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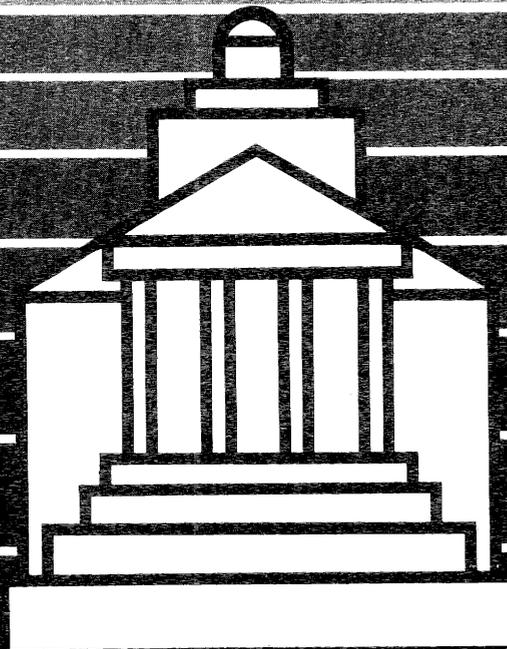
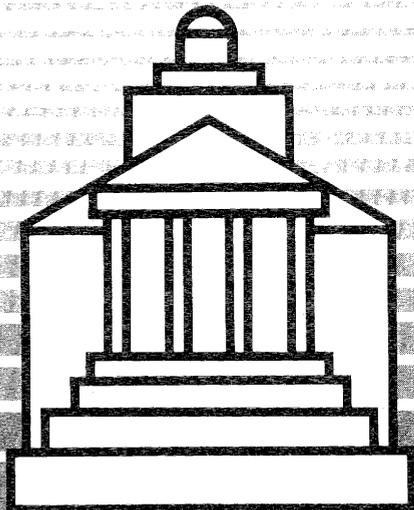
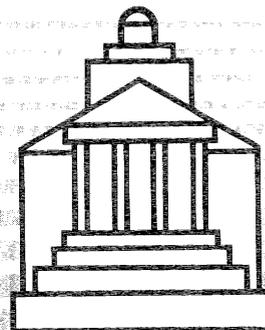
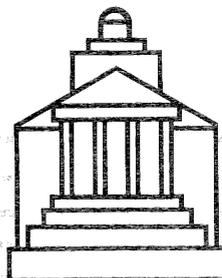
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Do Bank Size and Metro-Nonmetro Location Affect Bank Behavior?

Daniel L. Milkove



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Abstract

A bank's lending policies and its aggressiveness in attracting large deposits depend more on the size of the bank's assets than on its rural or urban location. Many rural banks do take fewer risks than urban banks, but that's because of the small sizes (value of assets) of many rural banks, not their locations. The kinds of deposits (6-month money market certificates and large time deposits) and investments (government securities and Federal funds) a bank uses, the rate of loan losses, and its profitability indicate a bank's aggressiveness and lending policies.

Keywords: Banks, size, metro, nonmetro, risk

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Summary

A bank's investment policies and its aggressiveness in attracting large deposits depend more on the size of the bank's assets than on its rural or urban location. According to this 1978-81 study, many rural (nonmetro) banks do take fewer risks than urban (metro) banks, but that's because of the small sizes, or value of assets, of many rural banks, not their locations. Similar analysis based on an earlier time period might support the notion that nonmetro banks are more conservative, but insulation from national money market changes is the apparent reason rather than any innate differences in bank management. Data on money market certificates show that nonmetro banks adjust when necessary to new circumstances as fast as metro banks.

The kinds of deposits (6-month money market certificates and large time deposits) and investments (government securities and Federal funds) a bank uses, the level of loan losses, and its profitability indicate a bank's behavior, or aggressiveness, in this study.

Deregulation of the banking industry (largely the elimination of rules that govern interest rates and other terms on deposit accounts) has intensified competition for deposits. These and other changes have led some observers to predict drastic reductions in the number of independent financial institutions. Will nonmetro banks as a group be able to cope as financial deregulation proceeds through the balance of the decade? The simplest answer indicated by this study is that they will do as well as metro banks of the same size.

This study supports the following conclusions:

- Nonmetro banks adapt to new circumstances as fast as metro banks.
- Large urban banks with over \$500 million in assets behave differently from all other banks, metro and nonmetro.
- Bank preferences for either short- or long-term government securities are strongly related to bank size.
- Nonmetro banks have a slightly lower rate of bad loans, but the rate for both metro and nonmetro banks declines as bank size increases, except for the largest banks which, again, appear to be a distinct group.
- The relationship between profits and conservative banking practices is not clear. Smaller classes of nonmetro banks are profitable, but an explanation of this phenomenon remains an open question.

Do Bank Size and Metro-Nonmetro Location Affect Bank Behavior?

Daniel L. Milkove

Introduction

Do bankers in nonmetropolitan (nonmetro) areas of the United States behave more conservatively than their metropolitan (metro) counterparts? In this report, "conservative" is associated with safer asset portfolios, reflecting more restrictive lending policies that either increase the probability of loan repayment or substitute low-risk government securities for loans, and the absence of aggressive marketing of high-cost deposit instruments.

