acknowledging reality, any remaining false sense of security on behalf of in-state banks would be eliminated.

Interstate bank expansion would result in larger banking organizations. Size may prove to be strategically important to the ultimate success or failure of some Florida banks. Greater size tends to lead to modified organizations, upgraded human resource systems, increased fixed investment, revised portfolio policies (higher risky asset ratios and greater leverage), and more funding capacity.

Arguments against liberalization of geographical restrictions were found to be either invalid or of much less negative consequence than asserted. The evidence and logic suggests that capital would not be drained from Florida. Florida banks would not get saddled with the foreign debt problems of money center banks. Although the number of banks would not be increased by interstate banking, liberalization of geographical restrictions would be pro-competitive. Extreme concentration of financial resources would not be likely. Interstate banking would allow out-of-state banks to gain significant control of the state's bank structure. However, well managed Florida banks (without management succession pressures) can survive and do not have to sell out. Florida BHCs who expand out of state may

increase their ability to survive and remain independent. The degree of out-of-state control of Florida banking assets, of course, is dependent on the form of interstate banking the state elects (regional reciprocity would result in more in-state survivors than national reciprocity). Finally, any legal challenges to interstate banking restrictions would most likely fail.

In view of public policy considerations, maintaining the status quo is not desirable. Interstate banking would be pro-competitive and in the public interest. More efficient allocation of financial resources, broader product/service lines, and greater credit availability are the likely consequences of liberalization of geographical restrictions. This conclusion is consistent with the public policy recommendations offered by the (1) Carter Administration; (2) Graham Administration; (3) Southern Growth Policies Board; and (4) Sixty-Fourth American Assembly: The Future of American Financial Services Institutions.

The analysis of policy options focused upon the three approaches that have received legislative consideration in the past and are expected to be explored in the future. These options include regional reciprocity, nationwide reciprocity, and regional reciprocity with a nationwide reciprocity "trigger" point. Nationwide reciprocity would probably result in the most competitive structure in the long run. However, its immediate implementation would not result in a diverse out-of-state bank

entry into local markets since most other states do not have reciprocity statutes. Accordingly, New York banks would likely gain control of Florida banking assets. It was pointed out that the state could avoid the limitation of other states not having reciprocity statutes by allowing an unrestricted nationwide policy. However, this policy has not been pursued legislatively.

Regional reciprocity would also lessen the trend toward concentration in Florida although to a lesser degree than nationwide reciprocity. This option would preserve some regional control of banking entities. Regional banking organizations may produce some benefits for the state. Such firms may be more responsive to middle market firms, municipalities, and industries in the region. The creation of several large regional firms may enhance competition in certain product categories now limited to only money center institutions. Also, regional firms could further develop or extend particular product expertise appropriate to the region. Although this option delays nationwide banking, it does preserve the future option of national reciprocity.

The third approach--regional reciprocity with a "trigger" allowing nationwide reciprocity--would capture most of the benefits of the first two options and also recognize the limitations of each. By beginning with regional reciprocity, the state explicitly allows for an interim period which (1) allows in-state banks an opportunity to expand regionally; (2) allows the state, region, and nation to benefit from any real economic advantages that result from the preservation of large regional

banks; and (3) allows time for other states inside and outside the region to enact reciprocity laws. The option to trigger nationwide at a later date assures that some of the remaining geographical restrictions and potential anti-competitive effects of the eventual consolidation of state and regional markets would be addressed. The state could achieve a more geographically diverse (national presence) representation in the various local Florida markets.

In-state banks would have considerable flexibility under this approach. Larger BHCs could elect an expansion strategy aimed at gaining size, growth, and multi-state presence. Other BHCs could elect to sell out and become a part of larger in-state or regional entities. Unit banks could elect to remain independent or join regional entities or wait for bids emanating from nationwide reciprocity.

CHAPTER I

AN OVERVIEW OF THE FLORIDA INTERSTATE BANKING ISSUE

Context of Report

The interstate banking issue first surfaced in Florida in 1979. Termed the "Intersouth Bill" a regional reciprocity approach was introduced and passed one chamber.¹ Since this early introduction of the interstate banking issue in the Florida legislature, the topic has become increasingly controversial. Financial structure questions have surfaced nearly every year since 1979. Although legislation has, is, and will be pursued, the impact and analysis of all the ramifications and policy options surrounding this issue has not been systematically examined. Accordingly, a detailed study of the interstate banking issue was requested by the Florida House of Representatives Committee on Commerce.

Because the study envisioned was large in scope and required a diversity of expertise it was agreed that a study group would be necessary. Fortunately, several of the nation's top experts were willing to provide an objective and dispassionate analysis of the various questions related to the interstate banking issue.²

Dr. Larry A. Frieder, Associate Professor of Banking and Finance and Head of the Finance area of the School of Business and Industry, Florida A and M University.

