

May 2, 1973

SENATOR SCHMIT: These detached facilities will offer the same services that are offered in the present facilities. They will cash checks, they will make deposits, they will make change, they will not offer the services of a, of a loan. You can not get a loan from these facilities. They will not, you can not have a safe deposit box there. You can not discuss the credit needs of an individual.

SENATOR DICKINSON: Let me interupt here. This is the thing that confusing me I guess. I believe I just heard you stating that or making comments about the lack of a country banks serving young farmers, who needed to borrow large sums of money. Well your given, it seems to me your giving the impression that you then would be able to, to go and sit down in these extended these detached facilities, and discuss your problems with your banker and sign a note and borrow \$100,000 if this is what you arrived at and I think this is misleading is it not?

SENATOR SCHMIT: Are you asking me a question Senator Dickinson?

SENATOR DICKINSON: Yes.

SENATOR SCHMIT: Very well, I'll answer it very well I hope. The reason that I want the additional facilities is to that that bank can extend its service to the area that has developed around many of these communities and accept the deposits that will build the base which will allow the main banking facility to loan the money that is necessary. Today as under the present situation, if you issue a new charter and establish a new bank with new capitol, it is a small bank. It must be a small bank to begin with. It has to build itself and as a result, the ability of that bank to meet the capitol needs of the community, is very limited. Now theres been alot of discussion about this money, being siphoned into Omaha. I have the data that shows that the 4 large banks in Lincoln and Omaha, who would support this bill, have on loan to its correspondance banks, almost twice as much money as they have on deposit, and so there for, the small banks presently can not exist without the large bank. There has to be cooperation between them and I would if I gave the impression in my conversation, then anyone who is going to borrow money at a detached facility, I'm sorry that is not true. But it does provide that the customer can use the facility, in a area adjacent to his home or his business and there fore hopefully will enhance the stature of the bank and allow the bank to grow with the community.

SENATOR DICKINSON: By virtue of the question, or the statement you just made then, do not small banks have adequate resources in their relationships with the correspondance banks in Lincoln or Omaha or where ever to satisfy the needs of their particular customers?

SENATOR SCHMIT: Well of course Senator Dickinson, that is a question that is a, that has to be answered in every individual case. The point that I want to make is that in my case, in the bank employee which I introduced the bill, it is a substantial bank, has substantial creditability and can make good size loans but in every case if it needs to lay over some of the line with the corresponding banker, it can do so, but I think that where 20 years ago, the average size loan in Nebraska, stated at a public hearing, was somewhere around \$2,500, to farmers, today the average size loan is more than \$50,000 to a farmer. Obviously the small banks do not have the capability to loan this kind of money.

SPEAKER: Thank-you Senator Schmit. The chair would like to recognize 3 distinguished visitors sitting under the south balcony and we also have visiting with us 11 second grade students from Nemaha Valley School, from Talmage, they are in, and their teacher. They are in Senator Cal Carstens district, sitting in the north balcony. Senator Whitney.