

Best States for Banking 2019

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For the first time since 2006, last year saw no failures of FDIC-insured banks. That stability highlights what was a banner year for banking conditions, giving customers today some of the most favorable choices in many years.

Still, the breadth and quality of those choices depend somewhat on where you live. To highlight some of the distinctions that affect the choices available to consumers in different states, MoneyRates.com updated its annual Best States for Banking study.

2019 - best banking conditions in years

While it is fairly normal to see a few bank failures each year, the rate of attrition exploded during the financial crisis. After back-to-back years with no failures in 2005 and 2006 and only three failures in 2007, the number soared to 25 in 2008, 140 in 2009 and peaked at 157 in 2010.

Things have calmed down considerably since then. The years 2015 through 2017 each saw the number of bank failures fall to single digits, and 2018 saw no failures at all.

Rising interest rates

In addition to stability, the banking environment benefited from a rise in the interest rates available to consumers. According to the MoneyRates.com [America's Best Rates](#) survey, the average savings account rate has risen from 0.305 percent to 0.442

percent over the past year. More significantly, the top savings account rate available rose from 1.578 percent to 2.4 percent over the past year. After years of near-zero interest rates, consumers now have the opportunity to earn a respectable amount of interest on their savings.

Despite these favorable trends, all is not perfect in the banking world. The difference of nearly 2 percent between the top savings account rate and the average rate shows that consumers must be discriminating shoppers in order to truly benefit from rising rates - especially since some of the very largest institutions still offer [savings account rates](#) below 0.10 percent.

Meanwhile [free checking accounts](#) have become harder to find so, again, consumers need to make careful choices in order to get the best out of the banking system. For many customers, another challenge is the shrinking number of bank locations. The total number of bank locations has declined for nine straight years, with a total of over 10,000 locations being shuttered in that time period.

Evaluating the best states for banking

Conditions such as disparities in interest rates and availability of bank branches vary according to where you live. The Best States for Banking study ranks each state according to four criteria:

- **Customer satisfaction**
Based on the average JD Power customer-satisfaction ratings for banks with branches in a given state.
- **Stability**
Based on the percentage of banks headquartered in each state that failed during the past year. Since there were no failures in 2018, this was not a factor in this year's study.
- **Number of bank choices**
Consumers benefit from having a wide range of choices, so this study ranks states according to the number of bank locations in each state.
- **Access to top deposit rates**
States were ranked according to the number of top banks from the latest

America's Best Rates study with a location in the state. This covers the top ten savings account rates, money market rates, 1-year CD rates and 5-year CD rates.

The rankings for each of these four criteria were then averaged to come up with an overall ranking of the best states for banking.

Best states for banking in 2019

1. Texas

This repeat win for Texas comes largely on the strength of both breadth and quality of banking choices in the state. As of the latest FDIC figures, there are 6,419 banking locations in Texas, second only to California. Texas is tied for second for the number of leading America's Best Rates banks with locations in the state and is also in the top ten for the average customer-satisfaction rating among banks with offices there.

2. California

This represents a move up from third place in last year's study for California, which has the most bank locations (6,839) and is tied for the number of leading America's Best Rates banks with a presence in the state. California's banks trailed those in Texas by several ranking places in customer satisfaction, which is why California finished second to Texas overall.

3. Illinois

After not cracking the top ten last year, Illinois scored top-ten rankings this year for customer satisfaction, number of bank choices and access to top deposit rates to finish third overall.

4. Ohio

Another newcomer to the top ten this year, Ohio's strongest attribute was ranking seventh in the number of bank locations in the state.

5. Florida

This repeat of last year's fifth-place finish comes primarily due to top-ten rankings in number of choices and availability of leading deposit rates.

6. (tie) Kansas

Though Kansas is middle of the pack for number of choices, banks in the state ranked third on average for customer satisfaction, and the state was in a tie for tenth in the category of access to top deposit rates.

6. (tie) New York

In tying with Kansas for sixth place overall, New York got there with somewhat different characteristics. While average customer-satisfaction scores were mediocre, New York was fourth for total number of bank choices, and tied for second in access to the best interest rates.