Background on Florida's Bank Structure³

Florida was traditionally a unit banking state. However, since the early part of the century various groups and chains of banks had been formed. The multi-bank holding company (MBHC) organizational form had been in existence in Florida before the national Bank Holding Company Act in 1956. Accordingly, Florida has never had a statute prohibiting multi-bank holding companies. During the 1968-1973 time period Florida bank holding companies (BHCs) aggressively acquired independent banks to avoid the restrictive effects of unit banking.

During the recent past (1975-1981) the bank structure laws of Florida have become increasingly liberalized. Essentially the state's bank structure has evolved full tilt away from unit banking.

In 1975 bank branching laws were liberalized to allow banks to have drive-in and walk-up facilities providing certain limited services even though banks were still forced to operate primarily at one location.

Additionally, Chapter 75-217, the original branch banking law, was passed during the 1975 regular session. (Although not becoming effective until January 1, 1977). This law allowed county wide branching. Each bank was permitted to establish two branches per year within the county in which the parent bank was located. Also, this law allowed banks to establish branches by means of merging with any other bank located within the same county, if the Department approved based upon certain criteria.

In 1977 the law was amended to specify that drive-in or walk-up facilities converted to branches were not to be considered as one of the two authorized per year branches.

As a result of pressures for expanded banking activity across county lines, the branching/merger law was again amended in 1979 to provide for merger with any other bank in the state that had been incorporated for at least three years. This bill also allowed for the merged bank to establish two branches per year within its county.

Finally, in 1981 the Florida banking laws removed the limitations on the number of branches that could be established per year within the county in which the parent bank is located. Branching across county lines, however, is still limited because it has to occur via merger with banks which have been incorporated for three or more years. Also, this amendment will be in effect until 1986 when it will be up for legislative review.

The expanded merger and branching capabilities have been widely used by Florida banks--particularly Florida MBHCs. Southeast, for example, has merged all of its offices statewide into a single bank (OBHC). Others, such as Barnett and Sun, have also significantly merged and branched but remain as multi-bank holding companies.

Table 1 highlights some of the trends in Florida's banking structure. As a result of the more liberal branching and merging laws described previously, the number of banks in Florida has declined from 668 in 1977 to 458 in 1982. However, in the same

TABLE 1.

FLORIDA BANK STRUCTURE

Number of Banks	1977	1980*	1981	1982**
Total	668	556	494	458
Multi-BHCs	386	271	228	206
Independents and <u>One</u> BHC	282	285	266	252
Branch Offices	328	846	--	1544
Total Offices	996	1402	--	2004
<u>Deposits (billions)</u>				
Total (%)	\$29.7 (100%)	\$40.4 (100%)	\$43.5 (100%)	\$49.2 (100%)
MBHCs	21.2 (.714)	28.7 (.71)	31.0 (.713)	29.3 (.60)
Independents and OBHCs	8.5 (.286)	11.7 (.29)	12.5 (.287)	19.9 (.40)

Source: Annual Reports: Division of Banking, State of Florida.

*The published data are adjusted to classify large OBHCs that had been MBHCs previous to change in banking law as MBHCs.

**The reader should note that 1982 data is not comparable to prior years because large Florida BHCs such as Southeast converted from being a MBHC to a OBHC and thus the "independents and OBHCs" classification is inflated vis-a-vis prior years.

years the number of offices has increased from 996 to 2004. Independent banks and small one-bank holding companies (OBHCs) have managed to maintain their market share of deposits in comparison to Florida MBHCs. In 1977, MBHCs held 71.4% of Florida's bank deposits and in 1981 MBHCs controlled 71.3%.

Table 2 provides a listing of Florida bank holding companies (BHCs) as of December 31, 1980. This historical listing is revealing in terms of identifying the major consolidation occurring in Florida's banking markets. Note that nine of the 10 largest banking organizations in the state have either made major acquisitions of banking assets or merged into a larger organization. Specifically, note the following:

1. Southeast acquired a number of banks from Florida National in resolution of a failed takeover bid of Florida National.
2. Barnett acquired a large fraction of Great American Banks, First Marine Banks, and has recently bid for Florida Coast Banks.
3. Sun has acquired Century Banks and Flagship banks.
4. Florida National is buying Royal Trust and at the same time is working out details of being acquired itself by Chemical Bank of New York on a "when and if" interstate banking is legal basis.
5. NCNB is purchasing Ellis Banking Corporation.
6. Landmark and Southwest Florida Banks have agreed to a merger.

