



The Commonwealth of Massachusetts

Office of the Commissioner of Banks

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COMMISSIONER

May 25, 1983

IN THE MATTER OF HERITAGE BANK FOR SAVINGS, AMHERST, MASSACHUSETTS
APPLICATION TO CLOSE ITS BRANCH OFFICE AT
60 MAIN STREET, HATFIELD, MASSACHUSETTS

DECISION

Pursuant to Chapter 168, Section 5 of the Massachusetts General Laws, Heritage Bank for Savings ("Applicant") has applied for approval to close its branch office located at 60 Main Street, Hatfield, Massachusetts.

Notice of the application, affording opportunity for interested persons to submit comments, has been published. The time for filing comments has passed. The application and all comments submitted have been considered in accordance with Chapter 168 of the General Laws.

Applicant, with total deposits of \$224.8 million (as of 10-31-82), operates a main office at One South Pleasant Street in Amherst's central business district and has branch offices in Greenfield, South Hadley, Sunderland, Hadley, Amherst and Hatfield. Subject branch office is currently a trailer which replaced the regular banking facility destroyed by a fire less than nine months ago. Transaction volume does not justify the cost of either reopening a permanent branch office or retaining the trailer operation with reference to the constantly changing economic environment.

A branch closing, where the applicant is the only bank branch in the community, presents an extremely difficult regulatory decision. Clearly, issues such as the

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capital ability of Applicant to support the branch office, the relative convenience of the remaining banking services within the primary service area, the nature and extent of banking services to be lost, and the competitive effect of the removal of a banking alternative are essential to consideration of this petition. Yet, even according to these standards, an analysis of the subject application produces only modestly acceptable results.

Since there is public reaction concerning the effects of the proposed office closing, expectations of regulatory influence tend to be inflated. As mentioned in previous decisions, denial of an office closing request provides no assurance that the branch will offer reasonable or competitive services for the affected community.

In contrast to previous branch office closing controversies, Applicant's community reinvestment record has been found to be in compliance with relevant statutory requirements.

Applicant has automated teller machines and branch offices in adjacent communities easily accessible from Hatfield by public and private transportation and also bank by mail service for customers who find it inconvenient to travel to a banking facility in another municipality. Minimal hardship will be felt by the Hatfield business community since it was not dependent on Applicant for its banking services. Thus public convenience and advantage will not be adversely affected by the proposed branch office closing.

Transportation mobility within the Northampton-Amherst area and geographic proximity of surrounding towns to the regional core reinforces the Federal Reserve Bank's delineation of this region as a banking market in which a branch office closing would have a minimal impact on banking competition.

Another factor which would alleviate concerns about loss of banking services in the primary service area is the expectation that another local thrift institution intends to apply to this office for permission to establish a minibranch in the Town of Hatfield.

On the basis of the record, it has been determined that neither banking competition nor public convenience and advantage would be adversely affected. Therefore, the petition is approved.

5-25-83

Date

Paul E. Bulman

Commissioner of Banks