This study suggests that behavior actually varies by size of bank rather than metro or nonmetro status. Because nonmetro banks are generally

small, there would be a perceived metro-nonmetro difference in conservatism. Finally, the possible effects of financial deregulation (largely the elimination of rules that govern interest rates and other terms on deposit accounts) on nonmetro banks are discussed briefly in the context of the past experience of small metro banks in competing with large metro banks. Deregulation began in 1978 with the introduction of 6-month money market certificates. Thus, using data for 1978 and 1981 allows an investigation of how banks reacted to deregulation but avoids complications resulting from the recent proliferation of deposit types.

Data and Methodology

This report examines portfolio data for all U.S. commercial banks insured by the Federal Deposit Insurance Corporation (FDIC) and headquartered in the 50 States and the District of Columbia. Data from the December 31 *Report of Condition and Report of Income* were tabulated for 1978 and 1981 (2, 3).^{*} Banks were placed in 12 groups categorized by asset value (less than \$10 million, \$10-\$20 million, \$20-\$50 million, \$50-\$100 million, \$100-\$500 million, and greater than \$500 million) and metro or nonmetro location of the main office. Statewide and limited bank branching may bias the results because all data are consolidated at the headquarters. Weighted averages of several ratios of portfolio items were computed by dividing after summing items over all banks in a group.

Portfolio items indicate the attitude of a bank toward risk. A bank desiring to minimize risks will not have an active program of liability management, that is, Federal fund purchases and negotiable certificates of deposit, to fund an expanded, riskier, loan portfolio. Conservative banks will passively market 6-month money market

certificates, sell Federal funds, and concentrate on holding short-term securities. Loan loss rates should be low because risky loans are avoided. Because conservative banks use less leveraging than do more aggressive banks, the return on equity capital is a better measure of the profit rate than is the return on assets. For example, suppose that a formerly conservative bank decides to purchase Federal funds so that it can make additional but less profitable loans. The bank's return on equity increases, that is, total equity capital is unchanged and net income increases, but its return on assets declines if profits grow slower than assets (loans).

Metro banks averaged seven times the assets of nonmetro banks in 1981, with \$224 million and \$32.8 million, respectively, per bank. Yet, metro banks are not always large and nonmetro banks are not always small. Disaggregating the data by size of bank shows that thousands of metro banks are comparable in size with thousands of nonmetro banks (table 1). Although the metro distribution is weighted more toward larger asset holdings (2.8 percent of all bank assets in nonmetro areas belong to banks of the largest group in contrast with 72.4 percent in metro areas), 70 percent of all banks can be matched with a metro-nonmetro counterpart based on asset size.

^{*} Italicized numbers in parentheses refer to references listed in the back of this report.

Indicators of Bank Behavior Toward Risk

I examine the following indicators of bank behavior toward risk by bank size and location: variation of 6-month money market certificates and large time deposits, two important types of interest-sensitive deposits; Federal fund purchases and sales; maturity distribution of government securities; rate of loan losses; and bank profitability, or net income as a percentage of total equity capital.

A discussion of the findings follows. Figures accompanying the text and specific numerical results quoted in the body of the paper are based on app. tables 1-5.

Money Market Certificates and Large Time Deposits

Two important types of interest-sensitive deposits, 6-month money market certificates and large time deposits, show that nonmetro banks can adapt to new circumstances as fast as metro banks do and demonstrate very similar behavior. Higher percentages of total deposits held in money market certificates or large time deposits indicate greater willingness to aggressively promote these high-cost deposits as a means of maintaining or expanding the bank's supply of loanable funds. Lower percentages indicate conservative bank behavior.

Before June 1, 1978, banks relied on time deposits greater than \$100,000 to attract interest-sensitive

deposits. However, the introduction of 6-month money market certificates on that date provided banks an additional vehicle for expanding deposits by offering people of modest wealth an insured, short-term, high-yield investment. After June 1978, time deposits of \$100,000 or more remained the most important source of deposits in large banks with links to corporate money, wealthy individuals, and other financial institutions. In December 1981, such deposits accounted for 31.5 percent of all deposits in the largest banks in contrast to only 9.4 percent for the smallest bank group (app. table 1).

Large banks in higher income metro areas have had greater opportunities to market large time deposits than have smaller banks, particularly those in lower income nonmetro areas. Differences in clientele, and not bank behavior, explain these portfolio differences. Variation in the growth of money market certificates does not indicate differing bank behavior for the same reason. Part of the potential market for money market certificates for larger banks is taken up by time deposits of over \$100,000. Therefore, the sum of money market certificates and large time deposits is a far better indicator of bank preference for offering interest-sensitive deposits than either measure taken individually.

