

TABLE 6
Variables Employed in Entry Regressions

Symbol	Definition	Large MSAs Mean (Std. Dev.)	Small MSAs Mean (Std. Dev.)	Rural Markets Mean (Std. Dev.)
Dependent Variables				
ENTRY	Dummy for positive entry.	0.517 (0.500)	0.150 (0.358)	0.018 (0.135)
Market Mergers and Acquisitions (M&A)				
MKT-MERGE	Share of local market deposits in banks involved in mergers in which two or more bank charters are consolidated, averaged over the previous three years.	0.181 (0.152)	0.136 (0.137)	0.068 (0.126)
MKT-ACQUIS	Share of local market deposits in banks involved in acquisitions in which the banks retain their separate charters but change their bank holding company ownership, averaged over the previous three years.	0.035 (0.049)	0.041 (0.062)	0.026 (0.064)
Other Competitive Conditions				
MKT-HERF	Local market Herfindahl index.	0.153 (0.072)	0.201 (0.082)	0.422 (0.231)
MKT-SHAREL	Share of market deposits held by large banks (GTA > \$100M).	0.658 (0.037)	0.852 (0.142)	0.397 (0.402)
MKT-SHAREC	Share of market deposits held by complex banks (owned by out-of-state or multilayered (BHC).	0.223 (0.187)	0.240 (0.272)	0.136 (0.247)
UNITB	Dummy variable indicating unit banking state.	0.062 (0.242)	0.092 (0.290)	0.134 (0.341)
LIMITB	Dummy variable indicating limited branching state (statewide branching dummy is excluded from the regressions as the base case).	0.362 (0.481)	0.431 (0.495)	0.488 (0.500)
NEWLIB	Dummy, equals 1 if the state moved to a more liberal branching rule this year.	0.042 (0.200)	0.046 (0.211)	0.045 (0.207)
INTST	Dummy variable indicating interstate bank holding company expansion is allowed.	0.69 (0.464)	0.599 (0.490)	0.578 (0.494)
Market Demand Conditions				
MKT-GROW	Growth rate of market deposits.	0.035 (0.195)	0.022 (0.187)	0.035 (0.973)
STINCOME	Real state income growth.	0.033 (0.024)	0.031 (0.027)	0.030 (0.028)
MKT-PFRAT	Market average purchased funds/GTA ratio.	0.302 (0.111)	0.214 (0.088)	0.147 (0.081)
MKT-LNDEP	Market size (log of market deposits).	16.401	14.155	11.736

Symbol	Definition	Large MSAs	Small MSAs	Rural Markets
		Mean (Std. Dev.)	Mean (Std. Dev.)	Mean (Std. Dev.)
		(0.732)	(0.637)	(0.976)
MKT-MDEP1	Size dummy, indicates metropolitan market < \$1B in deposits (This variable is excluded as the base case in the 1995-1998 subperiod regressions).	-	0.329 (0.470)	-
MKT-MDEP2	Size dummy for metropolitan markets from \$1B - \$5B in deposits (This variable is excluded as the base case in the 1980-1998 full sample period regressions).	-	0.671 (0.470)	-
MKT-RDEP2	Size dummy, indicates rural market \$100M-\$300M in deposits. (Dummy for rural markets less than \$100M is excluded as the base case in rural market regressions).	-	-	0.445 (0.497)
MKT-RDEP3	Size dummy for rural markets greater than \$300M in deposits.	-	-	0.183 (0.387)

Market Prices

MKT-P1	Market average price of consumer loans (installment, credit cards, and related plans).	0.092 (0.036)	0.083 (0.048)	0.070 (0.061)
MKT-P2	Market average price of non-real estate business loans (commercial and industrial loans, agricultural loans, loans to depository institutions, etc.).	0.132 (0.087)	0.157 (0.098)	0.161 (0.087)
MKT-P3	Market average price of real estate loans.	0.076 (.028)	0.068 (0.037)	0.061 (0.052)
MKT-P4	Market average price of securities (all non-loan financial assets).	0.051 (0.012)	0.057 (0.014)	0.063 (0.016)
MKT-W1	Market average price of purchased funds (jumbo CDs, foreign deposits, federal funds purchased, all other liabilities except core deposits).	0.063 (0.024)	0.064 (0.025)	0.058 (0.024)
MKT-W2	Market average price of core deposits (domestic transactions accounts, time and savings).	0.034 (0.015)	0.040 (0.016)	0.046 (0.019)
MKT-W3	Market average price of labor (1000's of constant 1994 dollars per employee).	35.341 (6.879)	30.694 (9.987)	30.147 (5.414)

Condition of Market Banks

MKT-ROE	Return on equity average in market.	0.106 (0.105)	0.115 (0.092)	0.112 (0.113)
MKT-NPL	Market average nonperforming loan ratio.	0.030 (0.025)	0.025 (0.023)	0.029 (0.029)
MKT-EQRAT	Market average equity/GTA ratio.	0.067 (0.012)	0.074 (0.012)	0.087 (0.020)
MKT-EFFIC	Market average cost efficiency measure (the negative of the market average residual from Fourier flexible cost function).	0.004 (0.070)	-0.005 (0.075)	-0.012 (0.090)

Notes: All financial values are measured in real 1994 dollars using the GDP deflator.

