

U.S. Deposit Growth Slows in First Half, Lags GDP

Quarterly Deposit Bulletin – September 2021

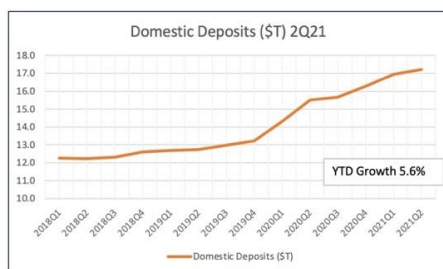
I. Overview

The torrid 23% deposit growth of 2020 has slowed markedly thus far in 2021. At 5.6%, first half growth even fell short of the nominal 6.0% GDP growth. Significantly, the gap widened during the second quarter. While that is not yet enough to declare that the market for deposits is tightening, it does indicate some reversion back to the mean.

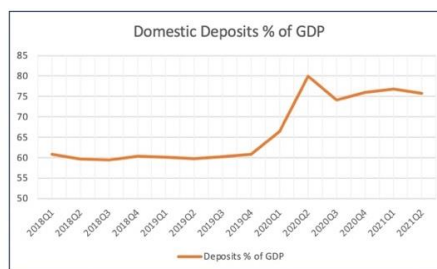
Safened and The Carfang Group are pleased to present our Quarterly Deposit Bulletin¹. Each quarter, we bring you the most up-to-date insights in the USD deposit market. Using our proprietary methodology, we analyze banking, funds flow, brokered deposits, money market and corporate cash data as it is released by the Fed, the FDIC and others. To learn more about these findings, join our Quarterly Liquidity Briefing webinar on October 21 by clicking [HERE](#).

Domestic deposits at U.S. banks grew to a record \$17.02 trillion in 1H21.

- 5.6% growth in the first half is a marked slowdown from the 23% growth in 2020. Banks in the U.S. have added \$3.98T in deposits since the onset of the pandemic.
- After years of holding steady at 60% of U.S GDP, deposits grew rapidly during the pandemic and closed the year at 75.9%. YTD, they've slightly lagged, now at 75.7%.
- Domestic deposits at the fifteen largest banks grew by 4.3% in the first half. The \$10+ billion cohort added 4.8%. All 4,960 banks combined grew by 5.6%.
- In dollar terms, JP Morgan, Bank of America and Goldman Sachs Bank were the three fastest growing banks.
- In percentage terms, Silvergate, Silicon Valley and Signature Bank led the pack.



Source: FDIC, The Carfang Group, Safened

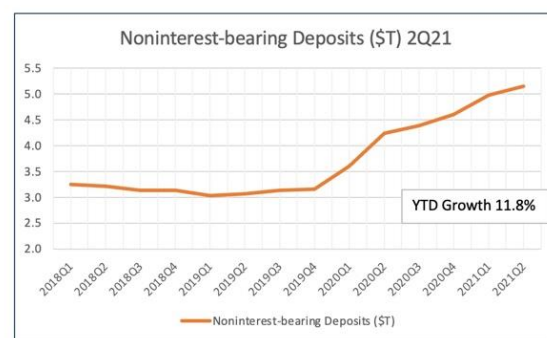
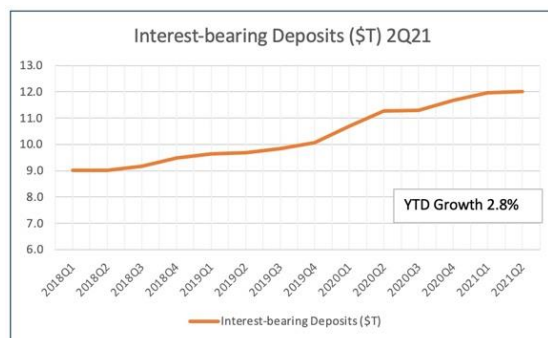


Source: FDIC, The Carfang Group, Safened

¹ The bank ranking tables in this paper are drawn from the universe of 141 banks with 2Q21 US domestic deposits more than \$10B. Please see our contact information at the end of this paper if you would find additional peer group datasets helpful. With several trillion dollars of deposits in flux, getting your strategy right is paramount.