8. Missouri

In moving up a notch from last year's ninth-place ranking, Missouri's strongest point was a top-ten ranking for average customer-service ratings.

9. Georgia

Even though Georgia slipped a bit from last year's second-place ranking overall, it still did better than most states for customer satisfaction, number of bank choices and access to the best interest rates.

10. Louisiana

Banks in Louisiana ranked first for average customer-satisfaction ratings, which is the dominant reason why the state made this year's top ten overall.

Choosing a bank no matter where you live

Though banking conditions do vary quite a bit from state to state, one thing that has evened the playing field considerably is the growth of online banking. The ability to maintain [one or more accounts online](#) rather than via a branch has not only increased the number of choices available no matter where you live, but it has also improved the quality of those choices. Online accounts are more likely to offer the best interest rates and free checking than branch-based accounts.

Whatever the general banking environment is in your state, keep in mind when choosing a bank that the best bank for you depends a great deal on your needs. Think about what is most important to you - fees, interest rates, locations, etc. - and evaluate your bank choices based on those characteristics.

>> [Better ways to shop for a bank](#)

Full ranking of best and worst U.S. states to bank in - 2019

If you didn't see your state among the list of best U.S. states for banking, here is the full ranking of all 50 states:

State	Overall Rank	Customer Satisfaction Score	No. of Banks in State	% of Bank Failures in State in 2018	No. of "America's Best Rates Banks" with Locations in State
Alabama	27	3.342	156	0	1
Alaska	50	2.773	7	0	0
Arizona	21	3.362	67	0	4
Arkansas	36	3.335	119	0	0
California	2	3.459	206	0	5
Colorado	11	3.442	135	0	3
Connecticut	38	3.065	61	0	1

State	Overall Rank	Customer Satisfaction Score	No. of Banks in State	% of Bank Failures in State in 2018	No. of "America's Best Rates Banks" with Locations in State
Delaware	33	3.313	42	0	3
Florida	5	3.301	212	0	3
Georgia	9	3.504	222	0	1
Hawaii*	45	3.331	12	0	0
Idaho	32	3.385	32	0	1
Illinois	3	3.529	502	0	2
Indiana	17	3.386	145	0	1
Iowa	13	3.501	324	0	1
Kansas	6	3.682	289	0	2
Kentucky	21	3.634	178	0	0
Louisiana	10	3.973	131	0	1
Maine	26	3.631	31	0	1
Maryland	31	3.192	87	0	1
Massachusetts	17	3.276	152	0	2
Michigan	37	2.863	122	0	0
Minnesota	41	3.076	348	0	0
Mississippi	44	3.185	94	0	0
Missouri	8	3.579	311	0	1
Montana	47	2.987	56	0	0
Nebraska	21	3.615	188	0	1
Nevada	30	3.289	48	0	2
New Hampshire	29	3.494	41	0	1

State	Overall Rank	Customer Satisfaction Score	No. of Banks in State	% of Bank Failures in State in 2018	No. of "America's Best Rates Banks" with Locations in State
New Jersey	14	3.109	128	0	3
New Mexico	39	3.054	58	0	2
New York	6	3.271	210	0	5
North Carolina	24	3.226	84	0	1
North Dakota	46	3.077	85	0	0
Ohio	4	3.399	216	0	2
Oklahoma	24	3.827	225	0	0
Oregon	15	3.526	46	0	2
Pennsylvania	15	3.471	191	0	0
Rhode Island	48	2.991	22	0	0
South Carolina	39	3.277	79	0	0
South Dakota	42	3.151	84	0	1
Tennessee	28	3.375	189	0	0
Texas	1	3.560	524	0	5
Utah	34	2.979	52	0	6
Vermont	43	3.400	23	0	0
Virginia	19	3.202	122	0	2
Washington	11	3.418	79	0	2
West Virginia	19	3.680	73	0	1
Wisconsin	35	3.219	236	0	0
Wyoming	49	2.827	46	0	0