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Branch Equilibrium and the Grieving Pundits: Initial Evidence from the FDIC's 2026 Summary of Deposits

In our Winter 2026 issue of Bancology, we posited that the nation had reached branch equilibrium — a state where, after years of decline, the count of branches nationwide had stabilized, with new-branch opens roughly offsetting branch closures.

We hypothesized that bankers had exhausted the easy, low-risk consolidation opportunities: the stock of geographic overlaps (for example, the merger of SunTrust and BB&T brought numerous closures where the two banks each had branches within one mile of the other); declining rural markets; and misplaced unprofitable locations.

The trends supported this hypothesis, as net branch contractions declined by a lesser level in the FDIC / NCUA reporting year ending in June 2025 — the fourth consecutive year of declining branch contractions.

Now, the FDIC's recently released 2026 Summary of Deposits report provides initial data confirming the nation has reached branch equilibrium. The 2026 report showed a net decrease of only 200 branches from the 2025 report, equating to a scant 0.3% reduction on a base of 76,000 branches nationwide (essentially level from the prior year).

A few caveats apply. The FDIC data reflect only the bank side of the industry and do not include the credit union side of the industry. And these are initial counts, direct from the FDIC. Bancography has not yet completed the adjustments we perform each year to refine the counts. (For example, eliminating non-branch records such as a wealth-management office, or cases where a bank reports two distinct legal branch entities at the same address). We will share those more precise statistics, including the credit union side of the industry, in our next edition of Bancology.

Still, the initial findings are telling. Within the net decline of 200 branches year over year, 12 states saw increased total branch counts, led by Texas and Florida, two of the three most-populous states in the nation. The median state saw a net decline of just four branches.

Only four states showed net declines of more than 1% in branch counts: Washington, Maryland, Vermont and New Hampshire – the first two much larger in absolute numbers and reflecting in-market mergers with significant franchise overlaps. However, California and New York still showed net declines of nearly 40 branches each.

The nationwide statistics refute years of punditry predicting the demise of branch banking, and the reaction from the pundit class

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" Wait, I'm supposed to take you seriously now after you've been loud wrong for over a decade? "

Industry consultant, to the branch-is-dead crowd

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has been almost comical. One industry technology vendor predicted in 2016 that branches would fade away within five years. When that didn't happen, the same firm predicted all branches would disappear by 2026. We're in 2026…they were off by about 95,000 branches. At a recent conference an executive at the same firm predicted, you guessed it, that branches would go away by 2030.

Another firm, a self-described "fintech" platform, predicted in 2021 that there would be fewer than 40,000 branches in the U.S. by 2027, and all branches would close by 2034. Then in 2024, the same firm revised its prediction, indicating all branches nationwide would close by 2041.

We won't name these firms, presumably they feel somewhat sheepish already. But as to their revised predictions that the end of the branch is still arriving, just a bit later than in their initial proclamations, perhaps we should admire the firms' tenacity to lean into the bit. But as an industry colleague summarized bluntly but accurately, "Wait, I'm supposed to take you seriously now after you've been loud wrong for over a decade?"

In holding to those predictions but on a deferred timeline, it appears some of our industry's pundit class are walking through the often-cited five stages of grief; in this case grieving for their ill-fated predictions. It seems we're somewhere in the bargaining stage, but nowhere near the acceptance stage yet.

This is particularly evident in reactions to the branch-building spree of the nation's largest bank, Chase. We received an invitation from a fellow consulting firm to a webinar that would reveal "the real reason Chase is building all those branches;" as if the simple premise of "to attract customers" was somehow an insufficient explanation for Chase's efforts. At a conference, another consultant opined that "once they acquire a customer base in a market, Chase will close half those branches, probably within five years."

Meanwhile, banks and credit unions of all sizes continue to employ branches, not for the simple task of cashing your check or taking your deposit – functions that rightfully can be offloaded to less expensive channels – but to engage consumers and small business owners in critical conversations about their financial needs, and to provide guidance as to how the institution can fulfill those needs.

Our next edition of Bancology will provide more detail on branching trends, including a full discussion of the 2026 statistics, with the credit union side of the industry included, too. But even the initial, high-level FDIC branch-count data confirm an industry distribution platform near equilibrium (i.e., a stable count of outlets nationwide); and a time for those predicting rampant closures to reach the acceptance phase of the grieving process for the demise of those predictions.