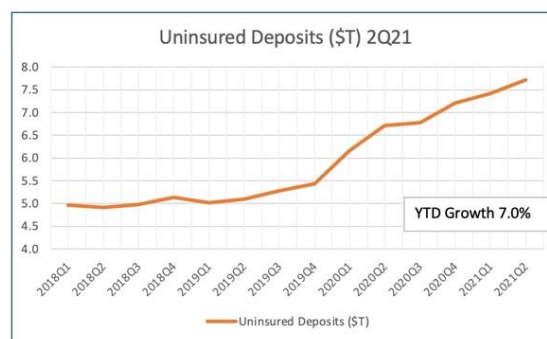
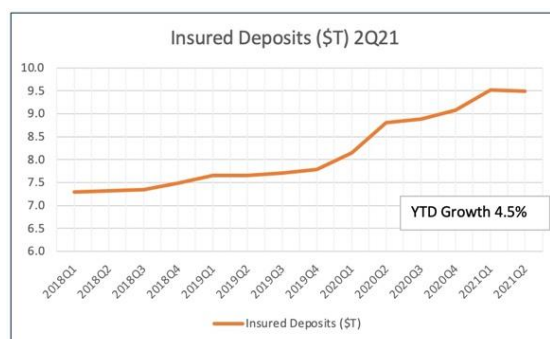
Growth of noninterest-bearing deposits continued to outstrip interest bearing deposits.

- Non-interest-bearing deposits (NIB) grew at 11.8% in 1H21, whereas Interest bearing (IB) deposits grew by only 2.8%. With rates so low, many depositors appeared content leaving their cash in noninterest-bearing accounts.
- These gains follow 46% and 16% increases respectively in 2020.
- Silvergate, Silicon Valley, Citizens Business Bank, Comerica and City National derive the largest ratio of deposit funding from NIB.
- Across all U.S. banks, IB deposits fell to 69.8% of total domestic deposits from 71.7% at year-end. The pre-pandemic share was 76.1% so this is a significant shift.
- Many broker-dealer affiliated banks derive 100% of their deposits from IB deposits.



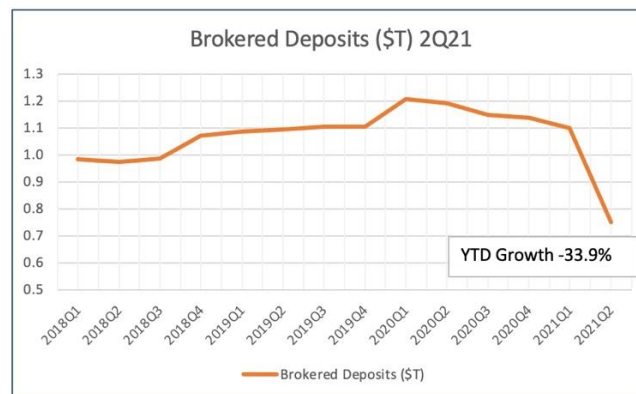
Uninsured deposit growth (7.0% during the first half) exceeded insured deposit growth (4.2%).

- This is a sharp slowdown from 2020 during which uninsured deposits grew by 33% while insured deposits were up a comparatively small 17%.
- JP Morgan and Goldman Sachs Bank combined accounted for one fourth of all the YTD uninsured deposit growth in the U.S.
- In the Insured deposit category, the more traditional universal banks such as JP Morgan, Bank of America, Wells Fargo and Citibank set the pace.



Brokered deposits are in a state of flux, down 33.9% YTD following new classification guidance from the FDIC. Some banks showed very large increases while others showed very large declines. **We will do a deep dive into this topic at our Quarterly Liquidity Briefing on Oct. 21.**

- Brokered deposits fell from \$1.14T at year-end to \$750B at the end of the first half. However, they still represent a meaningful 4.4% of total domestic deposits.
- E*Trade added \$12.5B, Goldman Sachs Bank added \$8.4B and UBS Bank grew by \$3.1B. Notably, these banks are all affiliates of securities dealers.
- On the flip side, TD Bank's brokered deposits fell by \$132B and Bank of America's by \$89.5B.



Source: FDIC, The Carfang Group, Safened

II. Deposit League Tables

Largest U.S. Banks

As mentioned, growth was fairly consistent across U.S. banks of all sizes. J.P. Morgan, with 7% deposit growth widened its lead over Bank of America, Wells Fargo and Citi which grew deposits by 4%, 2% and 2% respectively in the first half.

The top fifteen banks saw their deposit share dip slightly from a 54.1% share in 2020 to a 53.6% share at the close of the first half. However, their share of uninsured deposits fell more significantly from 60.3% to 58.6%.

