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The Last Bank in Town, Rural Communities Left Behind

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(Durham, NC) – Banks are closing branches in North Carolina’s rural communities at a faster pace than in urban areas. When banks close in rural areas, customers have to travel farther and spend more money accessing financial services. Branch closures often leave a prominent building vacant, which can act as a deterrent to economic development.

Reinvestment Partners released its paper, *The Last Branch in Town*, to explain the context of branch closures and their impact on communities. (<http://www.reinvestmentpartners.org/bank-branch-closures-2/>)

“Industry trends show that branch closures will continue. The impact is magnified in rural and disadvantaged areas because there are fewer options for financial services. When the last bank leaves town, it hurts local businesses and individuals,” says Tanya Wolfram, Director of Programs and author of the paper.

Banks are more likely to close branches in lower-income census tract and in rural counties. In North Carolina, rural counties have lost 185 branches, or 14.7%, of their branch network since 2009, compared to 6.8% for urban and suburban counties. Northampton County, in the northeastern part of the state, has gone from 5 bank branches in 2013 to 1 branch in 2016, with PNC recently announcing a branch closure in Rich Square. With the latest closure, Rich Square will no longer have a bank in town.

PNC Bank was able to work with the Rich Square to find alternative methods of delivering financial services and to address some of the community’s concerns. This success story is featured in the paper.

Banks close branches for a number of reasons: lack of profitability, increased costs of maintaining branches, redundancy as a result of mergers, and, more recently, the growth of online and mobile banking options. Despite the impact of branch closures on communities, regulatory agencies do not have authority to prevent banks from closing branches even if a community will suffer as a result.

In response to the trend in branch closures, Reinvestment Partners recommends:

- Consultation with local communities in advance of closure decisions, so that those most affected have the ability to influence the decision or can be engaged in offering alternative solutions.
 - Increased transparency on branch closure locations and dates through an inter-agency distribution of proposed branch closings.
 - Smart incentives that might be implemented to keep “the last bank” from leaving town and/or alternative delivery systems for banking services.
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Reinvestment Partners is a nonprofit advocacy and community development agency whose mission is to advocate for economic justice and opportunity by working with people, places, and policy.

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