The data do not support the hypothesis that the conservative nature of nonmetro banks is reflected in a slow adjustment to changing market factors, as compared with metro banks. During the 4-year study period, the sum of money market certifi-

Table 1—Number and total assets of metro and nonmetro banks by bank size, 1981

Bank size (million dollars)	All counties			Metro			Nonmetro		
	Number of banks	Total assets	Percentage of total assets	Number of banks	Total assets	Percentage of total assets	Number of banks	Total assets	Percentage of total assets
	<i>Number</i>	<i>Billion dollars</i>	<i>Percent</i>	<i>Number</i>	<i>Billion dollars</i>	<i>Percent</i>	<i>Number</i>	<i>Billion dollars</i>	<i>Percent</i>
Less than 10	2,145	14.4	0.9	556	3.8	0.3	1,589	10.6	4.0
10-20	3,294	48.4	2.9	1,134	16.8	1.2	2,160	31.8	11.9
20-50	4,920	159.4	9.5	1,919	63.5	4.5	3,001	95.7	36.0
50-100	2,186	150.2	9.0	1,156	80.9	5.7	1,030	69.3	26.0
100-500	1,470	275.0	16.4	1,141	223.8	15.9	329	51.3	19.3
More than 500	387	1,026.5	61.3	378	1,018.9	72.4	9	7.6	2.8
All banks	14,402	1,673.9	100.0	6,284	1,407.7	100.0	8,118	266.3	100.0

Sources: (2, 3).

ates and large time deposits grew rapidly as a percentage of total deposits and became fairly uniform both across bank size classes and by metro-nonmetro categories within a given size class (fig. 1). While banks may have faced segmented deposit markets depending on their size and location, they tailored their portfolios roughly the same way within their individual constraints. That is, the largest urban banks attracted more customers with resources sufficient to deposit \$100,000 or more, but the advent of money market certificates allowed small rural banks to eventually match the proportion of deposits characterized by high interest rates and short maturity.

Nonmetro banks of all sizes, and metro banks also for that matter, adjusted rapidly over the 1978-81 period, possibly due to the demands of local customers rather than to aggressive marketing of money market certificates. Oppor found wide variation in the use of money market certificates (5). Banks with assets below \$100 million were ranked by money market certificates as a percentage of financial claims. Certificates were 34.1 percent of financial claims for the highest quartile and only 12.1 percent for the lowest quartile of banks in

1980. The latter group possibly consisted primarily of isolated nonmetro banks facing little competition in their local markets. Verification of this hypothesis requires further analysis that takes into account bank location and the competitive structure of local banking markets.

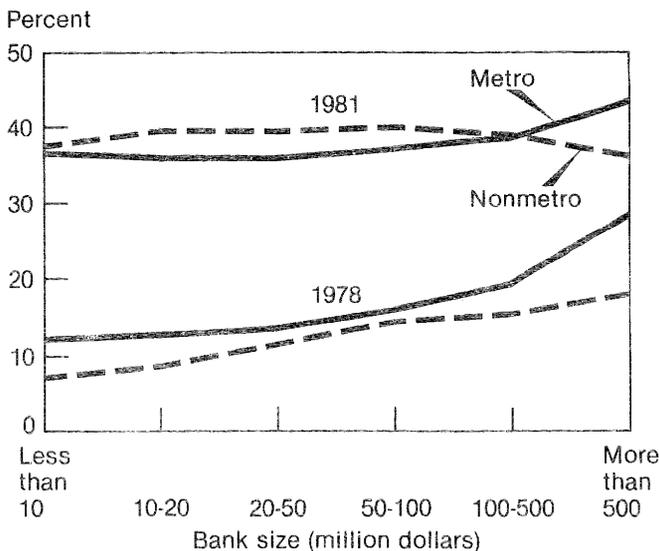
Federal Funds and Repurchase Agreements

Federal fund transactions suggest that very large urban banks (over \$500 million in assets) behave differently from all other banks, metro and nonmetro. Net Federal fund purchases, including net securities sold under repurchase agreements, were 4.3 percent of assets on December 31, 1981 (app. table 2).¹ These positive net purchases can be attributed primarily to metro banks with over \$500 million in assets, since banks in other categories were generally aggregate net sellers (fig. 2). Thus, the Federal funds market should be

¹Aggregating net Federal fund purchases across all U.S. banks can give a positive number because other types of institutions participate in these markets. Savings and loan associations and foreign banks purchase Federal funds. These institutions plus corporations, State and local governments, and the Federal Reserve provide funds to banks through the repurchase market. See (6) for a more complete description.

Figure 1

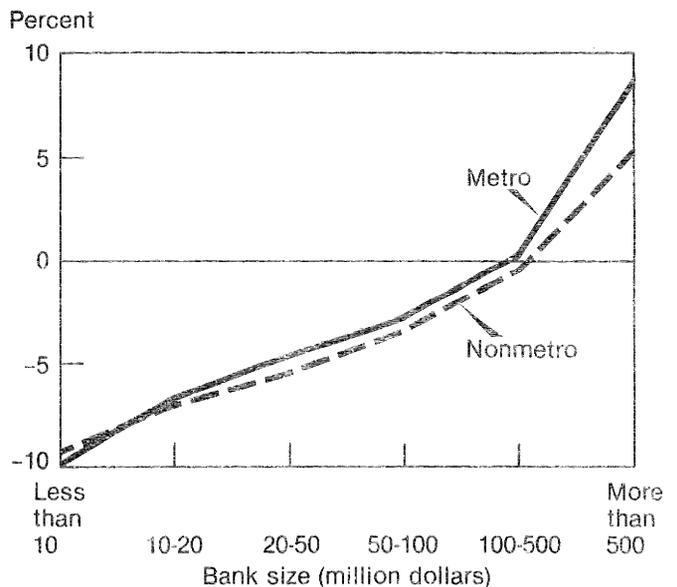
Sum of Money Market Certificates and Large Time Deposits as a Percentage of Deposits, 1978 and 1981



Sources: (2, 3).

