**Banks in Distress: Analyzing the Regions of US Bank Failures**

Eli Tracewell, Matthew Panganiban, John Kelly, Nicole Howell

The large spikes of bank failures we found occurred between the years 1975 to 1995 and 2000 to 2020. The cause of the significant number of bank failures from 1975 to 1995 was driven by high interest rates and inflation. The Southwest region, especially Texas, experienced the highest impact of bank failures because they invested a substantial amount of money into oil. During this time, oil prices considerably increased and then dropped due to supply and demand (FDIC). For example, when the banks invested $27 per barrel into oil within just a few years prices per barrel dropped below $10. We found the top few states impacted by this were Texas, California, Oklahoma, Louisiana, and Illinois.

The cause of the significant amount of bank failures during 2000 to 2020 was driven by the financial crisis in 2007 to 2009 known as the “Great Recession”. More specifically, the housing market crashed, housing prices were on the rise, banks continued to lend, and people could not afford to make their payments. We found the top few states impacted by this were Georgia, Florida, Illinois, California, and Michigan.

The highest cost of failures happened in Texas with over 10 million. This was from Texas making most of their investments in the oil industry. California followed losing about 1.5 million, then Louisiana, Florida, and Arizona. The highest bank failures occurred heavily in the south versus the north. We were able to use this data to determine that during any given year, when there is an increase of fifteen or more bank closures, it is highly likely that more bank closures will follow.

FDIC. (n.d.). *Chapter 9 banking problems in the southwest - federal deposit insurance ...* www.fdic.gov. Retrieved April 6, 2023, from <https://www.fdic.gov/bank/historical/history/291_336.pdf>

FDIC. (n.d.). *Crisis and response: An FDIC history, 2008–2013*. Crisis and Response: An FDIC History, 2008 - 2013. Retrieved April 6, 2023, from https://www.fdic.gov/bank/historical/crisis/