Largest US Banks in 2Q21								
Ranked by Domestic Deposits (\$B)								
Rank	Bank	Domestic Deposits	1H21 Growth %	NIB Dep	IB Dep	Insured Deposits	Uninsured Deposits	Brokered Deposits
1	JPMorgan Chase Bank, NA	2,011	7	643	1,369	926	1,085	61
2	Bank of America, NA	1,871	4	793	1,078	1,009	863	1
3	Wells Fargo Bank, NA	1,466	2	560	906	858	608	32
4	Citibank, NA	676	2	153	522	226	450	60
5	U.S. Bank NA	423	1	136	287	216	207	35
6	Truist Bank	413	4	140	273	229	184	11
7	PNC Bank, NA	369	(1)	128	240	218	151	3
8	TD Bank, NA	362	3	68	294	253	110	2
9	Charles Schwab Bank, SSB	327	3	0	327	234	94	20
10	Capital One, NA	307	1	35	272	226	81	8
11	Goldman Sachs Bank USA	282	30	0	282	137	145	65
12	The Bank of New York Mellon	214	2	91	123	19	195	12
13	State Street Bank and Trust Corp	176	12	61	115	16	160	11
14	Fifth Third Bank, NA	169	2	63	106	85	83	2
15	HSBC Bank USA, NA	155	0	45	110	53	102	19
Subtotal Top 15		9,221	4	2,916	6,305	4,702	4,519	342
All US Banks > \$10B		14,211	5	4,333	9,860	7,447	6,764	642
All US Banks		17,203	5	5,151	12,013	9,490	7,713	751

Source: FDIC, The Carfang Group, Safened

Fastest Growing U.S. Banks

Crypto-specialist Silvergate Bank led the list of the fastest growing U.S. banks with assets greater than \$10 billion. Its 117% growth in 1H21 far exceeds any other \$10B+ bank.

Three banks with deposits over \$100B made the list. They are Silicon Valley, Goldman Sachs Bank and First Republic.

Fastest Growing US Banks 2Q21			
Ranked by Domestic Deposit Growth %			
Rank	Bank	Domestic Deposits (\$B)	1H21 % Growth
1	Silvergate Bank	11	117
2	Silicon Valley Bank	134	42
3	Signature Bank	86	35
4	Western Alliance Bank	42	31
5	Goldman Sachs Bank USA	282	30
6	E*Trade Bank	71	29
7	Customers Bank	14	22
8	Tristate Capital Bank	10	20
9	Pacific Western Bank	30	19
10	FirstBank Puerto Rico	18	18
11	First Republic Bank	135	17
12	East West Bank	50	17
13	Banco Popular De Puerto Rico	57	16
14	BancorpSouth Bank	23	15
15	Glacier Bank	17	13
Subtotal Top 15		980	27
All US Banks > \$10B		14,211	5
All US Banks		17,203	5

Source: FDIC, The Carfang Group, Safened

Non Interest-Bearing Deposits

The pandemic and stimulus-induced surge in non-interest-bearing balances (NIB) slowed a bit from 46% nationwide in 2020 to 11.9% in 1H21. That's still a 25% annualized pace.

Non Interest Bearing Deposit Growth (\$B)					
Ranked by 2Q21 NIB Deposit Growth - US Banks \$10B+					
Rank	Bank	NIB 2Q21	NIB 4Q20	\$ Change	% Change
1	JPMorgan Chase Bank, NA	643	576	67	12
2	Bank of America, NA	793	751	43	6
3	Silicon Valley Bank	98	65	33	51
4	Citibank, NA	153	129	24	18
5	U.S. Bank NA	136	119	17	14
6	Wells Fargo Bank, NA	560	544	16	3
7	First Republic Bank	59	46	13	28
8	HSBC Bank USA, NA	45	32	12	38
9	State Street Bank and Trust Company	61	49	12	25
10	Truist Bank	140	129	11	9
Subtotal Top 10		2,688	2,440	248	10
All US Banks		5,151	4,603	549	12

Source: FDIC, The Carfang Group, Safened US

Silvergate, Silicon Valley, Citizens Business Bank, Comerica and City National derive the largest ratio of deposit funding from NIB.