Figure 2

Net Federal Fund Purchases as a Percentage of Total Assets, 1981



Sources: (2, 3).

characterized as a flow of funds from small banks and other nonbank sources to very large banks, usually located in large cities, rather than a flow of funds from nonmetro to metro banks.

Federal fund transactions have lower yields than loans but also less risk. Sales are a safe investment outlet for passive banks, and purchases are an alternative to deposits as a source of loanable funds. Federal fund sales as a percentage of assets declined with increasing bank size; conversely, purchases increased (app. table 2). Metro banks had slightly higher sales than did nonmetro banks in the same size class, which does not support the hypothesis that nonmetro banks are more risk averse.

Luckett argued that banks use shortrun changes in Federal fund purchases to smooth out unexpected deposit and loan flows (4). However, purchases equal to 13.7 percent of assets by the largest metro banks indicate that large banks purchase Federal funds to provide a continuing source of funds to expand loans beyond what the deposit base alone could support. This helps to explain how end-of-1981 loans could be 82.3 percent of deposits (not shown) for the largest metro banks but at most 64 percent for all other bank groups.

Security Maturity

The maturity distribution of government securities held in bank portfolios is strongly related to bank size. An examination of the extremes of the distribution of remaining maturities shows that small banks prefer short-term securities and large banks long-term securities. In December 1981, 37.3 percent of government securities held by the smallest banks had remaining maturities of less than 1 year, while 5.2 percent had remaining maturities greater than 10 years (app. table 3). Corresponding figures for the largest banks were 23.1 and 22.2 percent, respectively. For given size classes, metro-nonmetro differences were small (fig. 3).

Long-term security holdings decreased over the study period and short-term holdings increased relative to total government securities held for all but the largest banks. Such behavior is certainly rational during a period of high, rapidly varying interest rates. These tabulations suggest that bank size explains much of the difference in the maturity distribution of bank holdings of government

securities and that metro-nonmetro differences are not important.

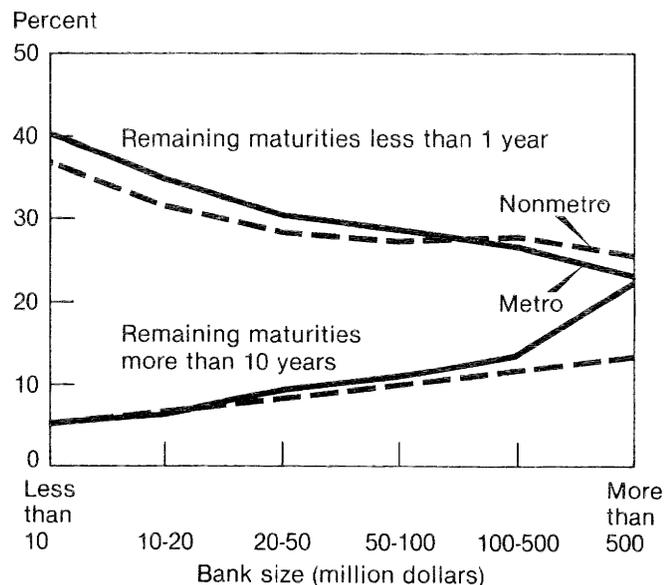
Loan Losses

Evidence based upon the rate of charging off bad loans is somewhat mixed. A lower rate of bad loans should reflect overly cautious behavior in the loan application acceptance procedures of nonmetro and/or small banks. In almost every instance, metro-nonmetro comparisons for fixed size categories showed higher metro values for loan losses as a percentage of total loans (figs. 4 and 5). On the other hand, except for the over-\$500-million categories, loan losses declined as bank size grew (app. table 4). The metro-nonmetro gap nearly disappeared between 1978 and 1981; however, differences due to size are still evident.

Two considerations complicate the interpretation of these results. The loan mix varies by category of bank. Nonmetro banks, for example, are likely to have greater concentrations of agricultural and housing loans, and loan loss experience may differ by type of loan. A second difficulty arises from potential systematic differences in the willingness or ability of banks to work with delinquent accounts prior to writing off loans.