TABLE 7

Variables Employed in Lending Regressions

For Small Banks (GTA < \$100 Million)

Symbol	Definition	Young Small Banks (1-5 years)	Adolescent Small Banks (6-20 years)	Mature Small Banks (21+ years)
		Mean (Std. Dev.)	Mean (Std. Dev.)	Mean (Std. Dev.)
Dependent Variable				
C&I/GTA	Commercial and industrial loans as a proportion of the bank's assets.	0.179 (0.109)	0.140 (0.093)	0.080 (0.055)
Mergers and Acquisitions (M&As) in the Bank's Market(s)				
WAM-MERGE	Weighted average of the shares of market deposits in banks involved in mergers (in which two or more bank charters are consolidated, averaged over the previous three years), where the weights are the proportions of this bank's deposits in each market.	0.101 (0.129)	0.103 (0.137)	0.113 (0.129)
WAM-ACQUIS	Weighted average of the shares of market deposits in banks involved in acquisitions (in which the banks retain their separate charters but change their bank holding company ownership, averaged over the previous three years), where the weights are the proportions of this bank's deposits in each market.	0.038 (0.056)	0.035 (0.055)	0.029 (0.050)
Other Competitive Conditions in Bank's Market(s)				
WAM-HERF	Weighted average of local market Herfindahl index.	0.185 (0.135)	0.200 (0.146)	0.265 (0.164)
WAM-SHAREL	Weighted average of shares of market deposits held by large banks (GTA > \$100M).	0.747 (0.289)	0.673 (0.312)	0.418 (0.346)
WAM-SHAREC	Weighted average of shares of market deposits held by complex banks (owned by out-of-state or multilayered (BHC)).	0.229 (0.243)	0.207 (0.253)	0.229 (0.247)
BANK-INMSA	Dummy, indicating that bank is headquartered in an MSA.	0.734 (0.442)	0.643 (0.479)	0.233 (0.423)
UNITB	Dummy variable indicating unit banking state.	0.272 (0.445)	0.224 (0.417)	0 (0)
LIMITB	Dummy variable indicating limited branching state (State-wide branching dummy is excluded from the regressions as the base case).	0.354 (0.478)	0.434 (0.496)	0.411 (0.492)
NEWLIB	Dummy, equals 1 if the state moved to a more liberal branching rule this year.	0.082 (0.278)	0.060 (0.243)	0.004 (0.066)
INTST	Dummy variable indicating interstate bank holding	0.462	0.509	1.000

Symbol	Definition	Young Small Banks (1-5 years)	Adolescent Small Banks (6-20 years)	Mature Small Banks (21+ years)
		Mean (Std. Dev.)	Mean (Std. Dev.)	Mean (Std. Dev.)
	company expansion is allowed.	(0.499)	(0.500)	(0.012)
Demand Conditions in the Bank's Market(s)				
STINCOME	Real state income growth	0.029 (0.027)	0.301 (0.027)	0.045 (0.027)
WAM-GROW	Weighted average of growth rate of market deposits.	0.030 (0.169)	0.021 (0.171)	0.021 (0.142)
WAM-PFRAT	Weighted average of market average purchased funds/GTA ratio.	0.278 (0.129)	0.236 (0.121)	0.162 (0.072)
STINCOME	Real state income growth	0.029 (0.027)	0.301 (0.027)	0.045 (0.027)
WAM-LNDEP	Weighted average of market size (log of market deposits).	15.058 (2.085)	14.566 (2.146)	12.805 (1.662)
WAM-MDEP1	Proportion of bank's deposits in metropolitan markets < \$1B.	0.046 (0.208)	0.055 (0.226)	0.019 (0.131)
WAM-MDEP2	Proportion of bank's deposits in metropolitan markets from \$1B - \$5B.	0.187 (0.389)	0.197 (0.394)	0.100 (0.292)
WAM-RDEP1	Proportion of bank's deposits in rural markets < \$100M.	0.053 (0.223)	0.073 (0.256)	0.184 (0.379)
WAM-RDEP2	Proportion of bank's deposits in rural markets \$100M - \$300M.	0.112 (0.314)	0.164 (0.366)	0.421 (0.482)
WAM-RDEP3	Proportion of bank's deposits in rural markets greater than \$300M.	0.099 (0.297)	0.118 (0.318)	0.179 (0.375)
Prices in the Bank's Market(s)				
WAM-P1	Weighted average of market average price of consumer loans (installment and credit cards and related plans).	0.087 (0.035)	0.085 (0.036)	0.089 (0.023)
WAM-P2	Weighted average of market average price of non-real estate business loans (commercial and industrial loans, agricultural loans, loans to depository institutions, etc.).	0.156 (0.092)	0.169 (0.099)	0.104 (0.032)
WAM-P3	Weighted average of market average price of real estate loans.	0.0743 (0.026)	0.072 (0.025)	0.077 (0.012)
WAM-P4	Weighted average of market average price of securities (all non-loan financial assets).	0.057 (0.012)	0.058 (0.014)	0.047 (0.006)
WAM-W1	Weighted average of market average price of purchased funds (jumbo CDs, foreign deposits, federal funds purchased, all other liabilities except core deposits).	0.070 (0.022)	0.066 (0.025)	0.040 (0.008)
WAM-W2	Weighted average of market average price of core deposits (domestic transactions accounts, time and savings).	0.042 (0.015)	0.040 (0.017)	0.027 (0.007)

