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Brown asks the OCC to hold public meetings in communities where bank branches are closing

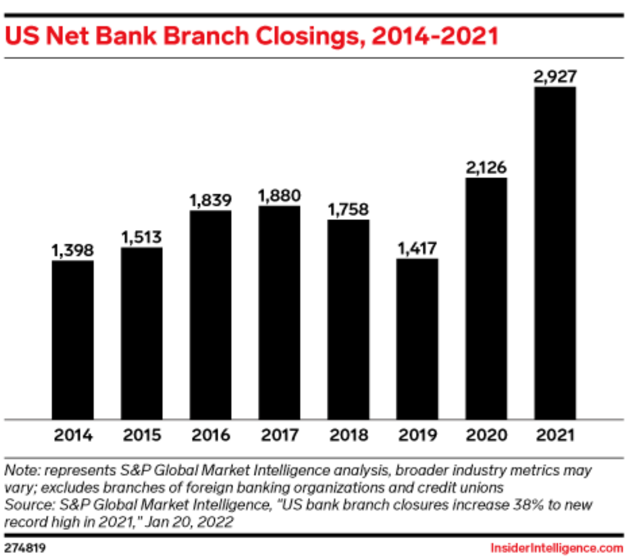
Article

The news: Sen. Sherrod Brown sent a letter to the **Officer of the Comptroller of the Currency** (OCC) asking the agency to meet with low- and moderate-income communities to talk about proposed bank branch closures in their areas.

- Brown cited the agency's obligation to ensure banks serve the needs of all members of a community, according to the Community Reinvestment Act.
- He requested that the agency meet with community members who write to the OCC regarding a proposed branch closure in their area to discuss the impact it would have.
- Brown also reminded the OCC about an earlier letter he sent to the OCC and the **Federal Reserve** asking them to review and update their approach to bank mergers, which often lead to branch shrinkage.

The stats: Physical bank branches in the US have closed at an alarming rate even before the pandemic—particularly in vulnerable communities.

- Between 2017 and 2021, 7,425 branches closed in the US—**9% of all locations**. Of those closures, 1 in 3 were in LMI or majority-minority communities, per a study from the National Community Reinvestment Coalition.
- **Wells Fargo** led the pack with 993 branch closures. **SunTrust** and **BB&T** merging into **Truist** resulted in 919 branches closing.



What's driving closures:

- Decades of low interest rates squeezed banks' profits. Many opted to cut costs by closing branches.
- The pandemic triggered a massive migration to digital banking.
- Large banks vying for market share often acquire smaller banks to expand their footprint. But as they extend their reach, they don't always increase their number of branches.

Our take: The number of monthly branch closures fell to 49 in January, well below the trailing-12-month average of 161. But it's still necessary to consider the wider industry climate:

- Banks will continue to spend on digitization as they try to attract digitally native Gen Z customers.
- Some banks are running into regulatory hurdles regarding proposed mergers. **First Horizon** and **TD** recently said their deal likely won't meet its deadline. As a result, banks in deal talks are launching community benefits plans that include branch openings. But some banks are not delivering on their promises.

Fierce competition from digital banks, fintechs, and Big Tech—along with banks' desire to increase deposits, cut costs, and nab Gen Z wealth—signal that the bank branch closure trend is here to stay.

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