BANKING CHANGES

When The Banks Left Town: The Impact Of Banking Changes On Hampton Roads

Over the past two decades, but especially during the 1990s, banks headquartered in other states, usually North Carolina, acquired the largest freestanding, independent commercial banks headquartered in Hampton Roads. Organizations such as Bank of America, Sun Trust, First Union and Wachovia now dominate the banking scene in the region, rather than Sovran, Crestar and others that either were headquartered in Hampton Roads or in Virginia.

So what? What effect has this wave of mergers and displacement of ownership had upon Hampton Roads? There are two effects – one clear and demonstrable, and the other more arguable. The effect clearly supported by the evidence is an absolute decline in banking employment in Virginia, accompanied by very modest increases in banking employment in Hampton Roads, but dramatically below what has been the case in North Carolina. Further, relatively speaking, banking wages and salaries have fallen in Virginia and Hampton Roads.

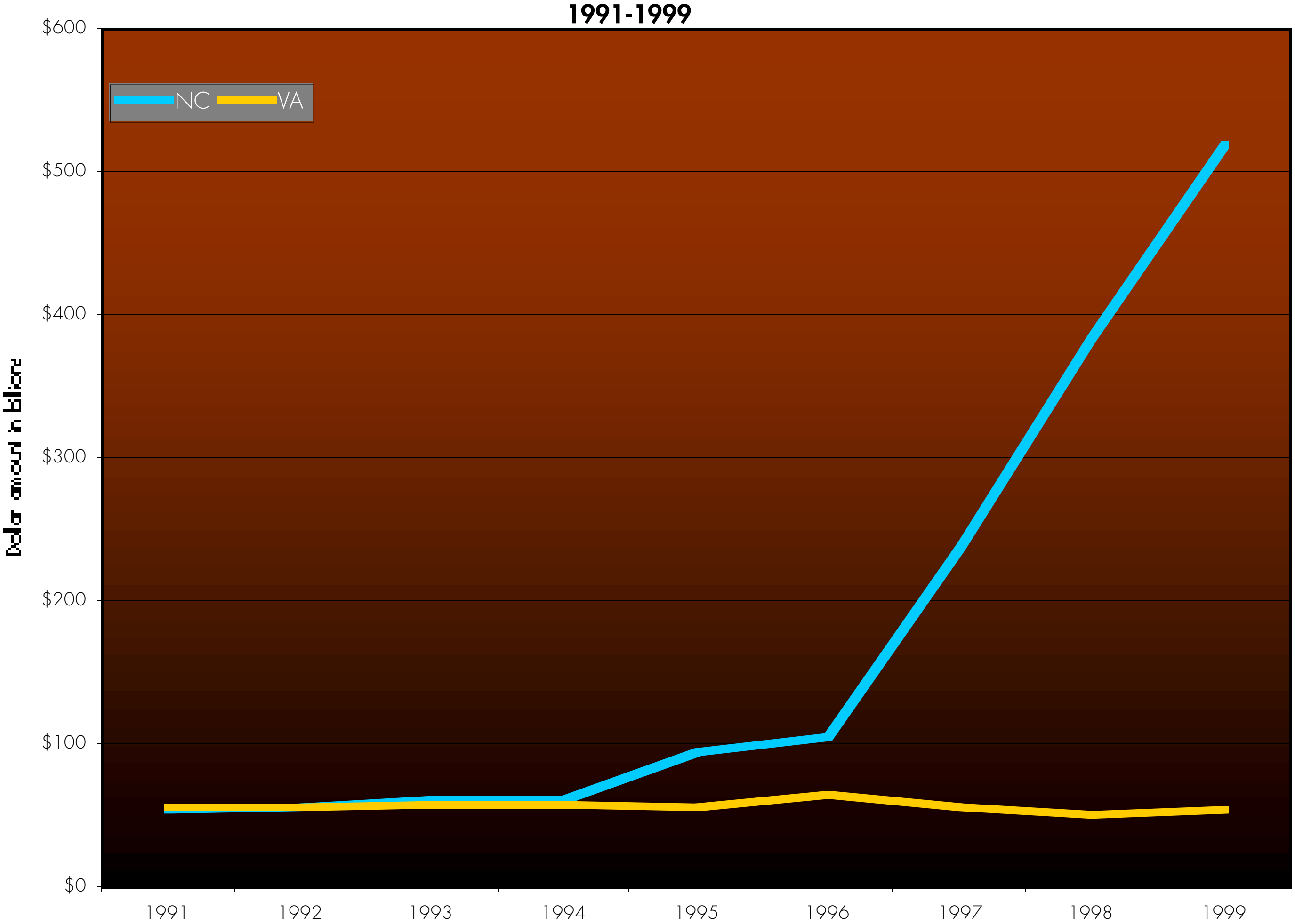
The effect that is arguable relates to a possible decline in the quality of banking services in Virginia and Hampton Roads because of the mergers and ownership displacement. In fact, the reverse may be true.

Data On Commercial Banking In Virginia And Hampton Roads

The primary source for information on the deposits of commercial banks, as well as the number of banks and offices (branches), is the Federal Deposit Insurance Corp. (FDIC), which reports such data on June 30 each year.

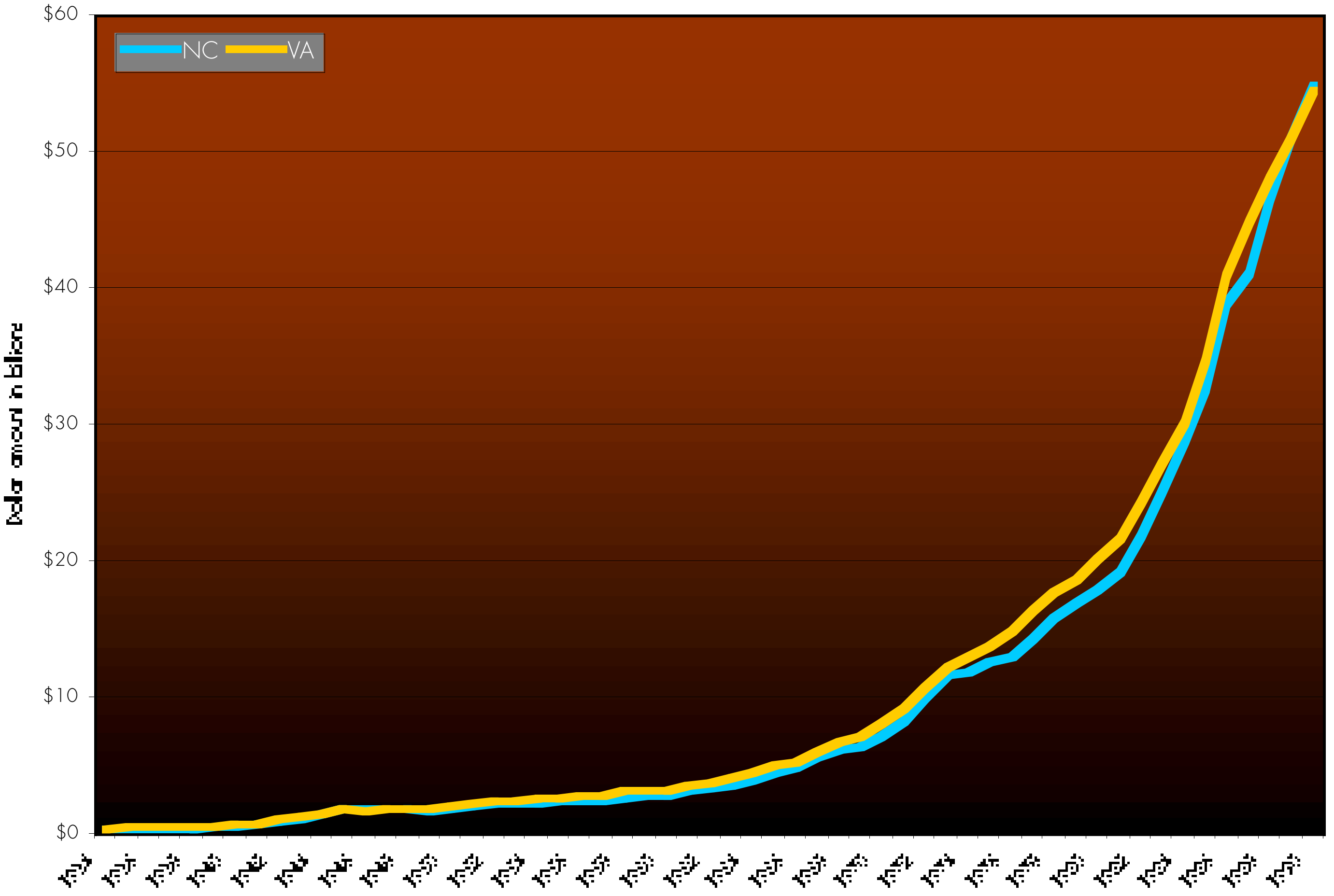
An important measure of commercial banking size and the general prosperity of banking organizations is the volume of their deposits. Graph 1 displays the total deposits of commercial banking institutions by location of their headquarters, either in Virginia or North Carolina. It is evident that deposits of commercial banks headquartered in North Carolina began to increase in 1994, and that growth has accelerated since 1996. This is in sharp contrast to the situation of banks headquartered in Virginia, where total deposits have either been stagnant or declining since 1994. However, it is worth noting that this was not always the pattern. Historical data on deposits, beginning in 1934 and ending in 1990, are displayed in Graph 2. One can see that during most of this period, the total deposits of Virginia and North Carolina banks were about the same, and in many years Virginia's deposits were slightly larger.

