



WHAT IS A PUBLIC BANK?

- It is a bank **owned by taxpayers** through their representative city, county, or state government.
- It differs from a private bank in that the public bank's mission is to **serve the public interest of the taxpayers in the community**, not private management and shareholders. Also, a public bank is established to **hold public funds, not the deposits of individuals**.
- A public bank is funded through government taxes and fees and through the profits (net income) it earns.
- A public bank is **run by highly-qualified bankers** who carry out the bank's mission without interference from government officials.
- A public bank has **lower overhead** than a private bank as it needs no branches, requires no impressive building, and does not pay its top employees huge bonuses.
- **Current examples** of public banks are the highly-successful **Bank of North Dakota**, which has been in existence since 1919; the **Oklahoma Bank²**, which operates for the benefit of the Chickasaw Nation; and 40% of the Central Banks in existence in the world.

For more information or to join our Banking on Central New Mexico team, go to bankingcnm.wordpress.com and/or write vhagen@q.com



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BENEFITS of A PUBLIC BANK

- **Increases Public Non-Tax Revenue:**

The profits earned by the bank would not go to private investors but to the public entities that own the bank and could also be used to grow the bank.

- **Cuts Government Costs:** A public bank can save on finance costs for infrastructure projects. By having its own bank, a local government can avoid fees paid to consultants and can reduce interest rates currently paid to the bond market or to major banks.
- **Improves Support for Community Banks:** A public bank can provide more effective support for community banks and credit unions by writing down interest rates or participating with them in loans for worthwhile local projects, thereby keeping local banks and credit unions strong
- **Supports Local Needs:** Public banks can address the local needs of a community that may not appeal to national or global banks but are important to residents of Central New Mexico.
- **Makes Public Deposits more Secure:** Public banks are more secure than major banks that invest trillions of dollars in derivatives. Major banks could very well collapse again as they did in 2008. If a bank fails, current legislation gives owners of derivatives first claim on bank assets, putting local government deposits in danger.

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