Banks With Highest % Non Interest Bearing Deposits			
Ranked by 2Q21 IB % - US Banks \$10B+			
Rank	Bank	NIB 2Q21	NIB % 2Q21
1	Silvergate Bank	11	99
2	Silicon Valley Bank	98	73
3	Citizens Business Bank	8	63
4	Comerica Bank	40	53
5	City National Bank	39	51
6	Columbia State Bank	8	50
7	Texas Capital Bank, NA	15	50
8	Zions Bancorporation, N.A.	38	50
9	Deutsche Bank Trust Company Americas	15	48
10	Western Alliance Bank	20	48
All US Banks		5,151	30

Source: FDIC, The Carfang Group, Safened US

Interest-Bearing Deposits

Growth in interest bearing deposits fell dramatically to 2.8% in the first half. Notable standouts in percentage terms are banks affiliated with securities dealers such as Goldman Sachs Bank and E*Trade, each at 30%. In absolute dollar terms, just two banks, JP Morgan and Goldman Sachs Bank accounted for one third of all the IB deposit growth in the U.S. during the six months.

Interest Bearing Deposit Growth (\$B)					
Ranked by 2Q21 IB Deposit Growth - US Banks \$10B+					
Rank	Bank	IB 2Q21	IB 4Q20	\$ Change	% Change
1	JPMorgan Chase Bank, NA	1,369	1,297	72	6
2	Goldman Sachs Bank USA	282	217	65	30
3	Bank of America, NA	1,078	1,046	31	3
4	E*Trade Bank	70	54	16	30
5	Signature Bank	57	45	12	28
6	Charles Schwab Bank, SSB	327	318	9	3
7	UBS Bank USA	86	79	7	9
8	First Republic Bank	75	69	7	10
9	Wells Fargo Bank, NA	906	899	7	1
10	USAA Federal Savings Bank	98	91	7	7
Subtotal Top 10		4,348	4,116	232	6
All US Banks		12,013	11,675	338	3

Source: FDIC, The Carfang Group, Safened US

Several of these large banks have ratios 100%. These banks receive all their deposit funding via IB deposits, in many cases sourced almost exclusively from securities affiliates.

Banks With Highest % Interest Bearing Deposits			
Ranked by 2Q21 IB % - US Banks \$10B+			
Rank	Bank	IB 2Q21	IB % 2Q21
1	Charles Schwab Premier Bank, SSB	31	100.0
2	Bank of America California, NA	23	100.0
3	Wells Fargo National Bank West	17	100.0
4	Goldman Sachs Bank USA	282	100.0
5	UBS Bank USA	86	100.0
6	Charles Schwab Bank, SSB	327	99.9
7	Morgan Stanley Private Bank, NA	109	99.9
8	Raymond James Bank, NA	30	99.9
9	Ally Bank	142	99.9
10	TD Bank USA, NA	24	99.8
All US Banks		12,013	70

Source: FDIC, The Carfang Group, Safened US

Uninsured Deposits

This category shows the widest divergence between the largest banks and everyone else in our entire study. JP Morgan accounted for one out of every six dollars of uninsured deposit growth in the entire U.S. during the first half. The ten banks with the greatest growth in this category represented 54% of the entire universe of 4,960 banks.

Uninsured Deposit Growth (\$B)					
Ranked by 2Q21 Uninsured Deposit Growth - US Banks \$10B+					
Rank	Bank	Unins Dep 2Q21	Unins Dep 4Q20	\$ Change	% Change
1	JPMorgan Chase Bank, NA	1,085	1,004	81	8
2	Goldman Sachs Bank USA	145	94	51	54
3	Silicon Valley Bank	126	88	37	42
4	Signature Bank	77	55	22	39
5	Bank of America, NA	863	843	20	2
6	State Street Bank and Trust Company	160	142	18	12
7	First Republic Bank	97	80	18	22
8	Manufacturers And Traders Trust Com	59	51	8	16
9	City National Bank	53	45	7	16
10	Capital One Bank (USA), NA	60	53	7	13
Subtotal Top 10		2,726	2,457	269	11
All US Banks		7,713	7,217	496	7

Source: FDIC, The Carfang Group, Safened US

As shown in the table below, several banks derive 90% of their funding from uninsured deposits.

Banks With Highest % Uninsured Deposits			
Ranked by 2Q21 IB % - US Banks \$10B+			
Rank	Bank	Unins Dep 2Q21	Unins Dep % 2Q21
1	Silergate Bank	11	98
2	Deutsche Bank Trust Company America	29	97
3	Silicon Valley Bank	126	94
4	The Bank of New York Mellon	195	91
5	State Street Bank and Trust Company	160	91
6	Signature Bank	77	90
7	Capital One Bank (USA), NA	60	87
8	CIBC Bank USA	27	76
9	BNY Mellon, NA	18	75
10	First Republic Bank	97	72
All US Banks		7,713	45

Source: FDIC, The Carfang Group, Safened US

Insured Deposits

In the Insured deposit category, the ranking was somewhat different, with the more traditional universal banks such as JP Morgan, Bank of America, Wells Fargo and Citibank setting the pace. Together, they added \$161B in the insured deposit category or 42% of the entire national increase.

