

CHAPTER 28

Personal Trusts as Sources of Funds*

INTRODUCTION

Most of the trust business in the United States is conducted by corporate fiduciaries which may be companies engaged in fiduciary activities exclusively but which, for the most part, are commercial banks with trust departments. Hence, in the following discussion when "trust institution" or "corporate fiduciary" would be appropriate terms, "trust department" will be used for the sake of simplicity.

NUMBER AND RELATIVE IMPORTANCE OF TRUST DEPARTMENTS

In the United States in early 1966 there were 3,785 banks with trust powers and of these, 3,503 were actively exercising their trust powers (table 1). The increase in the number of trust departments since 1950 does not seem impressive. However, it should be noted that as trust powers are granted to additional banks each year there is a loss of some separate trust departments through bank mergers. As data given below will clearly indicate, there has been, in addition to an increase in number of bank trust departments, a substantial increase in total assets managed by them.

Added to the banks with trust powers, as of November 1965, there were 49 nondeposit trust companies.¹ These are defined by the Federal Deposit Insurance Corporation as institutions operating under trust company charters which are not regularly engaged in deposit banking but are engaged in fiduciary business other than that incidental to real estate title or investment activities. Some of these nondeposit trust companies, one of which is a member of the Federal Reserve System but is not insured by the FDIC, hold very substantial amounts of trust assets.

TABLE 1.—*Number of commercial bank trust departments in the United States*

	1950	1955	1960	1961	1962	1966
Insured State nonmember banks.....	870	887	1,066	1,100	1,153	1,232
State member banks.....	636	639	598	600	575	522
National banks.....	1,774	1,727	1,738	1,763	¹ 1,786	¹ 1,856
Uninsured State banks.....					² 175	² 175
Total.....	3,280	3,253	3,402	3,463	3,689	3,785

¹ Of these, 236 were inactive at the end of 1962; 232 were inactive at the end of 1964.

² Approximate number, including some with more than \$100,000,000 of trust assets, as well as many very small departments.

Sources: Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve System, the Comptroller of the Currency.

*Prepared by the Trust Division of the American Bankers Association, with minor editing by committee staff.

¹ Offices of Operating Banks Not Insured by the Federal Deposit Insurance Corporation, Nov. 30, 1965, FDIC.