

Public Banking

A Better Solution

Today, cities and states put their money in Wall Street banks, allowing those banks to leverage our public funds in order to dominate the financialized speculative economy rather than reinvesting them in our communities. At the same time, cities and states borrow money from Wall Street institutions and bondholders at high interest rates and pay large fees to keep money in their banks. This is not a cost-effective way to do business. Cities and states could be keeping their public dollars in their own publicly-owned banks and leveraging them for their own community needs.

With city and state owned banks, we cut out Wall Street middlemen. Our community's cash stays home to benefit us! Bank fees are eliminated, interest costs drop, and public bank profits are reinvested into our communities.

Public banks can help us create the communities we want. We want parks, good roads, safe bridges, clean energy, and housing we can afford. We want lower interest rates for local small business loans, local control of our tax dollars, investment in our local communities, and ethical and transparent financial institutions managing our public funds. Public banks can be the financial engine that makes this happen for our communities.

Public Banking

A Proven Model

Globally, twenty-five percent of banks are publicly owned. They contribute to financial stability and economic success in China, Japan, Germany, Canada, Australia, India, and many other countries.

In the US for the last century, we have had only one publicly-owned depository bank – the Bank of North Dakota – but its stellar record has shown what public banking can do for local economies. It was recently joined by two new publicly-owned US depository banks, the Native American Bank and the Bank of American Samoa.

Other public banks with stellar records include the 200-year-old German public banks, which have been largely responsible for Germany's revolution in renewable energy and its thriving economy; and China's giant state-owned banks, which have funded massive infrastructure projects not only in China but in Southeast Asia and Africa.

It's Heating Up!

Since 2010, more than 30 cities and states have taken official steps to explore the public bank option for themselves. Today public banking is gaining serious momentum, with advocates across the country bringing public banks closer to a reality for their cities and states.

10 Key Facts

Public Banks:

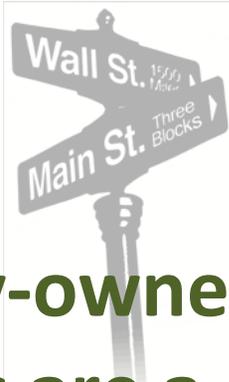
1. Are owned by the people of a state, city, or region.
2. Serve as the depository for local government funds (city or state taxes, fees, etc.);
3. Are required to benefit the public by serving local community needs;
4. Can save state and local governments millions or even billions of dollars, by cutting out middlemen and private shareholders, eliminating fees, and financing projects at lower interest rates;
5. Reinvest bank profits into the community, providing a new source of income for cities and states and a source of funding for projects such as infrastructure, renewable energy and affordable housing;
6. Are run, not by politicians, but by qualified bankers serving a public mission;
7. Provide accountability and transparency to the public for bank decisions, avoiding the risks of Wall Street's speculative gambling;
8. create new jobs and spur economic growth by supporting local small businesses;
9. Partner with and support rather than competing with local community banks;
10. Can lend during times of stress and crisis, helping to sustain a healthy local economy.

What is a Public Bank?

A **public bank** is a chartered bank in which public funds are deposited. It is owned by a government unit — a state, county, city, or tribe — and mandated to serve a public mission that reflects the values and needs of the public that it represents. In existing and proposed US public bank models, skilled bankers, not politicians, make bank decisions and provide accountability and transparency for how public funds are used.

Privately-owned banks, by contrast, are mandated to put short-term profits for their shareholders as their highest priority.

Public banks can fund public projects at reduced cost, generate profits for the local government, and create low-cost credit for the local community.



**Publicly-owned
banks are a
win-win
for everyone.**

About PBI

The Public Banking Institute (PBI) is an educational non-profit organization whose mission is to further the understanding, explore the possibilities, and facilitate the implementation of public banking at all levels — local, regional, state, and national.

Our vision is that a network of publicly-owned banks will be established that create affordable credit and allow communities to declare independence from Wall Street's high-risk, expensive, unaccountable private banking system.

5 by 2020! We're working to have five public banks well on their way to reality by 2020, and to make the benefits of public banking common knowledge.

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How Cities and States Can Solve Their Budget Crises: Own a Bank

Generating credit for the local economy needs to happen at the local level. Many cities and states are taking steps toward establishing their own publicly-owned banks.