GRAPH 1
TOTAL DEPOSITS OF COMMERCIAL BANKING INSTITUTIONS
BY LOCATION OF HEADQUARTERS
1991-1999



Source: FDIC

GRAPH 2
TOTAL DEPOSITS OF COMMERCIAL BANKING INSTITUTIONS
BY LOCATION OF HEADQUARTERS
1934 - 1990



Source: FDIC

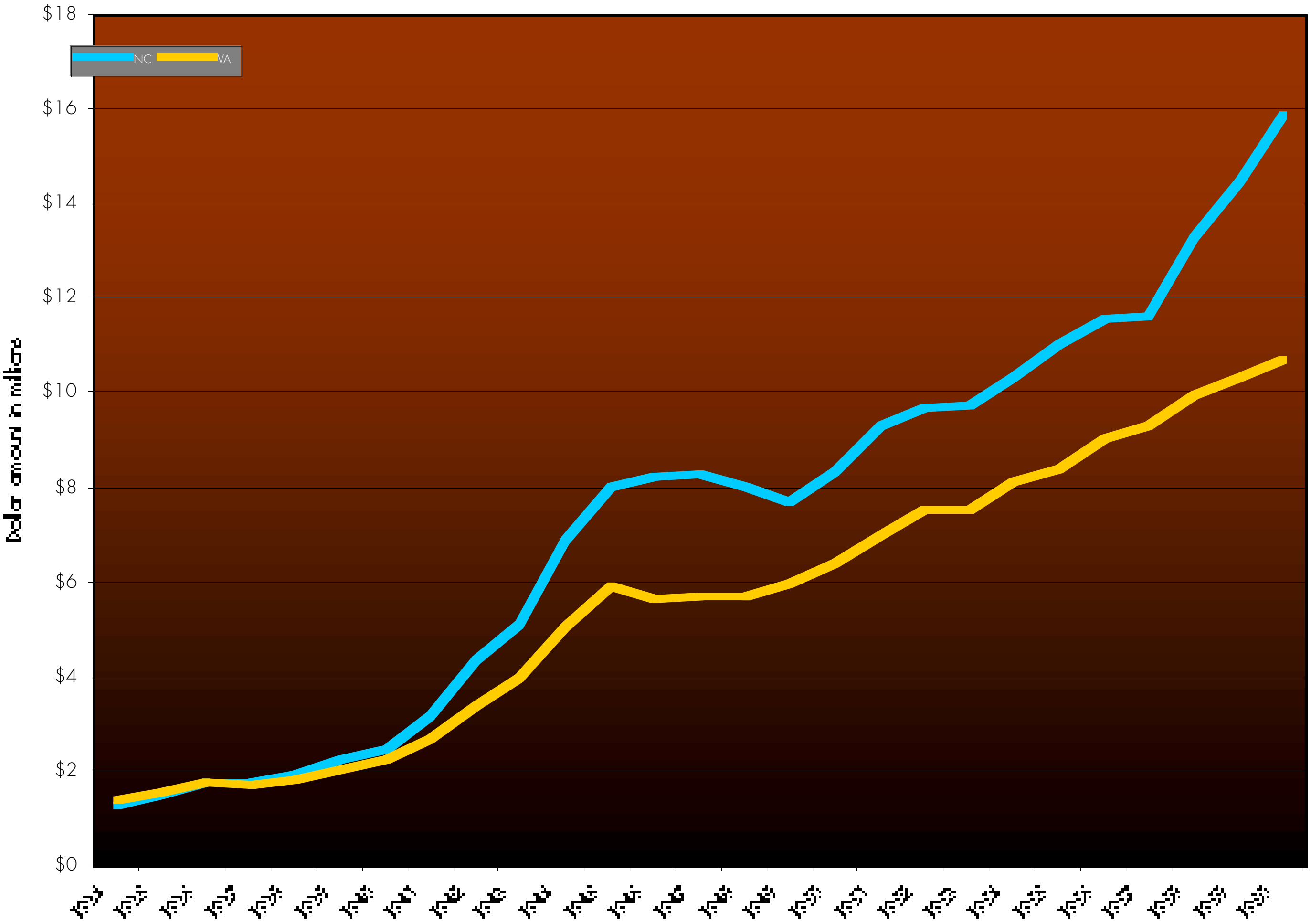
An examination of the average deposits of the banks headquartered in North Carolina and Virginia, represented in Graphs 3, 4 and 5, reveals a dramatically opposite finding. Even since the late 1930s, average deposits of banks in North Carolina have been higher than their counterparts in Virginia. The differences in these deposits have been growing ever since, a trend that has been magnified since the middle 1990s.

The finding of larger total deposits and smaller average deposits in Virginia banks, when compared with those of North Carolina (at least until 1990), can be explained by the fact that the number of banking institutions in Virginia has always been greater than in North Carolina. In 1934, Virginia had 320 banking institutions, compared with 237 in North Carolina. Even though the number of banking institutions has declined over time, both in Virginia and North Carolina, Virginia still had more banking institutions than did its neighbor to the south. By 1990, Virginia had 178 banking institutions, compared with only 78 in North Carolina. The existence of larger, though fewer, banking institutions in North Carolina as compared to Virginia since the late 1930s can be traced to the differences in banking laws and regulations in these two states.