Insured Deposit Growth (\$B)					
Ranked by 2Q21 Insured Deposit Growth - US Banks \$10B+					
Rank	Bank	Ins Dep 2Q21	Ins Dep 4Q20	\$ Change	% Change
1	JPMorgan Chase Bank, NA	926	869	57	7
2	Bank of America, NA	1,009	954	54	6
3	Wells Fargo Bank, NA	858	823	34	4
4	Citibank, NA	226	209	16	8
5	Goldman Sachs Bank USA	137	123	14	11
6	E*Trade Bank	53	40	13	33
7	Truist Bank	229	217	12	5
8	U.S. Bank NA	216	205	10	5
9	PNC Bank, NA	218	208	9	4
10	TD Bank, NA	253	245	8	3
Subtotal Top 10		4,122	3,894	228	6
All US Banks		9,490	9,110	380	4

Source: FDIC, The Carfang Group, Safened US

As a percentage of total domestic deposits among banks with deposits above \$10B, ten banks have insured deposit ratios at 90% or higher vs. the national average of 55%

Banks With Highest % Insured Deposits			
Ranked by 2Q21 IB % - US Banks \$10B+			
Rank	Bank	Ins Dep 2Q21	Ins Dep % 2Q21
1	Bank of America California, NA	23	97
2	Charles Schwab Premier Bank, SSB	30	96
3	Optum Bank, Inc.	11	95
4	Wells Fargo National Bank West	16	95
5	Charles Schwab Trust Bank	10	95
6	Sallie Mae Bank	21	95
7	Barclays Bank Delaware	20	93
8	USAA Federal Savings Bank	94	93
9	Raymond James Bank, NA	28	92
10	Discover Bank	70	90
All US Banks		9,490	55

Source: FDIC, The Carfang Group, Safened US

Brokered Deposits – Banks are grappling with classification.

The FDIC's new guidance regarding brokered deposits took effect in the second quarter. Our statistics presented in this paper are the first under the new guidance. Based upon the wide fluctuations reported, we suspect that banks may have adopted diverging interpretations. We also suspect that changes in brokered deposits levels represent the first round of reclassification rather than actual money flows.

Brokered deposits fell from \$1.14T at year-end to \$750B at the end of the first half. However, they still represent a meaningful 4.4% of total domestic deposits (down from 7.1%).

The changes were dramatic during the first half. TD declined by \$132B and Bank of America by \$89B while E*Trade, Goldman Sachs Bank, UBS Bank, Charles Schwab Bank SSB and U.S. Bank all added more than \$1B in brokered deposits.

Brokered Deposits (\$B)					
Ranked by 2Q21 Brokered Deposits - US Banks \$10B+					
Rank	Bank	Brkd Dep 2Q21	Brkd Dep 4Q20	\$ Change	% Change
1	Goldman Sachs Bank USA	64.7	56.3	8.4	14.9
2	E*Trade Bank	62.8	50.2	12.5	25.0
3	JPMorgan Chase Bank, NA	61.4	69.4	(8.0)	(11.5)
4	Citibank, NA	60.3	88.1	(27.8)	(31.5)
5	U.S. Bank NA	34.7	32.8	1.9	5.9
6	Wells Fargo Bank, NA	32.0	54.1	(22.1)	(40.9)
7	Morgan Stanley Bank, NA	28.5	40.8	(12.4)	(30.3)
8	Morgan Stanley Private Bank, NA	22.8	29.1	(6.3)	(21.7)
9	Charles Schwab Bank, SSB	19.6	17.5	2.1	11.7
10	HSBC Bank USA, NA	19.3	24.0	(4.6)	(19.4)
Top 10		406.1	462.4	(56.3)	(12.2)
All US Banks		750.8	1,136.7	(385.9)	(33.9)

Source: FDIC, The Carfang Group, Safened US

For several banks, brokered deposits still accounted for 20% or more of their total deposit funding vs. 4.4% for all U.S. banks.