Only five of the banks listed 11-20 in Table 2 still remain. NCNB has purchased Exchange and Gulfstream while Barnett has purchased First Marine. We mentioned the acquisitions of Century and Great American above. The remaining MBHCs are also being

LISTING OF FLORIDA HOLDING COMPANIES

FLORIDA BANKING STRUCTURE BY CLASSIFICATION
As of December 31, 1980
(Figures in 000's)

HOLDING COMPANIES BY DEPOSIT SIZE (26 Multi-bank & 34 One-bank)	# OF BANKS	TOTAL OFFICES***	TOTAL DEPOSITS	ALL HDs (%)	STATE (%)
1. SOUTHEAST BANKING CORPORATION, MIAMI	24	83	\$ 4,524,406	14.53	11.20
2. BARNETT BANKS OF FLORIDA, INC., JACKSONVILLE	31	134	3,705,159	11.89	9.16
3. SUN BANKS OF FLORIDA, INC., ORLANDO	5	19	3,331,903	9.38	7.23
4. FLORIDA NATIONAL BANKS OF FLORIDA, INC., JACKSONVILLE	35	94	1,996,740	5.41	4.94
5. FLAGSHIP BANKS, INC., MIAMI	25	81	1,859,634	6.33	4.37
6. FIRST FLORIDA BANKS, INC., TAMPA	4	41	1,492,754	5.44	4.19
7. PANAMIC BANKCORPORATION, JACKSONVILLE	13	55	1,337,723	5.15	3.97
8. ELLIS BANKING CORPORATION, BRADENTON	23	34	1,039,357	3.40	2.62
9. LANDMARK BANKING CORPORATION OF FLORIDA, FORT LAUDERDALE	5	30	1,025,223	3.33	2.56
10. SOUTHWEST FLORIDA BANKS, INC., FORT MYERS	12	42	953,707	3.09	2.35
11. CENTURY BANKS, INC., FORT LAUDERDALE	11	32	917,976	2.95	2.27
12. EXCHANGE BANKCORPORATION, INC., TAMPA	10	27	887,665	2.88	2.22
13. PAN AMERICAN BANKSHARES, INC., MIAMI	6	30	733,179	2.36	1.82
14. FLORIDA COMMERCIAL BANKS, INC., MIAMI	7	15	520,552	1.67	1.29
15. SULLY'S BANKS, INC., BOCA RATON	3	13	493,727	1.52	1.22
16. FIRST MARINE BANKS, INC., RIVIERA BEACH	1	15	411,026	1.32	1.02
17. FIRST BANKERS CORPORATION OF FLORIDA, POMPANO BEACH	5	16	387,996	1.25	.97
18. GREAT AMERICAN BANKS, INC., NORTH MIAMI	8	11	315,533	1.21	.93
19. CITY NATIONAL BANKING CORPORATION, MIAMI	1	4	285,633	1.16	.91
20. FIRST STATE BANKING CORPORATION, MIAMI	1	8	253,503	1.14	.87
21. ROYAL TRUST BANK CORPORATION, MIAMI	7	17	337,323	1.09	.84
22. REBANK CORPORATION, MIAMI	1	5	277,244	1.02	.79
23. COMMUNITY BANKS OF FLORIDA, INC., SEMINOLE	1	16	255,393	.95	.73
24. PIONEER BANKSHARES CORPORATION, MIAMI	2	6	199,336	.67	.67
25. METROPOLITAN BANKCORPORATION, TAMPA	3	10	225,376	.85	.65
26. HFG INVESTMENTS, INC., PALM BEACH	2	10	175,421	.62	.63
27. COMBANKS CORPORATION, WINTER PARK	5	13	164,222	.75	.55
28. FLORIDA COAST BANKS, INC., POMPANO BEACH	2	10	237,929	.75	.58
29. CENTRAL BANKCORP., INC., MIAMI BEACH	2	6	107,111	.55	.50
30. MICHELER CORPORATION, TAMPA	1	2	124,896	.49	.35
31. AMERICAN BANKS OF FLORIDA, INC., JACKSONVILLE	2	5	145,334	.47	.35
32. JEFFERSON BANKCORP., INC., MIAMI BEACH	3	7	130,093	.42	.32
33. MCGILL LINE, INC., TAMPA	1	4	123,163	.41	.32
34. JACKSONVILLE NATIONAL CORPORATION, JACKSONVILLE	1	4	123,377	.41	.32
35. TOWNEBANK CORPORATION OF FLORIDA, MIAMI	1	4	83,749	.28	.21
36. NATIONAL BANKING CORPORATION OF FLORIDA, MIAMI	1	3	73,250	.24	.18
37. N & W CORPORATION, GAITHERSBURG	1	1	64,314	.22	.17
38. ENGLE NATIONAL HOLDING COMPANY, INC., MIAMI	1	2	55,714	.22	.17
39. CHARTER BANKING CORPORATION, ST. PETERSBURG BEACH	1	2	64,691	.21	.16
40. SUMMIT BANKING CORPORATION, TAMPA	1	3	82,227	.20	.15
41. CRENS BANKING CORPORATION, WAUCHULA	1	2	55,019	.19	.15
42. CUMPS & CHEMICAL CORPORATION, BARTON	1	1	53,399	.17	.13
43. BANK OF FLORIDA CORPORATION, ST. PETERSBURG	1	3	62,227	.17	.13
44. D.J. INVESTMENTS, INC., DELAND	1	1	47,332	.15	.12
45. TRI-STATE INVESTMENT CORPORATION, PENSACOLA	1	4	45,353	.15	.11
46. UNITED BANK CORPORATION, COCOA BEACH	1	2	36,359	.12	.09
47. NORTHWEST BANKING CORPORATION, QUINCY	1	3	35,354	.12	.09
48. FLORIDA SPARES, INC., MIAMI	1	1	35,571	.11	.09
49. STARBUCK COUNTY BANKCORPORATION, LIVE OAK	1	2	37,734	.10	.08
50. AMERICAN BANKCORPORATION, MERRITT ISLAND	1	4	37,429	.10	.08
51. LEVY COUNTY BANKCORPORATION, GAITHERSBURG	1	3	28,526	.09	.07
52. GAITHERSBURG CORPORATION, GAITHERSBURG	1	1	28,424	.09	.07
53. STANFORD CONSTRUCTION CO., INC., FORT WASHINGTON BEACH	1	1	27,621	.08	.07
54. FLORIDA BANK CORPORATION, INC., CLEARWATER	1	1	25,216	.08	.06
55. TRAVIS FLORIDA BANKSHARES, INC., SARASOTA	1	3	28,153	.08	.06
56. AVON SECURITIES, INC., SEBING	1	1	25,492	.08	.06
57. SUNSHINE BANKS OF FLORIDA, INC., HIGH SPRINGS	1	3	24,466	.08	.06
58. MANUFACTURERS BANKSHARES, INC., MIAMI	1	2	23,620	.08	.06
59. LEGGINS BANKING CORPORATION, ARCADIA	1	1	21,642	.07	.05
60. SEMINOLE BANKCORPORATION, CASSELBERRY	1	3	25,254	.07	.05
FINANCING COMPANY TOTALS	207	944	\$91,184,950	25.00	17.55
INDEPENDENT BANKS	243	456	\$ 3,245,169	-	22.36
STATE TOTALS**	555	1402	\$ 94,430,119	-	-