Some History Of Banking Regulations

Until passage of the McFadden Act in 1927, branching of national banks was prohibited. The McFadden Act permitted establishment of new branches by member banks of the Federal Reserve System only within their head-office city. Further, these banks were required to conform to the branching regulations in the state of their location. Essentially, this act put national banks and

GRAPH 3
AVERAGE DEPOSITS PER COMMERCIAL BANKING INSTITUTION BY LOCATION OF HEADQUARTERS
1934 - 1960



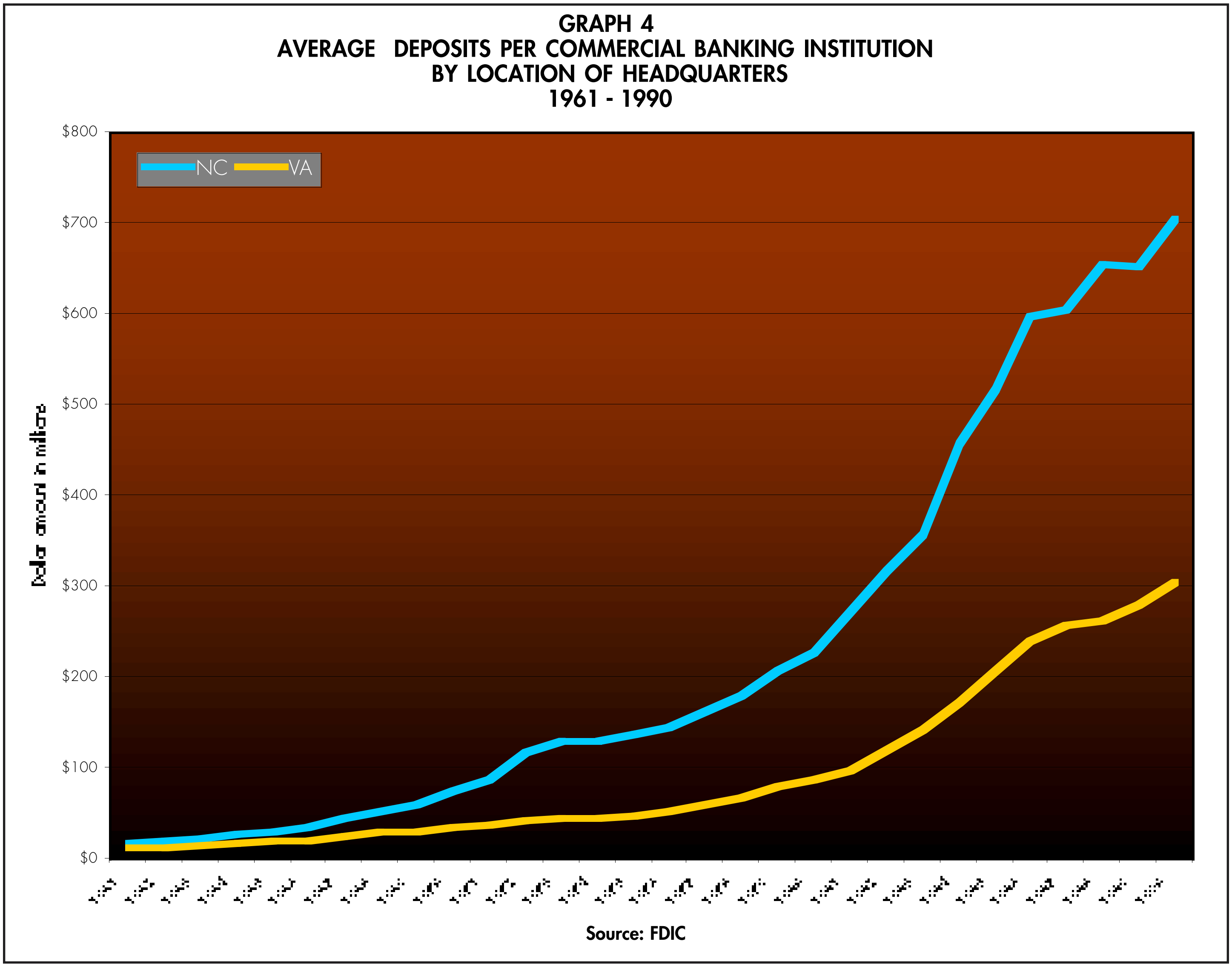
Source: FDIC

state banks on equal footing by effectively prohibiting banks from branching out across state lines. The National Banking Act of 1933 made national banks subject to the same location restrictions imposed on state banks by state legislation.

Virginia banking legislation from 1928 through 1961 authorized additional *de novo* (new) branches only in the parent-bank city, town or county. The legislation also permitted mergers, or purchases, in the same or adjoining county as the parent bank. Up until 1962, only one state banking organization, the Bank of Virginia, participated in statewide branching, and it was allowed to do so due to a grandfather clause in the legislation.

Bank holding companies, however, were not regulated under the Virginia Banking Code. A holding company could acquire a bank as an affiliate and avoid state branching restrictions. The affiliate remained a separate unit of the holding company under federal laws and under the supervision of the Federal Reserve System. The First Virginia Corp. (1949), a bank holding company in Arlington, and Financial General (1925), a holding company in Washington, D.C., operated affiliates in several communities in Northern Virginia. Nonetheless, Virginia remained primarily a unit banking state until 1962.

This is in sharp contrast to banking practices in North Carolina and Maryland, where statewide branching has been permitted since the 1930s. Banks in North Carolina wishing to expand had a distinct advantage over their counterparts in Virginia, at least until 1962, as the latter faced more restrictive legislation when it came to expansion.