Figure 3

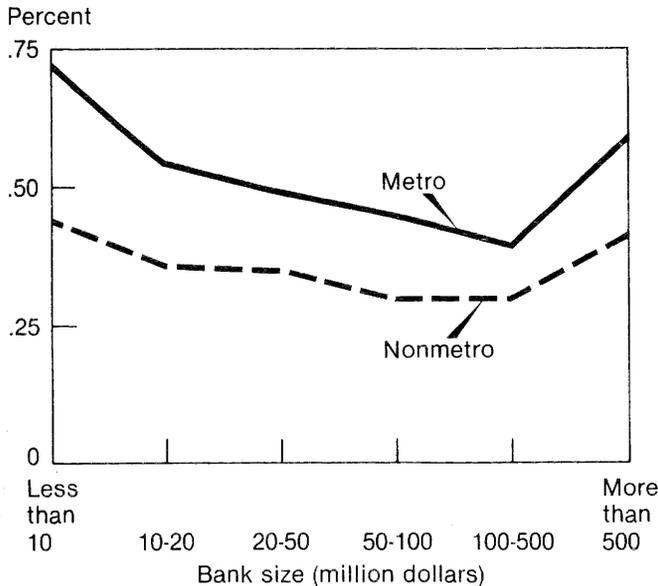
Government Securities as a Percentage of Total Government Security Holdings, 1981



Sources: (2, 3).

Figure 4

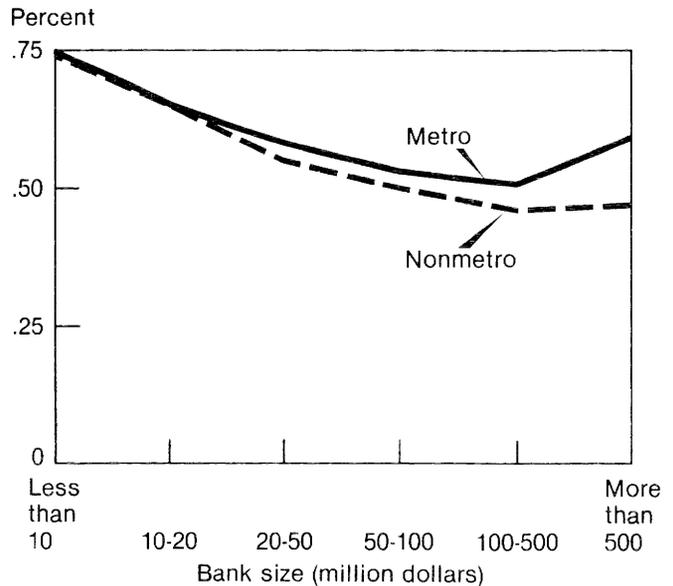
Loan Losses as a Percentage of Total Loans, 1978



Sources: (2, 3).

Figure 5

Loan Losses as a Percentage of Total Loans, 1981



Sources: (2, 3).

Profits

The summary profitability measure (net income as a percentage of total equity capital) shows the relative success of various classes of banks. The expected relationship of profits to conservative banking practices is not clear. A conservative bank facing little competition in its market can very possibly be as profitable as a second bank forced by intense competition to search for alternative high-cost funding sources and risky lending opportunities. Nonmetro banks were more profitable in 1981, with net income at 12.9 percent of equity capital compared with 12.4 percent for metro banks (app. table 5).

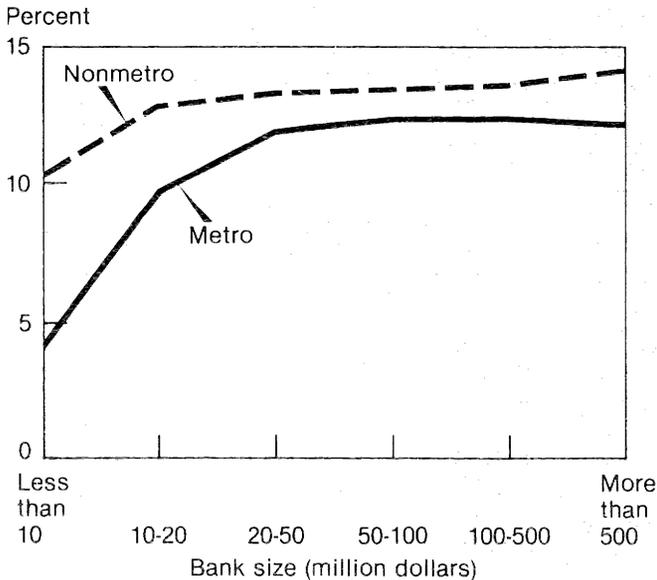
By size class, only the three groups of nonmetro banks below \$50 million in assets significantly exceeded the 1981 profit margins of their metro counterparts (figs. 6 and 7). The greatest profit spread occurred for the smallest banks, with net income at 11.9 percent of equity capital for nonmetro but only 5.4 percent for metro. A similar relationship held for larger banks in 1978, but by 1981, the profitability of large metro and nonmetro banks was very similar.

The relatively low profits of very small metro banks are striking. Three possible reasons come to mind. First, these banks may be located primarily in nonurban portions of metro counties, but if this is the reason, why were their profits so much lower than those of comparable nonmetro banks? Second, perhaps small metro banks are mainly new banks that will in time become larger and more profitable, whereas the smallest nonmetro banks remain small due to the size of their local markets.