**ONE-BANK HOLDING COMPANY
***FIGURES NOT INCLUDE 3 TRUST BANKS AND 8 TRUST COMPANIES (WITHOUT DEPOSITS); 19 INTERNATIONAL AGENCIES/REPRESENTATIVE OFFICES AND 22 EDGE ACT CORPORATIONS
***OFFICE COUNT REFLECTS ONLY FACILITIES REPORTING DEPOSITS TO FLORIDA BANKERS ASSOCIATION

Source: Florida Bankers Association.

pursued. Royal Trust is being bought by Florida National and ComBanks was bought by Freedom Savings.

The central result of all this consolidation activity has been to reduce the number of large MBHCs which compete in Florida, increase the size of the survivors, and increase the state's concentration ratios--the percentage of deposits controlled by the state's largest banking organizations. Although a few more consolidations are expected, it is believed that market share limits from the regulatory view point are being approached.⁴ Since published data on Florida bank structure for year-end 1983 are not yet available, we estimated the share of total banking deposits in Florida controlled (or to be controlled once announced mergers are consummated) by the 10 largest banking organizations to approximate 70% to 75% versus about 53% in 1980.

Background on the Interstate Banking Issue

Present restrictions on interstate banking emanate primarily from the Douglas Amendment to the Bank Holding Company Act and the McFadden Act. The Douglas Amendment prohibits BHCs from acquiring banks in other states unless the entered state expressly permits such entry by statute. The McFadden Act essentially prohibits interstate branching by national or state member banks. The federal government has not to date addressed the fundamental interstate banking issue. Accordingly, state action revolving around the Douglas Amendment has become the central focus in Florida as well as several other states or regions.⁵

Florida has become a state with a great amount of interstate banking attention. Numerous national and regional financial and non-financial institutions have entered or anticipate entrance into Florida via the numerous de facto or de jure approaches to interstate banking.⁶ Florida's population growth, wealth, and commerce potentials are extremely attractive to all types of financial organizations.