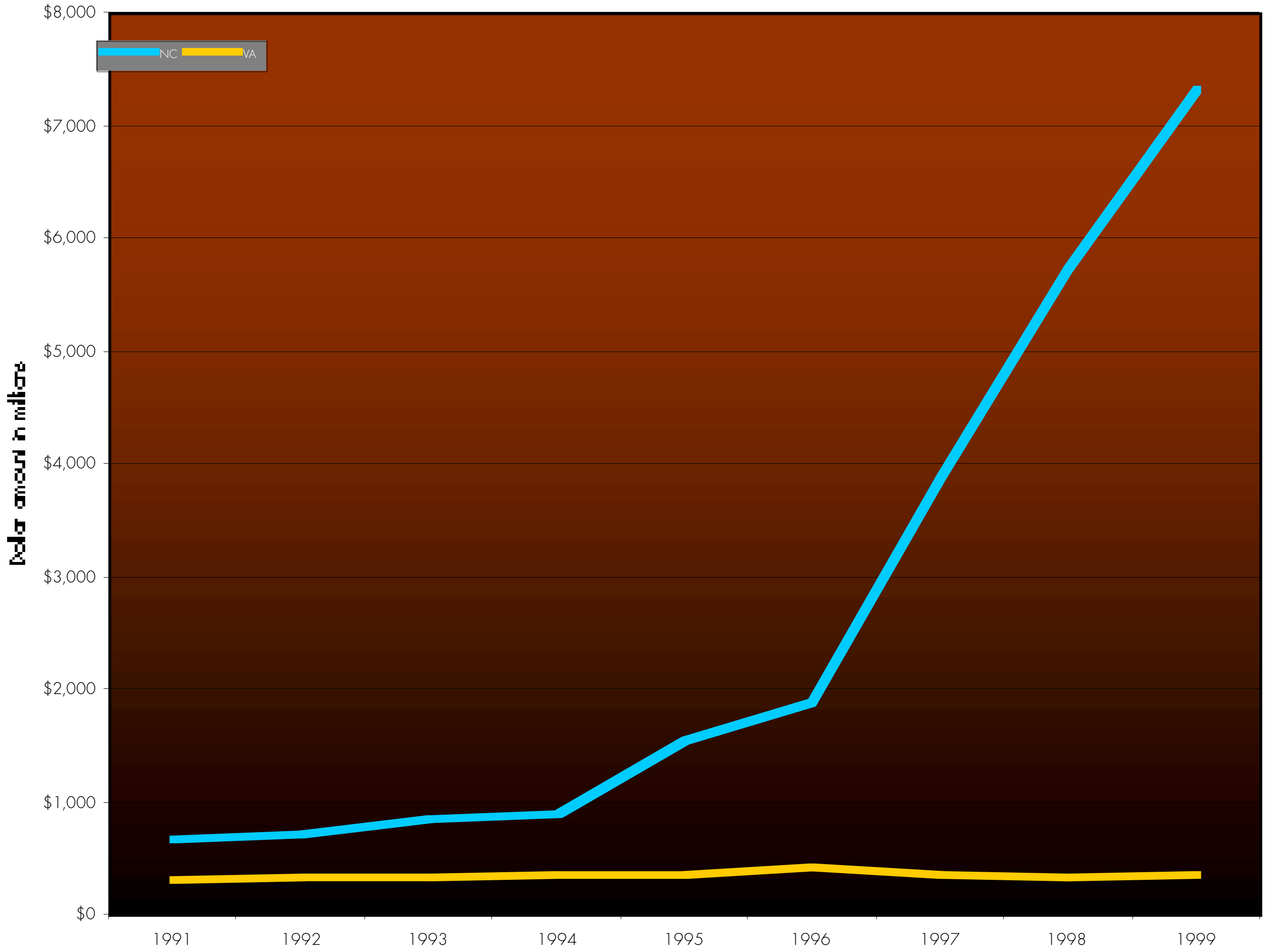
In the early 1960s, banks in North Carolina, Maryland and the District of Columbia were larger than banks in Virginia. For example, in 1962, the biggest bank in Virginia could offer a credit line of only $1.55 million. Richmond had four of the six largest banks in the state, yet all four combined could offer a single entity no more than $4.95 million. By contrast, in any of 15 North Carolina cities, an industry could obtain $5 million in loans or a credit line from a single bank.

The 1962 Virginia legislation, the Buck-Holland Bill, opened a new era for banking in the Commonwealth. Virginia bankers were now permitted to expand by merger or purchase by a holding company, or by a combination of the two methods in any county, city or town within the state. However, merger or purchase were the only ways to accomplish rapid growth, for the same act prohibited establishment of additional *de novo* branches outside the area of the parent bank.

Under the 1962 legislation, holding companies had obtained a distinct advantage in branching. This legislation restricted *de novo* branches to the immediate area of an existing bank, while mergers were authorized on a statewide basis. As a result of this, a bank merging into another community could not branch *de novo* in the area of the bank with which it merged. By contrast, a holding company could acquire a bank as an affiliate and the affiliate, which remained a separate bank, could continue to branch *de novo* in its community.

The regulations restricting branching promoted the development of bank holding companies. They allowed these companies to circumvent restrictive branching regulations, because the holding company could own a controlling interest in several banks even if branching was not permitted. A bank holding company also could engage in other activities related to banking, such as the provision of investment advice, data processing and transmission services, leasing, credit card services and servicing of loans in

GRAPH 5
AVERAGE DEPOSITS PER COMMERCIAL BANKING INSTITUTION
BY LOCATION OF HEADQUARTERS
1991 - 1999



Source: FDIC

other states. Further, the holding company could also issue commercial paper, allowing the bank to tap into other nondeposit sources of funds.

The disparity in branching opportunities under the Buck-Holland Bill was eliminated by a change to the Virginia Banking Code in 1978. Now, merged banks as well as banks affiliated with holding companies were permitted to open new branches. This change in legislation also provided an impetus for the creation of single-bank holding companies. The single-bank holding company formation enabled the banking organization to consolidate its operations and improve operating efficiency and management control.

Thus, at least until 1978, because of restricted branching opportunities, banking institutions in Virginia remained relatively small. Even though holding companies were allowed to acquire additional banks as affiliates, the affiliates remained separate banks. An affiliate was permitted to branch *de novo* only in its community, and therefore remained relatively small in size. In contrast, banking institutions in North Carolina, which had been able to branch out statewide since the 1930s, continued to grow larger and larger, as measured by their deposits. As a result, the disparity in size among banks in Virginia and North Carolina continued to widen.

Another advantage of bank holding companies was that many states allowed bank holding companies headquartered in other states to purchase banks in their states. In 1975, Maine enacted the first interstate banking legislation that allowed out-of-state bank holding companies to purchase banks in that state. In 1982, Massachusetts enacted a regional compact with other New England states to allow interstate banking. In addition, starting in 1982, bank holding companies were permitted to purchase out-of-state banks that were failing. For example, bank holding companies headquartered in New York, Ohio, North Carolina, Michigan and California gained entry into Texas by purchasing failing institutions in that state.

In 1985, the U.S. Supreme Court ruled that interstate acquisitions by holding companies were legal. In Northeast Bancorp vs. Board of Governors, 472 U.S. 159 (1985), the Supreme Court upheld the right of a state to authorize acquisitions of banks within its boundaries by bank holding companies headquartered in another state with which it had reciprocal legislative arrangements. Virginia joined with 12 southeastern states, Maryland and District of Columbia to permit such acquisitions within their compact. The 12 southeastern states were Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. As a result, three Virginia banks, United Virginia, Signet and Sovran, began expanding beyond Virginia's borders for the first time. Out-of-state banks located in this "compact" region were also in a position to expand their activities in Virginia. By the early 1990s, all states allowed some form of interstate banking.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 extended the regional compacts to the entire nation and overturned the McFadden Act and the Douglas Amendment's prohibition of interstate banking. Not only did this act allow bank holding companies to acquire banks in any other state, notwithstanding any state laws to the contrary, but it also allowed bank holding companies to merge the banks they owned into one bank with branches in different states.

Although interstate banking was accomplished previously by the out-of-state purchase of banks by bank holding companies, up until 1994 interstate branching was virtually nonexistent because very few states had enacted interstate branching legislation. Now, nationwide banks are beginning to emerge. The merger of Bank of America and NationsBank in 1998 created the first bank with branches on both coasts.

