

Traditional Banks *A Foundation for the Future*

Traditional banks have been in their communities, in many cases, for over one hundred years. They have been the economic foundation for consumers and small businesses across the United States. And though times are tight, they continue to lend, proving to their customers that they are worthy of trust and will be there when people need them most.

Traditional banks come in a variety of sizes and shapes. Some have reached into communities across the state or region with thousands of branches; others have stayed small, serving their communities with one or two branches. Though their forms are different, they have one thing in common – they are the main source of capital for their local communities. These are traditional banks.

Banks' relationships with their communities and their customers is reinforced by a relationship with their regulators based on trust and backed up with a focus on the fundamentals that keep banks safe and sound. We're now seeing that other financial services organizations – organizations once classified as "investment banks" and thus not subject to the regulatory requirements of traditional banks – are choosing to become bank holding companies.

Traditional banks are part of the solution to our economic difficulties, not part of the problem. These are the facts:

- **Banking is an industry built on trust.** By their local involvement, their long tenure, and their careful approach to lending, traditional banks have built the trust of their customers. This confidence is reinforced by a history of trust with their regulators. Unlike many financial businesses, banking is one of the most highly regulated industries in the United States.
- **Banks have a solid record of serving their communities.** The fundamental truth is that banks are tested in the marketplace every day to demonstrate their responsiveness to the needs of their local communities. Those that do not serve the credit needs of their entire community do not prosper or survive. It is, therefore, not surprising that the banking industry – alone in its extensive documentation of community service – excels at satisfying community credit needs.
- **Banks are central to local economies.** In many cases, banks have been in their communities for decades, and they expect to remain there for decades more. This tight relationship between banks and their communities is a powerful incentive for banks to remain strong. Whether providing a home loan or helping to keep the doors of a small business open, banks of all sizes are a center point for their communities. Even through the current economic difficulties, banks continue to prove they are worthy of trust.

Traditional Banks are the Foundation to Rebuild the National Economy

Banks have been and continue to be the primary institutions for saving, lending, and financing economic growth in our nation's communities. Held to high standards of financial strength and integrity of operations, banks are well-poised to be engines of economic recovery and continued economic growth and development thereafter.