After the 1979 introduction of a regional reciprocal bill in Florida (mentioned previously) political attention shifted to the loan production offices (LPOs) in Florida of BHCs headquartered in other states. The entire banking code which had just been rewritten by the Legislature was vetoed by Governor Bob Graham because it prohibited LPOs. In 1981, the removal of the limitation on the number of branches that could be established per year within the county in which the parent bank is located was the focus of attention. However, the interstate banking issue was highlighted by the fact that NCNB Corporation convinced the Federal Reserve Board that their entry into Florida banking was provided via a loophole in a Florida statute designed to keep out-of-state banks out of Florida.

In 1982, the House Commerce Committee approved a regional reciprocal interstate banking bill, which after a three year adjustment period would have authorized interstate banking on a reciprocal basis nationwide (see Exhibit I).⁷ This bill did

not go beyond the Commerce Committee. In 1983, a proposed regional banking bill was widely opposed in a Commerce Committee hearing. (See Exhibit II.) A nationwide reciprocity bill was also opposed in the Florida Senate. (See Exhibit III.)

Coverage of this Report

As indicated earlier, this study necessarily was a group effort. The study group included the following scholars (listed alphabetically):

1. Dr. Vincent P. Apilado, University of Texas at Arlington.
2. Dr. George J. Benston, University of Rochester.
3. Professor Jeffrey Davis, University of Florida.
4. Dr. Robert A. Eisenbeis, University of North Carolina.
5. Dr. Larry A. Frieder, Florida A&M University
6. Dr. Thomas G. Gies, University of Michigan
7. Dr. Paul M. Horvitz, University of Houston
- *8. Dr. Harvey Rosenblum, Vice President and Economic Advisor, Federal Reserve Bank of Chicago, Chicago, Illinois.
- *9. Dr. David D. Whitehead, III, Senior Research Economist, Federal Reserve Bank of Atlanta, Atlanta, Georgia.

*Note Dr. Rosenblum and Dr. Whitehead served as advisory board members. The views presented represent their own and not necessarily those of the Federal Reserve System.

The material covered in this report is organized in sections (chapters) around the specific topics requested by the Florida House of Representatives Committee on Commerce. The scholar working on each section is a recognized expert on the topic in which he addressed. And each author's specific contribution is noted at the front of each chapter.

The author of Chapter two is Professor Robert A. Eisenbeis. This section provides a thorough discussion of the changing realities of financial markets and institutions. Innovations to avoid interstate banking are explored. Policy issues pertaining to interstate banking proposals are examined.

Chapter three was authored by Dr. David D. Whitehead. This section discusses the various methods of providing interstate financial services, grandfathered interstate banks, and the Garn-St. German legislation. The data provided on interstate 4(c)8 activity in Florida is the most exhaustive listing to date.

The author of Chapter four is Dr. Harvey Rosenblum. Nonbank competition is thoroughly explored in this section. Again, the most exhaustive data base on nonbank banking activities which exists to date is offered. The reader may note that Florida specific activity may only be inferred from the general national data presented. Data only for Florida is not disclosed for public review. Nevertheless, since Florida is a prime target of so many national organizations some reasonable insights may be gleaned.

The author of Chapter five is Professor Thomas G. Gies. This section explores the country's changing financial structure and its implication for the economic development of Florida. Particular attention is given to the user of financial services.

Chapter six is authored by Professor George J. Benston. This section covers the research evidence produced to date on economies of scale and operational efficiency. Inferences regarding interstate banking are based upon this evidence.

The author of Chapter seven is Professor Vincent P. Apilado. A thorough analysis of the research literature involving geographic restrictions/expansions is given. The evidence pertaining to the economic benefits and costs of financial structure liberalization is presented.

Chapter eight is written by Professor Paul M. Horvitz. This section examines the implications of electronic funds transfer pertaining to the interstate banking issue.

The author of Chapter nine is Professor Jeffrey Davis. Most legal issues revolve around the regional reciprocity approach to interstate banking. Accordingly, a thorough legal analysis of the regional reciprocity notion is presented.

Chapter ten is authored by Professor Larry A. Frieder. This section includes a synthesis of the findings of the study. An analysis of the interstate banking implications for Florida is presented.

Footnotes

1. See 1979 Annual Report of Barnett Banks of Florida, Inc. for a discussion of "A Regional Approach to Interstate Banking: The Case for an Orderly Transition," by Guy Botts, then and currently Barnett Chairman of the Board.
2. See pp. iii-v for a listing and short biography on study group members.
3. See revised Banking Code: Chapter 80-260, Laws of Florida, Section 658.26. Also, amendment to Section 658.26 in Chapter 81-215, Laws of Florida.
4. Prior to 1981 it was commonly believed that Florida's MBHCs were at market share limits. However, regulatory authorities have since liberalized their notion of what these limits should be; i.e., a few years ago it would not have been possible for the state's largest BHCs to combine.
5. See page "States Permitting Outside Entry by Banking Organizations" for a listing of states permitting outside entry of banking organizations. Also, note that the New England region has pursued the regional notion to the greatest extent. The Southwest region is also exploring this approach.
6. See chapters three and four for more extensive documentation and discussion of both out-of-state bank and nonbank entry into Florida.
7. Exhibits I, II, and III illustrate the key language of bills previously considered in Florida.