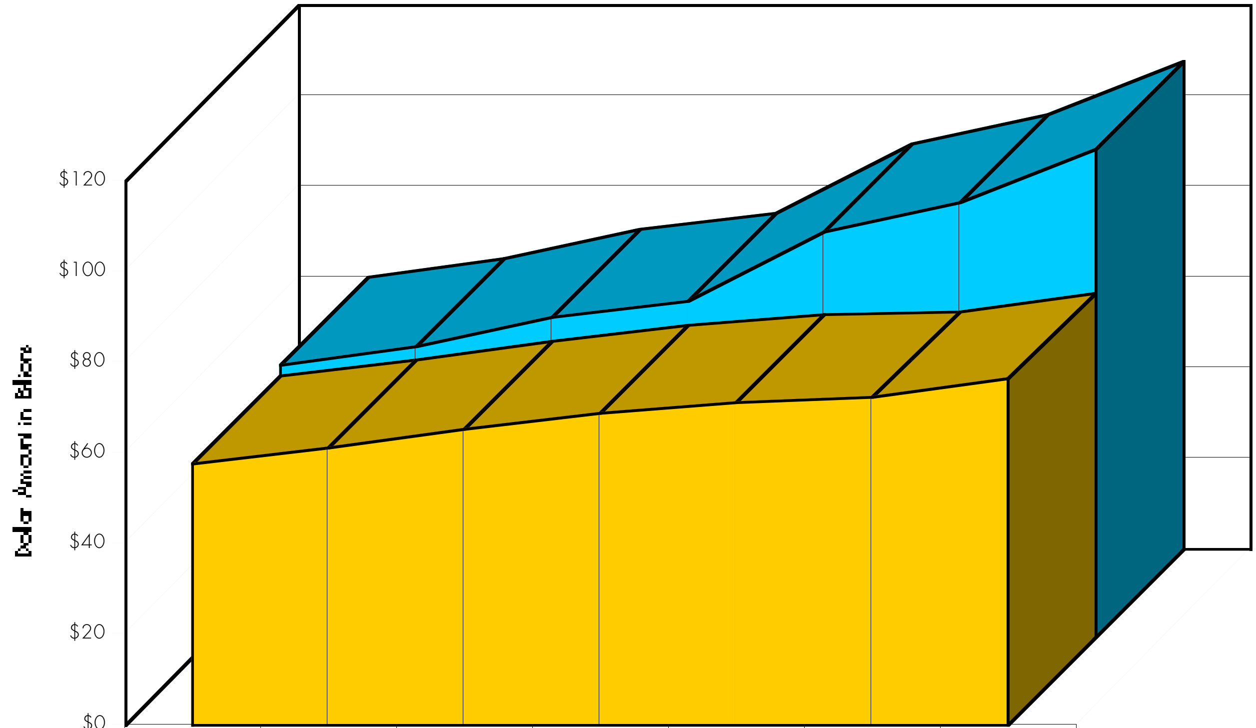
The Impact Of The 1994 Act On Bank Deposits In Virginia And North Carolina

An examination of deposits of commercial banking offices, including branches and head offices, reveals significant increases in deposits from 1994 to 2000 for both Virginia and North Carolina. However, these deposits increased at a much faster rate in North Carolina than in Virginia. In 1994, deposits of commercial banking offices located in North Carolina, as displayed in Graph 6, were $60.19 billion compared with $57.55 billion in Virginia, a difference of only 4.6 percent. By 2000, deposits in North Carolina exceeded those in Virginia by 41.8 percent, and while deposits in Virginia increased to $76.06 billion, those in North Carolina climbed to $107.82 billion.

The significant increase in deposits in North Carolina since 1997 is primarily due to the fact that large accounts typically get reported by the head office regardless of the location of the office where the actual deposits are made. For example, in 1998 NationsBank, based in Charlotte, merged with Bank of America, headquartered in San Francisco, but the headquarters of the new merged bank moved to Charlotte. This led to an increase in deposits reported by the main office in Charlotte from $.70 billion in 1997 to $13.88 billion in 1998, and later to $22.42 billion in 2000. The acquisition of banks in many other states by North Carolina banks, through holding companies since the late 1980s, had prepared these companies to take full advantage of interstate branching possibilities provided by the 1994 act. This act led to the emergence of the so-called "super-regional" banks based in North Carolina. Large deposits of headquarters of their bank holding companies located in other states and previously accounted in those states now began to be reported in North Carolina.

Graph 7 shows the distribution of deposits of commercial banking offices by location of their headquarters. In Virginia, deposits of commercial banking offices headquartered in Virginia actually declined from $57.55 billion in 1994 to $34.75 billion in 2000. In North Carolina, on the other hand, deposits increased from $60.19 billion to $106.44 billion during the same period. **Banking offices headquartered in Virginia accounted for 100 percent of all Virginia deposits in 1994, but this percentage declined to 45.68 percent in 2000. That is, in the space of six years, more than half of all banking deposits in Virginia were acquired by out-of-state banks.**

GRAPH 6
TOTAL DEPOSITS OF COMMERCIAL BANKING OFFICES
1994 - 2000



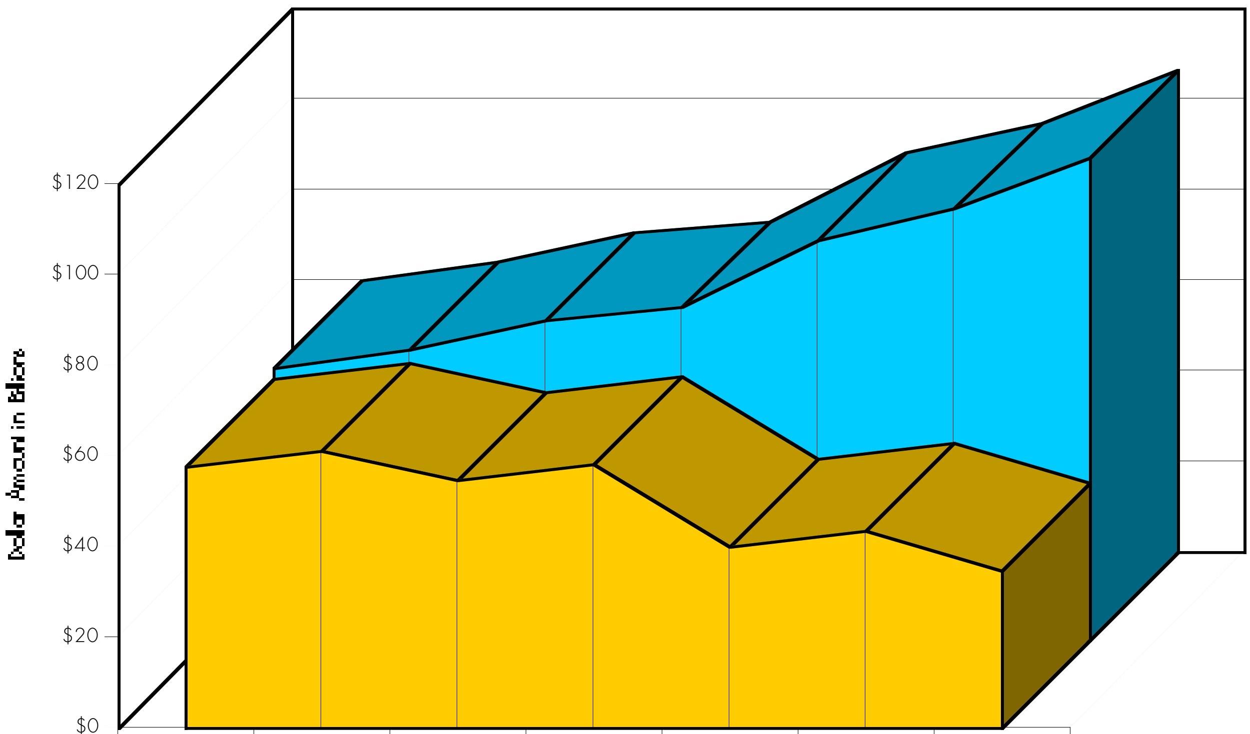
	1994	1995	1996	1997	1998	1999	2000
Virginia	57.55	61.21	65.06	68.56	71.32	72.05	76.06
North Carolina	60.19	64.23	70.58	74.27	89.47	96.07	107.82

Source: FDIC

Comparable figures for North Carolina for the same years are 100 percent and 98.71 percent, respectively. Hence, banks headquartered in that state control nearly all banking deposits in North Carolina. The interstate branching possibilities provided by the 1994 act and the fact that several major North Carolina Bank holding companies had already acquired banks in other states, including Virginia, were responsible for the sharp decrease in the deposits of commercial bank offices headquartered in Virginia.

