



Changes in the Number of Commercial Bank Branches in Rural Areas

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The number of commercial bank branches in rural areas has steadily declined over the past decade, raising concerns about the availability and accessibility of financial services in these communities. Between 2012 and 2017, over 40% of rural counties lost bank branches, with some counties experiencing substantially more declines ([Board of Governors of the Federal Reserve System, 2019](#)). Compared to the rest of the country, rural Americans have a higher reliance on brick-and-mortar bank branches, more limited access to the Internet and online banking options, and a greater likelihood of living in banking deserts ([Consumer Financial Protection Bureau, 2022](#)). Furthermore, people living in rural areas are disproportionately affected by this trend, having to travel farther to access banking services, with the median distance to the nearest branch being 0.64 miles away following a closure, compared to 0.18 miles in urban areas ([Dahl et al., 2021](#)). In this *farmdoc* article, we examine the trends in the number of commercial bank branches in rural counties between 1994 and 2023.

We utilize the 2023 Rural-Urban Continuum Codes (RUCCs) published by the Economic Research Service (ERS) in order to identify rural counties. The 2023 RUCCs classify counties in the United States into nine distinct categories based on their metropolitan or nonmetropolitan status, as determined by the 2023 Office of Management and Budget (OMB) definition of metropolitan areas. Metropolitan counties are further categorized into three groups according to the population size of their metropolitan area. Nonmetropolitan counties are divided into six groups based on their level of urbanization and proximity to a metropolitan area. This classification system encompasses all counties and census-designated county-equivalents in the United States, including those in outlying territories, with each being assigned one of the nine codes.¹

Here, we focus our attention on nonmetro counties. Using the FDIC's Summary of Deposits datasets from 1994 and 2023, we match bank branch locations to their corresponding 2023 RUCC to examine changes in the number of branches over the two periods at the county level. Additionally, we match county populations from the 1990 and 2020 Census to their respective 2023 RUCCs to examine population changes. It is important to note that RUCCs are updated periodically to reflect changes in metro and

¹ See the Rural-Urban Continuum Codes [Documentation](#) for further details.

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nonmetro definitions. As a result, RUCCs published in earlier periods cannot be directly compared across time. Furthermore, some counties across the nation have undergone changes to their name, Federal Information Processing Standards (FIPS), or boundary. As a result, we were only able to match 1,915 of the 1,958 reported counties with RUCCs in 2023 to the FDIC Summary of Deposits data.

Table 1 presents the percentage of counties within the six nonmetropolitan RUCCs that experienced a decline, gain, or no change in the number of bank branches between 1994 and 2023. The least rural of the RUCCs—counties with an urban population of 20,000 or more, adjacent to a metro area—experienced the largest decline, with 64.32% of counties experiencing bank closures over the period. The next largest decline occurred in counties with an urban population of 5,000 to 20,000, adjacent to a metro area, where 56.35% of counties experienced bank closures. The most rural of the RUCCs—counties with an urban population of fewer than 5,000, not adjacent to a metro area—experienced the smallest decline, with 35.66% of counties experiencing bank closures over the period. However, this nonmetro classification had the highest share of counties that didn't experience a change in the number of bank branches. Overall, 47% of nonmetro counties experienced declines in the number of bank branches, while only 29.35% experienced increases.

Table 1. Commercial Bank Branch Changes in Nonmetro Counties from 1994 to 2023

Nonmetro Counties:	Percent of Counties			Count
	Declined	Unchanged	Gained	
Urban population of 20,000 or more, adjacent to a metro area	64.32%	6.53%	29.15%	199
Urban population of 20,000 or more, not adjacent to a metro area	44.74%	3.95%	51.32%	76
Urban population of 5,000 to 20,000, adjacent to a metro area	56.35%	10.58%	33.07%	378
Urban population of 5,000 to 20,000, not adjacent to a metro area	51.01%	14.98%	34.01%	247
Urban population of fewer than 5,000, adjacent to a metro area	43.76%	30.42%	25.82%	457
Urban population of fewer than 5,000, not adjacent to a metro area	35.66%	39.61%	24.73%	558
All Nonmetro Counties	47.00%	23.66%	29.35%	1,915

Source: Federal Deposit Insurance Corporation; U.S. Department of Agriculture, Economic Research Service, 2023 Rural-Urban Continuum Codes

Table 2 presents the percentage of counties within the six nonmetropolitan RUCCs that experienced a population decline or increase between 1990 and 2020. The second least rural of the RUCCs—counties with an urban population of 20,000 or more, not adjacent to a metro area—had the highest share of counties experiencing a population gain (80.26%), and was closely followed by the least rural RUCC—counties with an urban population of 20,000 or more, adjacent to a metro area—with a share of 71.86%, and the third least rural RUCC—counties with an urban population of 5,000 to 20,000, adjacent to a metro area—with a share of 71.43%. The three most rural RUCCs had the largest shares of counties experiencing population declines, with these shares increasing as the level of rurality increased. Overall, 45.59% of nonmetro counties experienced population declines between 1990 and 2020, while 54.41% experienced population gains.

Table 2. Population Changes in Nonmetro Counties From 1990 to 2020

Nonmetro Counties:	Percent of Counties		Count
	Declined	Gained	
Urban population of 20,000 or more, adjacent to a metro area	28.14%	71.86%	199
Urban population of 20,000 or more, not adjacent to a metro area	19.74%	80.26%	76
Urban population of 5,000 to 20,000, adjacent to a metro area	28.57%	71.43%	378
Urban population of 5,000 to 20,000, not adjacent to a metro area	42.11%	57.89%	247
Urban population of fewer than 5,000, adjacent to a metro area	46.39%	53.61%	457
Urban population of fewer than 5,000, not adjacent to a metro area	67.74%	32.26%	558
All Nonmetro Counties	45.59%	54.41%	1,915

Source: U.S. Census Bureau (1990 & 2020); U.S. Department of Agriculture, Economic Research Service, 2023 Rural-Urban Continuum Codes

Conclusion

In summary, nearly half of all nonmetro counties experienced declines in bank branches, while only about 29% saw increases between 1994 and 2023. When examining population changes between 1990 and 2020, the three most rural Rural-Urban Continuum Codes (RUCCs) had the largest shares of counties experiencing population declines, with these shares increasing as rurality increased. The combination of declining bank branches and population in more rural counties highlights the headwinds these communities face in accessing essential financial services. In our forthcoming article, we will conduct a more in-depth analysis of the extent of these changes, pinpoint the counties most severely affected by the decline in bank branches and population, and offer further demographic insights into the impacted counties.

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