E X H I B I T S

EXHIBIT I

Regional Reciprocity Bill (1982)
170-398-2-2 with Nationwide Reciprocity Trigger (1984)

1	A bill to be entitled	1:btc
2	An act relating to banking; adding paragraphs	1.3
3	(f) and (g) to s. 658.29(3), Florida Statutes;	
4	providing exceptions to the prohibition against	1.5
5	out-of-state bank holding companies owning	
6	banks or bank holding companies in this state;	1.6
7	providing effective dates.	1.7
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9	Be It Enacted by the Legislature of the State of Florida:	1:enc
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11	Section 1. Paragraph (f) is added to subsection (3) of	1.7
12	section 658.29, Florida Statutes, to read:	1.8
13	658.29 Certain ownership and control prohibited.--	1.10
14	(3) Notwithstanding any other provisions of this	1.11
15	section, the restrictions and prohibitions of this section	1.13
16	shall not apply:	
17	<u>(f) After January 1, 1984, to the ownership of voting</u>	1:lus
18	<u>shares of, interests in, or all or substantially all of the</u>	1.15
19	<u>assets of banks and bank holding companies located in this</u>	
20	<u>state which have been conducting the business of a bank or</u>	1.16
21	<u>bank holding company for not less than 3 years by a bank</u>	1.17
22	<u>holding company located in Alabama, Georgia, Louisiana,</u>	1.18
23	<u>Mississippi, North Carolina, South Carolina, Tennessee or</u>	
24	<u>Virginia, and such ownership is hereby specifically</u>	1.19
25	<u>authorized; but only if the statute laws of the state in which</u>	1.20
26	<u>that bank holding company is located specifically authorize</u>	1.21
27	<u>this same privilege of owning voting shares of, interests in,</u>	1.23
28	<u>or all or substantially all of the assets of banks and bank</u>	1.24
29	<u>holding companies located in that state to bank holding</u>	1.26
30	<u>companies located in Florida. For the purpose of this</u>	1.27
31	<u>paragraph, a bank or bank holding company is "located" in the</u>	1.29

170-398-2-2

1	<u>state in which its bank or bank holding company operations are</u>	
2	<u>principally conducted.</u>	1.13/16
3	Section 2. Paragraph (g) is added to subsection (3) of	1.31
4	section 658.29, Florida Statutes, to read:	1.31/1
5	658.29 Certain ownership and control prohibited.--	1.34
6	(3) Notwithstanding any other provisions of this	1.35
7	section, the restrictions and prohibitions of this section	1.37
8	shall not apply:	
9	<u>(g) After January 1, 1987, to the ownership of voting</u>	1:1us
10	<u>shares of, interests in, or all or substantially all of the</u>	1.39
11	<u>assets of banks and bank holding companies located in this</u>	
12	<u>state which have been conducting the business of a bank or</u>	1.40
13	<u>bank holding company for not less than 3 years by a bank</u>	1.41
14	<u>holding company located in any other state, and such ownership</u>	
15	<u>is hereby specifically authorized; but only if the statute</u>	1.42
16	<u>laws of the state in which that bank holding company is</u>	
17	<u>located specifically authorize this same privilege of owning</u>	1.43
18	<u>voting shares of, interests in, or all or substantially all of</u>	1.43/1
19	<u>the assets of banks and bank holding companies located in that</u>	
20	<u>state to bank holding companies located in Florida. For the</u>	1.43/2
21	<u>purpose of this paragraph, a bank or bank holding company is</u>	
22	<u>"located" in the state in which its bank or bank holding</u>	1.43/4
23	<u>company operations are principally conducted.</u>	1.43/5
24	Section 3. Section 1 of this act shall take effect	1.43/5
25	January 1, 1984, and section 2 of this act shall take effect	1.48
26	January 1, 1987.	
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EXHIBIT II

PCB 83-31 Regional Reciprocity Followed by
Nationwide Reciprocity (1983)

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A bill to be entitled

An act relating to banking; amending subsection (1) of s. 658.29, Florida Statutes, changing a cross-reference; adding a new subsection (4) to section 658.29, Florida Statutes, providing exceptions to the prohibition against out-of-state bank holding companies owning banks or bank holding companies located in this state; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 658.29, Florida Statutes, is amended, and a new subsection (4) is added to said section to read:

(1) Except as provided in subsections (3) and (4) ~~subsection-(3)~~, no bank, trust company, or bank holding company, the operations of which are principally conducted outside this state, shall acquire, retain, or own, directly or indirectly, all, or substantially all, of the assets of, or control over, any bank or trust company having a place of business in this state where the business of banking or trust business or functions are conducted, or acquire, retain, or own all, or substantially all, of the assets of, or control over, any business organization having a place of business in this state where or from which it furnishes investment advisory services in this state. However, if a bank, trust company, or bank holding company directly or indirectly owning all, or substantially all, the assets of, or having control over, a bank or a trust company or business organization to which the restrictions and prohibitions of this section apply,

PCB 83-31

1 having acquired such assets or control prior to becoming
2 disqualified hereunder, shall, on or after December 20, 1972,
3 the effective date of former s. 659.141(1), as amended, be or
4 become disqualified hereunder to acquire, retain, or own the
5 same, the restrictions and prohibitions of this section shall
6 not be enforced against it for a period which, under all the
7 circumstances, is determined by the department to be
8 reasonable, not exceeding 2 years from December 20, 1972, the
9 effective date of former s. 659.141(1), as amended, or from
10 the date it becomes disqualified hereunder, whichever is
11 later, unless said period of 2 years is extended by the
12 department as herein provided. The department is authorized,
13 upon a showing of undue hardship, to extend the 2-year period
14 from time to time if it determines that any such extension
15 would not be detrimental to the public interest; but any such
16 extension shall not exceed 1 year, and all extensions shall
17 not in the aggregate exceed 3 years.

18 (4) Notwithstanding any other provision of this
19 section:

20 (a) A bank holding company located in Alabama,
21 Georgia, Louisiana, Mississippi, North Carolina, South
22 Carolina, Tennessee or Virginia which is not controlled by a
23 bank holding company located in any state other than one of
24 the states mentioned herein may acquire, directly or
25 indirectly, voting shares of, interests in, or all or
26 substantially all of the assets of banks located in this state
27 which have been conducting the business of banking for not
28 less than 3 years, or bank holding companies located in this
29 state, provided that the statute laws of the state in which
30 such bank holding company is located extend the same privilege
31 of acquiring voting shares of, interests in, or all or

PCB 83-31

1 substantially all of the assets of banks or bank holding
2 companies located in that state to bank holding companies
3 located in Florida.

4 (b) Five years after the date on which statute laws
5 have become effective in any one of the states named in
6 paragraph (a) authorizing bank holding companies located in
7 Florida to acquire the voting shares of, interests in, or all
8 or substantially all of the assets of banks or bank holding
9 companies located in that state, a bank holding company
10 located in any other state may acquire voting shares of,
11 interests in, or all or substantially all of the assets of
12 banks located in this state which have been conducting the
13 business of banking for not less than 3 years, or bank holding
14 companies located in this state, provided that the statute
15 laws of the state in which such bank holding company is
16 located extend the same privilege of acquiring voting shares
17 of, interests in, or all or substantially all of the assets of
18 banks or bank holding companies located in that state to banks
19 or bank holding companies located in Florida.

20 (c) For the purposes of this subsection, a bank
21 holding company is located in the state in which the total
22 deposits of all its banking subsidiaries are largest.

23 Section 2. This act shall take effect October 1, 1983.

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EXHIBIT III

Nationwide Reciprocity Bill
Introduced in Florida Senate (1983)

Florida Senate - 1983

SB 360

By Senators Gordon, Neal, Fox, Frank and Girardeau

35-370A-83

See HB

This public document was promulgated at a cost of \$7.02 per printed page for 1200 copies to inform the public of proposed legislation.

1 A bill to be entitled

2 An act relating to banks and trust companies;

3 amending s. 658.29, Florida Statutes;

4 permitting sale of ownership or control of a

5 bank, trust company, or bank holding company in

6 this state to a bank, trust company, or bank

7 holding company, the operations of which are

8 principally conducted outside this state, if

9 the law of the jurisdiction in which such

10 operations are principally conducted

11 specifically authorize the acquisition of

12 control of a bank, trust company, or bank

13 holding company in such jurisdiction by a bank,

14 trust company, or bank holding company the

15 operations of which are principally conducted

16 in this state; providing for review and repeal

17 in accordance with the Regulatory Sunset Act;

18 providing an effective date.

19

20 Be It Enacted by the Legislature of the State of Florida:

21

22 Section 1. Section 658.29, Florida Statutes, is

23 amended to read:

24 658.29 Certain ownership and control prohibited.--

25 (1) Except as provided in subsections sussecteen (3)

26 and (4), no bank, trust company, or bank holding company, the

27 operations of which are principally conducted outside this

28 state, shall acquire, retain, or own, directly or indirectly,

29 all, or substantially all, of the assets of, or control over,

30 any bank or trust company having a place of business in this

31 state where the business of banking or trust business or

CODING: Words in ~~dash~~ through type are deletions from existing law; words underlined are additions.