Finally, the profit data may reflect the impact of competition from larger banks operating in the same markets. The competition could force small metro banks to match deposit and loan interest rates without the benefit of any scale economies larger banks may have. This argument implicitly assumes that small nonmetro banks use market power from monopoly positions to make up for their lack of scale economies. Benston found that the banking industry is characterized by economies of scale and concluded that "... very small banks probably cannot effectively compete with large banks, with respect to operating costs" (1).

Figure 6

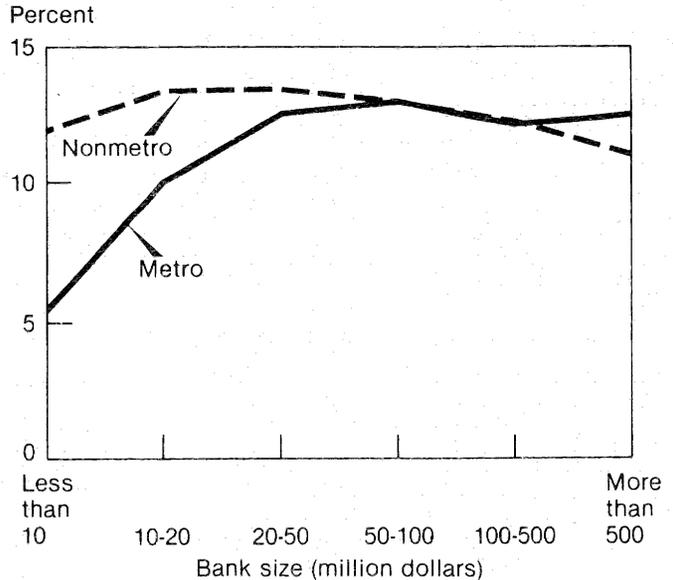
Net Income as a Percentage of Total Equity Capital, 1978



Sources: (2, 3).

Figure 7

Net Income as a Percentage of Total Equity Capital, 1981



Sources: (2, 3).

Conclusions

This study strongly suggests that bank size is more important than metro or nonmetro location when attempting to explain elements of bank performance related to risk. A finding that aggregate metro-nonmetro bank differences are largely due to the small size of most nonmetro banks does more than say in another way that metro and nonmetro portions of the country are different. Metro areas contain thousands of small banks whose performance will be similar to that of nonmetro banks.

Similar analysis based on an earlier time period might support the notion that nonmetro banks are more conservative, but insulation from national money market changes is the apparent reason rather than any innate differences in bank management. Data on money market certificates show that nonmetro banks adjust when necessary to new circumstances as fast as do metro banks. This study did not address the question of nonmetro bank conservatism in any absolute sense. They may well be conservative, but then so are banks generally.

Deregulation of the banking industry has intensified competition for deposits. Savings and loan associations now have the authority to compete with banks in new areas, such as commercial loans. The so-called "nonbank bank loophole" allows nonfinancial firms to enter the banking industry, and bank holding companies to set up in other States subsidiaries which do everything that banks can do, except make commercial loans. Many States are passing laws which will introduce interstate branching on at least a regional basis or permit banks to market formerly prohibited services such as insurance. These and other changes, going on now or anticipated in the near future, lead some observers to predict drastic reductions in the number of independent financial institutions. If local banks face more competition, can they compete successfully? If not, and they become branches of national banks, what will this mean for local businesses and consumers?

Will nonmetro banks as a group be able to cope as financial deregulation proceeds through the balance of the decade? The simplest answer indicated by this study is that they will do as well as metro banks of the same size, particularly in tak-

ing the necessary steps to maintain their deposit base. More critically, can nonmetro banks compete successfully if branching barriers fall? Profit data (app. table 5) show that metro banks of very moderate size have so far held their own in competition against large neighbors. However, extremely low profits for metro banks below \$10 million in assets raise a potential danger signal. If, in fact, competition and scale economies explain this phenomenon, then many small nonmetro banks may soon find themselves threatened.

Technological developments may expand the range of both metro and nonmetro banks subject to significant scale disadvantages in competing with large banks. On the other hand, technology may work in the opposite direction; small banks can join regional automated teller machine (ATM) networks. As a group, all but the smallest metro banks seem to have managed to carve out and hold onto profitable niches among their large competitors.

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Appendix table 1—Six-month money market certificates, large time deposits, and their sum as a percentage of total deposits by bank size and location, 1978 and 1981¹

