

to legal restrictions which prevent geographic extension of the industry. In contrast with all other deposit-type institutions, which may be either State or federally chartered, mutual savings banks are exclusively State-chartered institutions. Within their present geographic limitations, savings banks have achieved expansion through the establishment of branches and currently operate approximately 1,200 individual offices.

Savings deposits, held primarily by individual savers in more than 22 million accounts, are the basic source of funds for mutual savings banks (table 2). In addition to regular savings accounts, which represent 99 percent of the industry's total deposit liabilities, savings banks offer school savings, vacation and Christmas clubs, payroll and other special-purpose accounts. Deposits in nearly all savings banks are insured, in most cases by the Federal Deposit Insurance Corporation, and in the case of Massachusetts savings banks, by the Mutual Savings Central Fund, Inc. Savings banks in three States—Massachusetts, New York, and Connecticut—also offer low-cost savings bank life insurance.

As mutual institutions, savings banks have no capital stock or stockholders. Protection for depositors is provided by the reserves accumulated gradually through the retention of a portion of savings bank earnings. Except for amounts added to these protective reserves, net earnings of savings banks are distributed entirely as interest to depositors.