1 functions are conducted, or acquire, retain, or own all, or
 2 substantially all, of the assets of, or control over, any
 3 business organization having a place of business in this state
 4 where or from which it furnishes investment advisory services
 5 in this state. However, if a bank, trust company, or bank
 6 holding company directly or indirectly owning all, or
 7 substantially all, the assets of, or having control over, a
 8 bank or a trust company or business organization to which the
 9 restrictions and prohibitions of this section apply, having
 10 acquired such assets or control prior to becoming disqualified
 11 hereunder, shall, on or after December 20, 1972, the effective
 12 date of former c. 659.141(1), as amended, be or become
 13 disqualified hereunder to acquire, retain, or own the same,
 14 the restrictions and prohibitions of this section shall not be
 15 enforced against it for a period which, under all the
 16 circumstances, is determined by the department to be
 17 reasonable, not exceeding 2 years from December 20, 1972, the
 18 effective date of former c. 659.141(1), as amended, or from
 19 the date it becomes disqualified hereunder, whichever is
 20 later, unless said period of 2 years is extended by the
 21 department as herein provided. The department is authorized,
 22 upon a showing of undue hardship, to extend the 2-year period
 23 from time to time if it determines that any such extension
 24 would not be detrimental to the public interest, but any such
 25 extension shall not exceed 1 year, and all extensions shall
 26 not in the aggregate exceed 3 years.

27 (2) Except as provided in subsection (4) (2), for the
 28 purpose of this section, the operations of a bank, trust
 29 company, or bank holding company are principally conducted
 30 outside this state if:

1 (a) In the case of a bank, the largest amount of its
 2 total deposits is held outside this state.

3 (b) In the case of a trust company, the largest amount
 4 of its total trust assets is held or administered outside this
 5 state.

6 (c) In the case of a bank holding company, the largest
 7 amount of the total deposits of all banks controlled by the
 8 bank holding company is held outside this state or the largest
 9 amount of the total trust assets held by all trust companies
 10 controlled by the bank holding company is held or administered
 11 outside this state.

12 (3)(a) A bank, trust company, or bank holding company,
 13 the operations of which are principally conducted outside this
 14 state, may acquire shares of or control over any bank, trust
 15 company, or bank holding company having a place of business in
 16 this state if the statute law of the jurisdiction in which
 17 such operations are principally conducted specifically
 18 authorize the acquisition of control of a bank, trust company,
 19 or bank holding company in such jurisdiction by a bank, trust
 20 company, or bank holding company the operations of which are
 21 principally conducted in this state.

22 (b) Any acquisition of shares or control authorized
 23 under paragraph (a) shall not affect the powers or privileges
 24 of the bank, trust company, or bank holding company so
 25 acquired.

26 (4)(2) Notwithstanding any other provisions of this
 27 section, the restrictions and prohibitions of this section
 28 shall not apply:

29 (a) To the ownership or control of shares acquired by
 30 a bank, trust company, or bank holding company prior to
 31 January 1, 1972.

1 (b) To any acquisition of a bank, trust company, or
 2 investment advisory business organization if an application
 3 for approval of such acquisition or notice of proposed
 4 investment advisory activities was filed with the Department
 5 of Banking and Finance, or the Board of Governors of the
 6 Federal Reserve System or other appropriate federal regulatory
 7 agency having jurisdiction, prior to June 1, 1972.

8 (c) To the establishment of one investment advisory
 9 office in this state by a bank or business organization which,
 10 on March 1, 1972, and for a period of 1 year prior thereto,
 11 rendered investment advisory services to trust companies or
 12 banks in this state from an office outside the state.

13 (d) To any bank, trust company, or bank holding
 14 company, the operations of which are principally conducted
 15 outside this state, which, on December 20, 1972, owned all the
 16 assets of, or control over, a bank or trust company located
 17 within and doing business within this state.

18 (e) To the acquisition, retention, or ownership of an
 19 Edge Act corporation when the Edge Act corporation is
 20 performing functions authorized by the act under which it was
 21 organized.

22 Section 2. Each section within chapter 658, Florida
 23 Statutes, which is added or amended by this act, is repealed
 24 on October 1, 1991, and shall be reviewed by the Legislature
 25 pursuant to s. 11.61, Florida Statutes.

26 Section 3. This act shall take effect upon becoming a
 27 law.

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LEGISLATIVE SUMMARY

Permits sale of control of a Florida-based bank, trust company, or bank holding company to a bank, trust company, or bank holding company having its principal operations outside the state if the jurisdiction in which the acquiring entity has its principal operations affords Florida institutions reciprocal privileges.