Type of deposit, location, and year	Bank size (million dollars)						
	All banks	Less than 10	10-20	20-50	50-100	100-500	More than 500
<i>Percent</i>							
Money market certificates:							
All counties—							
1978	2.2	1.9	2.5	3.0	3.2	2.8	1.6
1981	17.2	27.8	28.5	26.8	24.8	20.6	12.0
Metro—							
1978	2.0	2.6	2.9	3.0	3.0	2.8	1.6
1981	14.7	22.6	23.1	22.2	22.1	19.5	11.8
Nonmetro—							
1978	2.8	1.7	2.3	3.0	3.3	3.0	2.4
1981	28.6	29.6	31.2	29.8	28.0	25.6	25.3
Large time deposits:							
All counties—							
1978	20.1	6.4	7.5	9.3	12.3	16.0	27.1
1981	24.0	9.4	9.9	11.4	13.7	18.0	31.5
Metro—							
1978	22.7	9.5	9.8	10.6	13.2	16.8	27.2
1981	27.0	14.0	13.0	13.9	15.0	19.1	31.7
Nonmetro—							
1978	9.1	5.4	6.3	8.4	11.0	12.4	15.4
1981	10.8	7.9	8.3	9.7	12.1	13.4	10.7
Sum:							
All counties—							
1978	22.3	8.3	10.0	12.3	15.5	18.8	28.7
1981	41.2	37.2	38.4	38.2	38.5	38.6	43.5
Metro—							
1978	24.7	12.1	12.7	13.6	16.2	19.6	28.8
1981	41.7	36.6	36.1	36.1	37.1	38.6	43.5
Nonmetro—							
1978	11.9	7.1	8.6	11.4	14.3	15.4	17.8
1981	39.4	37.5	39.5	39.5	40.1	39.0	36.0

¹Percentages in every table are weighted averages in the sense that portfolio items are summed across all banks in that group before performing divisions.

Appendix table 2—Federal fund purchases (sales) and security sales (purchases) under repurchase agreements as a percentage of total assets by bank size and location, 1978 and 1981

Federal funds, location, and year	All banks	Bank size (million dollars)					
		Less than 10	10-20	20-50	50-100	100-500	More than 500
<i>Percent</i>							
Purchases:							
All counties—							
1978	7.2	0.4	0.6	0.9	1.5	4.0	10.9
1981	9.7	.6	1.0	1.4	2.5	5.9	13.6
Metro—							
1978	8.4	.7	.9	1.1	1.7	4.3	10.9
1981	11.2	1.0	1.6	1.9	3.0	6.2	13.7
Nonmetro—							
1978	1.1	.4	.4	.8	1.3	2.4	2.6
1981	2.1	.5	.7	1.0	2.0	4.9	6.3
Sales:							
All counties—							
1978	3.8	5.7	4.1	3.3	2.9	3.7	4.1
1981	5.4	10.1	7.9	6.5	5.6	5.9	4.9
Metro—							
1978	4.0	6.4	4.3	3.8	3.2	3.9	4.1
1981	5.2	10.9	8.3	6.5	5.8	6.0	4.9
Nonmetro—							
1978	3.1	5.5	4.0	2.9	2.4	2.3	1.8
1981	6.1	9.7	7.7	6.4	5.4	5.4	.9
Net:¹							
All counties—							
1978	3.4	-5.3	-3.5	-2.4	-1.4	.3	6.8
1981	4.3	-9.5	-6.9	-5.1	-3.1	.0	8.7
Metro—							
1978	4.4	-5.7	-3.4	-2.7	-1.5	.4	6.8
1981	6.0	-9.9	-6.7	-4.6	-2.8	.2	8.8
Nonmetro—							
1978	-2.0	-5.1	-3.6	-2.1	-1.1	.1	.8
1981	-4.0	-9.2	-7.0	-5.4	-3.4	-.5	5.4

¹Federal fund purchases minus sales.

Appendix table 3—Short- and long-term government securities as a percentage of total government securities by bank size and location, 1978 and 1981

Government securities, location, and year	All banks	Bank size (million dollars)					
		Less than 10	10-20	20-50	50-100	100-500	More than 500
<i>Percent</i>							
Short-term:¹							
All counties—							
1978	21.5	24.3	20.9	19.3	19.5	21.6	22.7
1981	26.1	37.3	32.3	29.1	28.1	27.0	23.1
Metro—							
1978	22.0	26.5	22.4	19.8	19.9	21.5	22.8
1981	25.2	40.2	34.8	30.3	28.7	26.7	23.1
Nonmetro—							
1978	20.1	23.6	20.3	19.0	18.9	22.2	20.9
1981	28.7	36.5	31.2	28.4	27.4	27.9	25.6
Long-term:²							
All counties—							
1978	17.2	6.5	9.2	12.0	14.2	15.5	22.2
1981	15.8	5.2	6.7	8.7	10.5	13.4	22.2
Metro—							
1978	18.9	6.8	9.7	12.8	14.6	15.5	22.3
1981	18.1	5.2	6.5	9.4	11.1	13.8	22.4
Nonmetro—							
1978	11.7	6.3	9.0	11.4	13.6	15.5	10.7
1981	9.1	5.2	6.7	8.2	10.0	11.8	13.3

¹Represented here by government securities with remaining maturities of less than 1 year.

²Represented here by government securities with remaining maturities of more than 10 years.