This does not necessarily imply that the availability of banking services in Virginia declined from 1994 to 2000. During this period, as described above, total deposits of banking offices in Virginia increased from $57.55 billion to $76.06 billion, or by one-third. Moreover, the number of banking offices in Virginia increased from 2,067 in 1994 to 2,278 in 2000, or roughly by 10 percent. The number of banking offices in North Carolina increased from 2,281 to 2,290 for the same period. The number of banking facilities in Virginia is now comparable to that of North Carolina.

GRAPH 7
TOTAL DEPOSITS OF COMMERCIAL BANKING OFFICES HEADQUARTERED IN STATE
1994 - 2000



	1994	1995	1996	1997	1998	1999	2000
Virginia	57.55	61.19	54.78	58.00	39.83	43.46	34.75
North Carolina	60.19	64.23	70.58	73.41	88.56	95.15	106.44

Source: FDIC

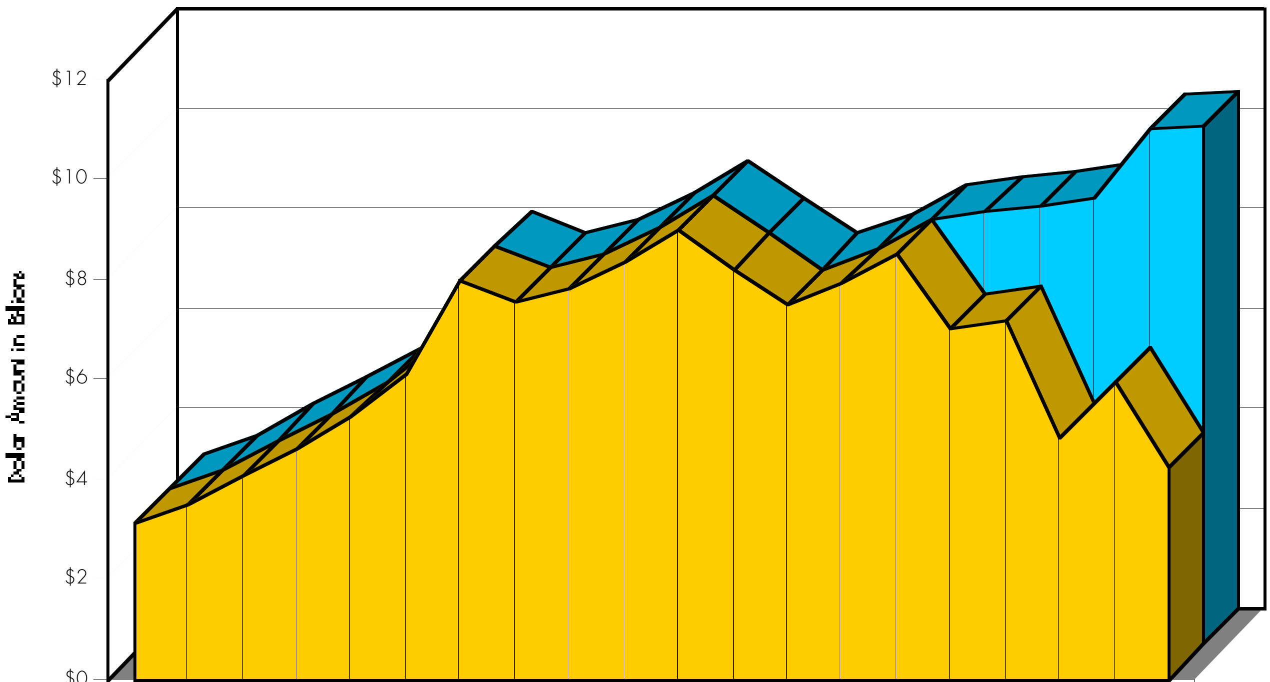
Bank Deposits In Hampton Roads, 1981 To 2000

Total deposits in Hampton Roads, exclusive of Currituck County in North Carolina, are displayed in Graph 8. They increased from $3.13 billion in 1981 to $10.35 billion in 2000, or more than 330 percent in 20 years. The number of banking offices for the same period also increased from 288 to 373. Of particular interest are the declines in deposits from 1991 to 1993, but a substantial increase in deposits from 1998 to 1999.

These deposits declined from $8.98 billion in 1991 to $8.22 billion in 1992 and declined further to $7.52 billion in 1993 before reversing this trend the following year. The primary reason for this decline was the acquisition of C&S/Sovran Bank, headquartered in Norfolk and Atlanta, by North Carolina National Bank. The new merged bank was called NationsBank and its headquarters were located in Charlotte; the Virginia banking operations became known as NationsBank of Virginia N.A. Thus, large deposits, which used to be reported out of the Norfolk office were being reported out of the Richmond office until September 1995 and out of the Charlotte office thereafter.

Total deposits increased from $8.94 billion in 1998 to $10.33 billion in 1999, a jump of $1.37 billion in only one year. Most of this can be attributed to the acquisition of two thrift institutions, First Coastal Bank and Life Savings Bank, by Centura Bank and Branch Banking and Trust Co. of Virginia, respectively. The deposits of these two thrift institutions in 1999 were $1.11 billion. Finally, total deposits in 2000 would have increased by another $480 million if CENIT Bank, a thrift institution, had not acquired Cenit Bank, a commercial bank, in 2000. These deposits will appear again for Hampton Roads in 2002 after SouthTrust, an Alabama-based bank, completes its acquisition of CENIT in late 2001.