Symbol	Definition	Young Small Banks (1-5 years)	Adolescent Small Banks (6-20 years)	Mature Small Banks (21+ years)
		Mean (Std. Dev.)	Mean (Std. Dev.)	Mean (Std. Dev.)
WAM-W3	Weighted average of market average price of labor (1000's of constant 1994 dollars per employee).	32.797 (5.973)	32.026 (6.342)	33.506 (5.191)
Condition of Banks in the Bank's Market(s)				
WAM-ROE	Weighted average of average ROE in markets.	0.069 (0.146)	0.101 (0.111)	0.133 (0.039)
WAM-NPL	Market nonperforming loan ratio.	0.036 (0.033)	0.028 (0.028)	0.024 (0.012)
WAM-EQRAT	Market average equity/GTA ratio.	0.069 (0.015)	0.074 (0.016)	0.094 (0.018)
WAM-EFFIC	Weighted average of market efficiency measure (the negative of the market average residual from Fourier flexible cost function).	-0.005 (0.062)	-0.007 (0.066)	-0.001 (0.078)
Bank Age				
BANK-LNAGE	Log of bank's age, in years.	1.176 (0.345)	2.410 (0.371)	4.294 (0.421)
BANK-YOUNG	Dummy variable, indicating a young bank, age 1-5 years (banks younger than 1 year do not have the required lagged values of the BANK variables and are excluded from the lending analysis).	1.000 (0.000)	- -	- -
BANK-ADOLE	Dummy variable, indicating an adolescent bank, age 6-20 years.	- -	1.000 (0.000)	- -
BANK-MATURE	Dummy variable, indicating a mature bank, age 21+ years.	- -	- -	1.000 (0.000)
Bank Mergers and Acquisitions (M&As)				
BANK-MERGE	Dummy variable, indicating that bank survived a merger.	0.010 (0.097)	0.011 (0.106)	0.023 (0.151)
BANK-ACQUIS	Dummy variable indicating that bank changed top-tier BHC	0.045 (0.207)	0.082 (0.274)	0.061 (0.239)
Bank Size				
BANK-LNGTA	Log of gross total assets.	10.241 (0.647)	10.507 (0.611)	10.491 (0.662)
BANK-SZU10	Dummy variable indicating GTA < \$10M.	0.065 (0.246)	0.027 (0.162)	0.039 (0.193)
BANK-SZ1025	Dummy variable indicating GTA \$10M - \$25M.	0.355 (0.479)	0.237 (0.425)	0.247 (0.431)
BANK-SZ2550	Dummy variable indicating GTA \$25M - \$50M.	0.373 (0.484)	0.389 (0.488)	0.355 (0.478)
SZ50100	Dummy variable indicating GTA \$50M - \$100M.	0.253	0.355	0.351

Symbol	Definition	Young Small Banks (1-5 years)	Adolescent Small Banks (6-20 years)	Mature Small Banks (21+ years)
		Mean (Std. Dev.)	Mean (Std. Dev.)	Mean (Std. Dev.)
		(0.435)	(0.479)	(0.477)
Bank's Ownership Structure				
BANK-ONEBHC	Dummy variable indicating that bank is member of a BHC.	0.192 (0.394)	0.298 (0.457)	0.521 (0.500)
BANK-MBHC	Dummy variable indicating that bank is member of a multi-bank BHC.	0.216 (0.412)	0.235 (0.424)	0.233 (0.423)
BANK-MUL_LAY	Dummy variable indicating that bank is member of a multi-layered BHC.	0.026 (0.159)	0.430 (0.203)	0.079 (0.270)
BANK-OUTST	Dummy variable indicating that bank is member of an out-of-state BHC.	0.0290 (0.168)	0.025 (0.156)	0.033 (0.179)
Bank's Financial Condition				
BANK-ROE	Bank's return on equity.	-0.010 (0.349)	0.072 (0.251)	0.111 (0.064)
BANK-EQRAT	Bank's equity/GTA ratio.	0.107 (0.053)	0.081 (0.031)	0.105 (0.034)
BANK-NPL	Bank's nonperforming loan ratio.	0.027 (0.040)	0.029 (0.038)	0.028 (0.024)
Bank's Market Share				
BANK-SHARE	Weighted average of bank's shares of local market deposits.	0.034 (0.080)	0.065 (0.121)	0.174 (0.206)