Appendix table 4—Loan losses as a percentage of total loans by bank size and location, 1978 and 1981

Location and year	All banks	Bank size (million dollars)					
		Less than 10	10-20	20-50	50-100	100-500	More than 500
<i>Percent</i>							
All counties:							
1978	0.50	0.51	0.42	0.41	0.39	0.39	0.59
1981	.57	.74	.65	.57	.52	.50	.59
Metro:							
1978	.54	.72	.54	.49	.45	.40	.59
1981	.58	.75	.65	.58	.53	.51	.59
Nonmetro:							
1978	.34	.44	.36	.35	.30	.30	.41
1981	.54	.74	.65	.55	.50	.46	.47

Appendix table 5—Net income as a percentage of equity capital by bank size and location, 1978 and 1981

Location and year	All banks	Bank size (million dollars)					
		Less than 10	10-20	20-50	50-100	100-500	More than 500
<i>Percent</i>							
All counties:							
1978	12.1	8.4	11.7	12.7	12.8	12.5	12.2
1981	12.5	9.8	12.1	13.1	12.9	12.1	12.4
Metro:							
1978	12.0	4.1	9.6	11.9	12.3	12.3	12.1
1981	12.4	5.4	10.0	12.5	12.9	12.1	12.5
Nonmetro:							
1978	13.0	10.3	12.8	13.3	13.4	13.6	14.1
1981	12.9	11.9	13.3	13.4	12.9	12.2	11.0

Other Reports of Interest on Rural Issues

Patterns of Change in the Metro and Nonmetro Labor Force, 1976-82 reveals that nonmetro areas, particularly farm areas, lagged behind metro areas in employment growth during the 1976-82 period. This reversed a pattern of faster nonmetro growth occurring in the late sixties and early seventies. RDRR-44. December 1984. 28 pp. \$2.00. Order SN: 001-019-00358-8.

Counting Hired Farmworkers: Some Points To Consider concludes that as many as two-thirds of the Nation's hired farmworkers may not have been counted in the 1980 Decennial census farm labor categories because they were not working on farms in March when the data were collected. Data from USDA's 1981 Hired Farm Working Force Survey suggests that the farm labor census data are more likely to describe workers employed in hired farmwork year round. AER-524. December 1984. 16 pp. \$1.00. Order SN: 001-019-00367-7.

Distribution of Employment Growth in Nine Kentucky Counties: A Case Study shows that people moving to a nonmetro area held a disproportionate share of jobs in growing business establishments and of better paying executive jobs. Manufacturing was the study area's major economic driving force, but the private service sector (which provided services to the manufacturing sector and to the area's growing population) was an important contributor to job growth between 1974 and 1979. RDRR-41. August 1984. 44 pp. \$2.25. Order SN: 001-019-00337-5.

Chartbook of Nonmetro-Metro Trends is a quick check on metro and nonmetro socioeconomic trends. It presents colorful charts, tables, maps, and text tracing differences in population, employment, income, poverty, housing, and government between nonmetro and metro America. RDRR-43. September 1984. 48 pp. \$2.50. Order SN: 001-019-00351-1.

Housing of the Rural Elderly finds that the number of rural elderly households rose 16 percent between 1974 and 1979 compared with a 10-percent increase for all U.S. households, based on the 1979 Annual Housing Survey. Most of the U.S. elderly live in adequate housing, but 27 percent of the elderly renters and 18 percent of all elderly living in the South have inadequate housing. In 1979, 15 percent of the rural elderly lived inadequate housing compared with 8 percent of the urban elderly. RDRR-42. July 1984. 20 pp. \$1.50. Order SN: 001-019-00335-9.

Immigration Reform and Agricultural Labor assesses effects of recent legislation proposing that farm employers hire either American workers or legal foreign workers. Labor-intensive farms, particularly in vegetable- and fruit-growing States such as California and Florida, would be most affected by this legislation. AER-510. April 1984. 36 pp. \$2.00. Order SN: 001-000-04411-7.

The Hired Farm Working Force of 1981 examines characteristics and earnings of about 2.5 million hired farmworkers 14 years of age and older. Migrant workers account for only about 5 percent of all hired farmworkers. Includes over 30 tables. AER-507. November 1983. 64 pp. \$2.00. Order SN: 001-000-04370-6.

A Profile of Female Farmers in America discusses social and economic characteristics of female farmers, including age, race, size of household, farm and off-farm income, types of farms female farmers most frequently run, and value of agricultural products sold. Although the number of U.S. farms is dropping, the number of female farmers is rising. They tend to run smaller farms and earn less than their male counterparts. RDRR-45. January 1985. 32 pp. \$1.50. Order SN: 001-019-00378-2.

Physicians in Nonmetro Areas During the Seventies shows that the gap between the number of physicians in nonmetro and metro areas widened during the seventies, with nonmetro areas lagging by almost 100 physicians per 100,000 population. This report describes availability of physicians in nonmetro areas in light of population changes and demand for medical care. RDRR-46. March 1985. 28 pp. \$1.50. Order SN: 001-019-00380-4.

Farm Population Trends by Farm Characteristics, 1975-80 finds that the number of persons living

on larger farms jumped 67 percent between 1975 and 1980, while smaller and midsize farms together lost about 20 percent of their population. Despite the heaviest rates of population loss, smaller farms still contain about half of the U.S. farm population. Midsize farms lost about 7 percent of their population during 1975-80 but still contain nearly 33 percent of the U.S. farm population. Although the number of persons living on larger farms increased substantially, they only account for 18 percent of farm residents. RDRR-40. February 1984. 48 pp. \$2.00. Order SN: 001-019-00333-2.

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