GRAPH 8
DEPOSITS OF COMMERCIAL BANKING INSTITUTIONS IN HAMPTON ROADS
BY LOCATION OF OFFICES AND HEADQUARTERS
1981 - 2000



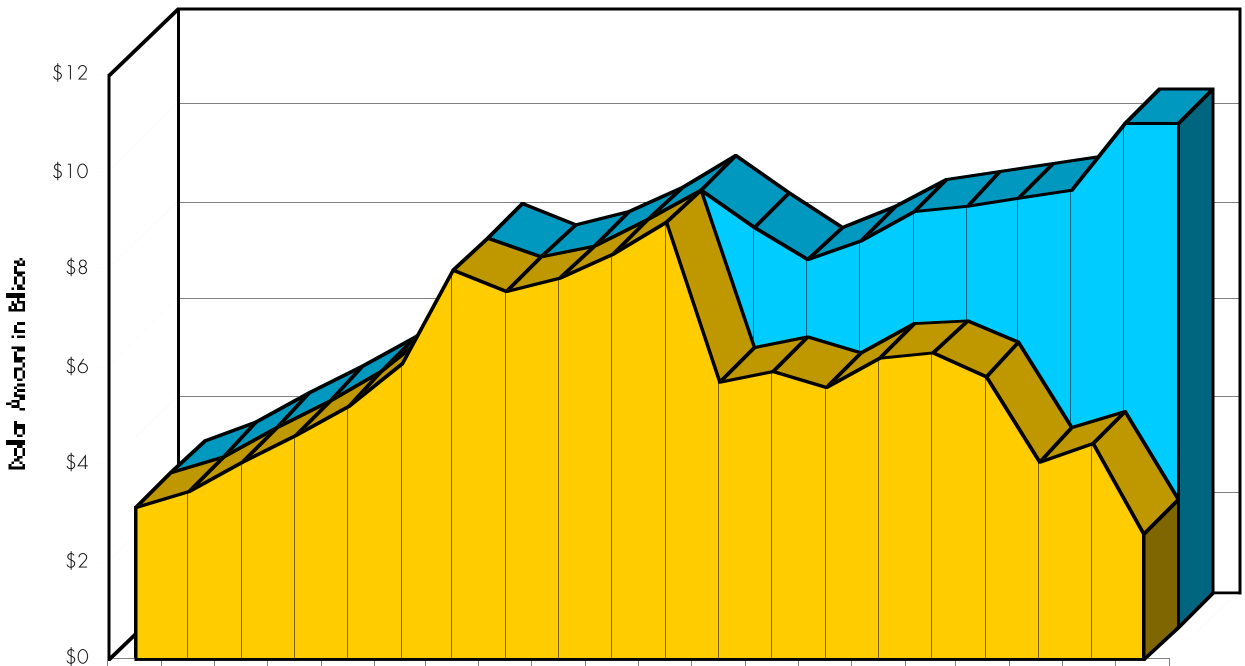
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Headquartered in Virginia	3.13	3.47	4.10	4.64	5.24	6.09	7.99	7.57	7.83	8.34	8.98	8.22	7.52	7.92	8.49	7.04	7.18	4.81	5.95	4.22
Total Deposits	3.13	3.47	4.10	4.64	5.24	6.09	7.99	7.57	7.83	8.34	8.98	8.22	7.52	7.92	8.49	8.65	8.78	8.94	10.33	10.35

Source: FDIC

Although interstate banking was accomplished previously by the out-of-state purchase of banks by bank holding companies, up until 1994 interstate branching was virtually nonexistent. Graph 8 also shows deposits of banking institutions headquartered in Virginia. It appears from this graph that out-of-state banks started to enter the Hampton Roads market only after 1995. Prior to 1996, deposits of banks headquartered in Virginia were identical to their total deposits. The deposits of banks headquartered in Virginia began to decline beginning in 1996. Banking institutions headquartered in Virginia accounted for 81.4 percent of total deposits in 1996, and their share fell to 40.8 percent in 2000.

However, out-of-state bank holding companies began to enter Virginia in the mid-1980s and Hampton Roads in the 1990s. For example, NationsBank of Virginia was formed in 1992 and its parent organization was in Charlotte. Likewise, even though First Union's subsidiary in Virginia was formed in 1984, it entered Hampton Roads in 1994 and Branch Banking and Trust Co. of Virginia came into existence in 1997. Graph 9 shows total banking deposits in Hampton Roads as well as deposits of parent organizations based in Virginia. Deposits of these institutions began to decline after 1991. In 1992, their share of total deposits in Hampton Roads was 69.8 percent, a share that had declined to 25.2 percent by 2000.

GRAPH 9
DEPOSITS OF COMMERCIAL BANKING INSTITUTIONS IN HAMPTON ROADS
BY LOCATION OF OFFICES AND PARENT ORGANIZATION
1981 - 2000



	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Parent Organization in Virginia	3.13	3.47	4.10	4.64	5.24	6.09	7.99	7.57	7.83	8.34	8.98	5.74	5.94	5.63	6.19	6.30	5.83	4.08	4.43	2.61
Total Deposits	3.13	3.47	4.10	4.64	5.24	6.09	7.99	7.57	7.83	8.34	8.98	8.22	7.52	7.92	8.49	8.65	8.78	8.94	10.33	10.35

Source: FDIC

So What? What Difference Has It Made?

What have we found thus far? The total deposits of banking offices located in Hampton Roads and the Commonwealth of Virginia, as well as the number of banking offices available to Virginia residents, have increased substantially since the 1980s. However, at least since 1992, deposits of banking organizations based in Virginia have declined significantly in Hampton Roads. Further, deposits of commercial banks headquartered in Virginia have declined both in Hampton Roads and the state since 1996. What difference has this made? We now will examine banking employment, banking wages and banking service to find the answer.