Banks With Highest % Brokered Deposits			
Ranked by 2Q21 IB % - US Banks \$10B+			
Rank	Bank	Brkd Dep 2Q21	Brkd Dep % 2Q21
1	E*Trade Bank	62.8	89.0
2	Sallie Mae Bank	11.5	53.1
3	Goldman Sachs Bank USA	64.7	22.9
4	Morgan Stanley Private Bank, NA	22.8	20.9
5	American Express National Bank	16.4	19.3
6	Discover Bank	14.6	18.9
7	Morgan Stanley Bank, NA	28.5	18.7
8	Midfirst Bank	3.3	16.2
9	Customers Bank	2.3	16.2
10	New York Community Bank	5.5	16.1
All US Banks		750.8	4.4

Source: FDIC, The Carfang Group, Safened US

Banks with the largest brokered deposit growth were affiliates of securities dealers.

Brokered Deposit Growth (\$B)					
Ranked by 2Q21 Brokered Deposits Growth - US Banks \$10B+					
Rank	Bank	Brkd Dep 2Q21	Brkd Dep 4Q20	\$ Change	% Change
1	E*Trade Bank	62.8	50.2	12.5	25.0
2	Goldman Sachs Bank USA	64.7	56.3	8.4	14.9
3	UBS Bank USA	11.5	8.4	3.1	36.7
4	Charles Schwab Bank, SSB	19.6	17.5	2.1	11.7
5	U.S. Bank NA	34.7	32.8	1.9	5.9
6	Deutsche Bank Trust Company Amer	2.2	1.2	1.0	83.6
7	Midfirst Bank	3.3	2.7	0.6	22.4
8	Provident Bank	0.8	0.2	0.6	247.7
9	Santander Bank, N.A.	2.5	2.0	0.5	27.2
10	Customers Bank	2.3	1.8	0.5	25.8
Subtotal Top 10		204.3	173.2	31.2	18.0
All US Banks		750.8	1,136.7	(385.9)	(33.9)

Source: FDIC, The Carfang Group, Safened US

The ten banks with the largest declines accounted for \$335B or nearly 90% of the total decline in this category.

Brokered Deposits Decreases (\$B)					
Ranked by 2Q21 Brokered Deposits Decrease - US Banks \$10B+					
Rank	Bank	Brkd Dep 2Q21	Brkd Dep 4Q20	\$ Change	% Change
1	TD Bank, NA	2.3	134.3	(132.0)	(98.3)
2	Bank of America, NA	1.1	90.7	(89.5)	(98.7)
3	Citibank, NA	60.3	88.1	(27.8)	(31.5)
4	TD Bank USA, NA	0.6	25.1	(24.5)	(97.7)
5	Wells Fargo Bank, NA	32.0	54.1	(22.1)	(40.9)
6	Morgan Stanley Bank, NA	28.5	40.8	(12.4)	(30.3)
7	PNC Bank, NA	3.4	11.8	(8.4)	(71.3)
8	JPMorgan Chase Bank, NA	61.4	69.4	(8.0)	(11.5)
9	Morgan Stanley Private Bank, NA	22.8	29.1	(6.3)	(21.7)
10	Ally Bank	7.8	12.6	(4.8)	(38.0)
Top 10		220.2	556.0	(335.8)	(60.4)
All US Banks		750.8	1,136.7	(385.9)	(33.9)

Source: FDIC, The Carfang Group, Safened US

III. Conclusion

The torrid 23% deposit growth of 2020 has slowed markedly thus far in 2021. At 5.6%, first half growth fell short of the nominal 6.0% GDP gain by 0.4%. Significantly, the lag was even greater during the second quarter at 1.4%. While that is not yet enough to declare that the market for deposits is tightening, it does indicate some reversion back to the mean.

Thus, uncertainty continues to play out in 2021. Many questions are key to a successful deposit management strategy. Will liquidity still be king, or will depositors begin to seek more yield? Will the Fed really taper and how will that impact interest rates and the shape of the yield curve? Will the FDIC brokered deposit guidance continue to lead to major reclassifications?

These are questions we want to help you get right as you chart your course in this most challenging environment. **Sign up [HERE](#) for our Oct. 21 Quarterly Liquidity Briefing.** This program is designed especially for bankers, money market professionals, corporate treasurers, institutional investors, family offices and wealth managers. Participants will hear from leading market experts and learn about current deposit and corporate cash trends as well as a deep dive into the new FDIC brokered deposit guidance. Panelists will also discuss current topics in financial markets, regulations and technology.

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