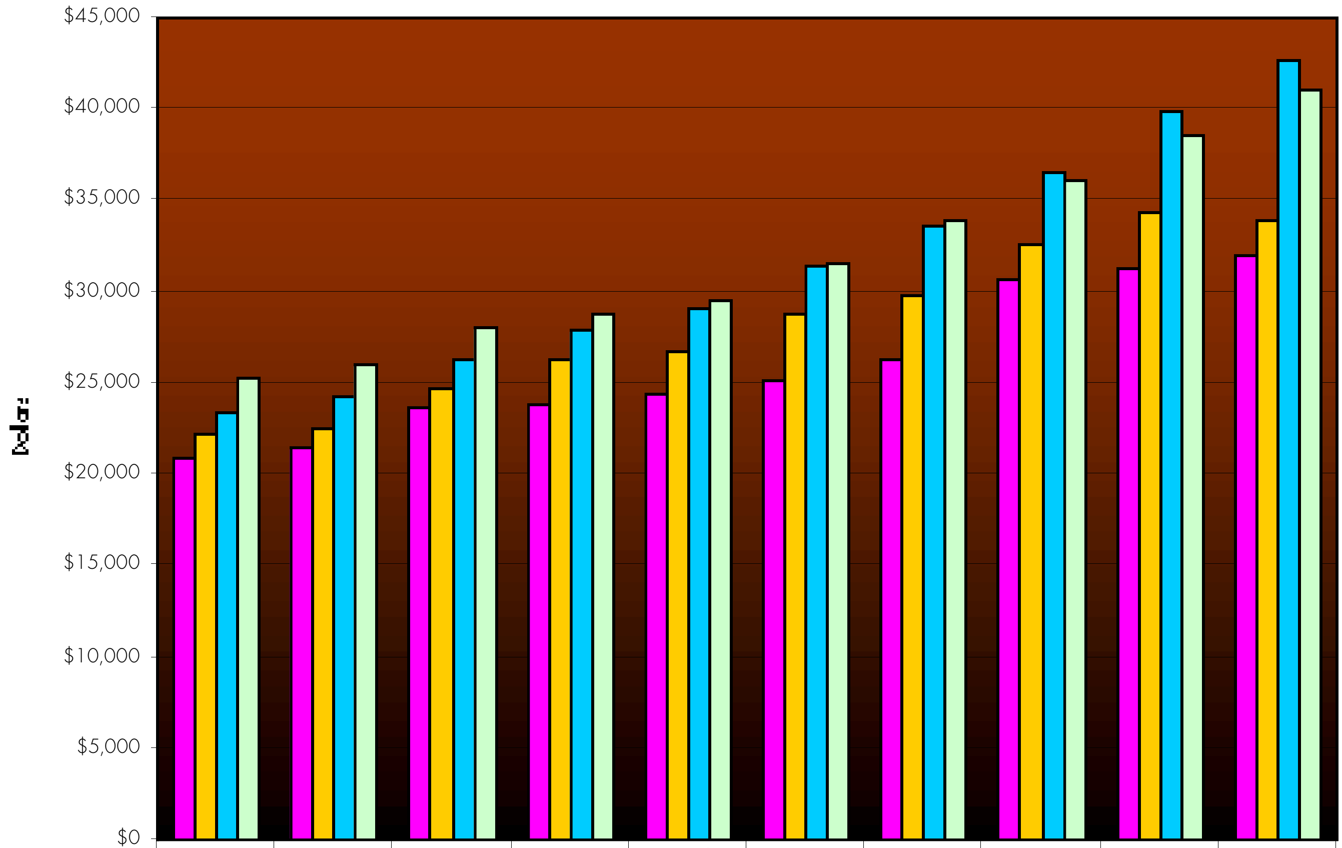
BANKING EMPLOYMENT, WAGES AND SALARIES

Data on banking industry employment and wages (available only for 1990 to 1999) indicate that total employment in banking institutions in Hampton Roads increased from 6,766 in 1990 to 7,139 in 1999, or 5.51 percent. However, banking employment in Virginia during the same period actually declined from 39,401 to 38,329, or 2.72 percent. Interestingly, during the same time period, banking employment in North Carolina increased by 48.79 percent – from 34,628 in 1990 to 55,106 in 1999. Nationally, during the same time period, banking employment declined by 6.28 percent.

What does this tell us? First, the declines in banking employment in Virginia and nationally reflect the wave of banking mergers that apparently created economies of scale in banking operations (especially those depending on information technology) such that fewer banking employees were needed to handle even larger amounts of banking business. Second, Hampton Roads did not do badly in this situation, at least in terms of employment, though a possible reason banking employment did not decline in Hampton Roads is its banks were undersized and relatively less efficient than those elsewhere. Some observers view this good employment news as bad news, indicative of inefficient bank sizes. Third, North Carolina conquered all of these trends and experienced a solid gain in banking employment.

Given that banking employment was stagnant or falling in Virginia and Hampton Roads during the 1990s, what was happening to the wages and salaries paid to banking employees? Graph 10 displays average annual wages and salaries in the banking industry from 1990 to 1999 for Hampton Roads, Virginia, North Carolina and the United States. Wages and salaries in banking grew in all four areas during this period. However, one can see that the rate of growth in wages varied substantially among the areas. For example, banking wages and salaries increased by roughly 53 percent in Hampton Roads and Virginia during this period. For the entire country, however, the wages and salaries increased by 62.5 percent, and in North Carolina by an astounding 82.3 percent. **It is apparent in Graph 10 that average banking wages and salaries in North Carolina first began to exceed U.S. average wages for the first time in 1997, and the differences have accelerated since then. Of course, this was coincident with the wave of banking mergers and consolidations that made Charlotte one of the most important banking centers in the United States.**

GRAPH 10
AVERAGE ANNUAL WAGES
IN COMMERCIAL BANKING ESTABLISHMENTS
1990 - 1999



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Hampton Roads	20919	21469	23618	23794	24431	25165	26338	30637	31213	32036
Virginia	22191	22538	24709	26318	26762	28716	29869	32600	34272	33871
North Carolina	23431	24294	26342	27889	29043	31485	33572	36521	39906	42721
U.S.	25223	25996	28090	28767	29446	31551	33903	36058	38558	40984

Sources: Virginia Employment Commission and Bureau of Labor Statistics

The impact upon the Commonwealth and Hampton Roads has been large, and negative. In 1990, annual banking wages and salaries at commercial banking institutions in Virginia were 12 percent lower than those nationally. By 1999, Virginia trailed the rest of the country by 17.4 percent. In Hampton Roads, banking wages and salaries fell from 82.9 percent of the U.S. average to 78.2 percent for the same time period. By contrast, banking wages and salaries in North Carolina increased from 92.9 percent of the national average to 104.2 percent of the national average in 1999.

Thus, during the 1990s, banking has not been a growth leader in Virginia or Hampton Roads. Rather than accumulating attractive banking jobs paying relatively high salaries, Virginia and Hampton Roads have trailed the nation, and especially their neighbor, North Carolina. If there is a winner in the wave of banking mergers and consolidations that has occurred nationally, it is the Tar Heel State. North Carolina has utilized commercial banking as a growth industry and has made substantial gains in this arena compared to the nation, Virginia and Hampton Roads. Most of the gains can be attributed to the development and growth of the so-called "super-regional" banks based in North Carolina. However, it must be noted that the banks in North Carolina had been larger in size, not just in the 1990s, but ever since 1930s. Through the acquisition of banks in many other states since late 1980s, these institutions already were larger and hence were well prepared to take full advantage of interstate branching possibilities provided by the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

BANKING SERVICES

Banking service, as defined here, refers not only to whether banking employees are courteous and facilities easy to use, but also to the range of products offered and the competitiveness of the prices of these products. The large, national, banks now located in Hampton Roads presumably offer a wider range of banking products (accounts, trust, loans, brokerage, etc.) than their smaller predecessors in Hampton Roads did. The large national banks also offer a wider variety of investment opportunities and trust services than most smaller banks do and presumably have access to larger pools of capital. Thus, they can offer larger loans and arguably can be more competitive in terms of interest rates. Whether they actually do offer more attractive interest rates, of course, is an empirical question, and one to which the answer is not clear. There is mixed evidence nationally concerning the interest rates large banks offer on loans and savings vs. the rates offered by smaller banks.

What does seem relatively more clear, however, is that the Commonwealth and Hampton Roads suffered for many decades from banking policies that discouraged branching and diminished the size of individual banks. Consequently, banks in Virginia and Hampton Roads were unable to offer the range of products that banks in other states could offer. It is not abundantly clear that this had a negative effect on economic growth in the 1980s and 1990s, though it hardly could have been positive. Consequently, Virginia and Hampton Roads fell prey to larger, acquisition-minded banks in other states that could tell stockholders their shares would be worth more after merger, and assure customers that the range of products available to them would improve at the same time. While some of the customers of the newly merged national banks have taken their business to smaller, regional and local banks – and there always will be a niche for such banks – the concentration of banking deposits, even at the retail consumer level, remains at these large, national banks, and deposits continue to increase. There is no groundswell of bank customers leaving the national banks that no longer are headquartered in Hampton Roads. Hence, few individuals are willing to argue that the former banking structure of Virginia and Hampton Roads was more efficient because the market appears to be delivering opposite signals. The national banks may not always offer the personalized service of the community banks, but more and more customers now do their banking via ATMs and over the Internet, and therefore personalized service is less of a concern to them.

Summary

Deposits of banking offices located in Hampton Roads and the Commonwealth of Virginia (whether or not they are headquartered here) have increased substantially since the 1980s. Further, banking facilities available to Virginia residents, as measured by the number of banking offices, have also increased over time. But, deposits of banking organizations based in Virginia have declined significantly both in Hampton Roads and Virginia. The result has been a very modest growth in employment for Hampton Roads and a slight decline in employment for the state. In addition, increases in wages have been much slower in Hampton Roads or Virginia when compared with North Carolina.

It appears that the era of very large, regional banks headquartered in Virginia is over. Both Hampton Roads and the Commonwealth of Virginia are likely to have super-regional banks headquartered outside of Virginia while at the same time have several community banks serving the needs of Virginia residents. The major negative impact of this arrangement is upon banking employment and banking wages and salaries, both of which have stagnated when compared to North Carolina. Some individuals believe public-policy choices make little difference in their lives. However, the information presented here is visible evidence that this is not so. Virginia chose a specific path in banking many decades ago, and now is paying the price.