

STATEMENT OF CHARLES H. SEGERSTROM, VICE PRESIDENT
AND CASHIER OF THE FIRST NATIONAL BANK OF SONORA,
CALIF., AND PRESIDENT OF THE CALIFORNIA LEAGUE OF
INDEPENDENT BANKERS.

Mr. SEGERSTROM. I appear here to-day as the president of the California League of Independent Bankers to plead the cause of independent or unit banking as it exists in America to-day. This system of American banking, as it exists in the United States to-day under the Federal reserve system, has been the means by which our Nation has grown from a sparsely settled, undeveloped country into one of the greatest Nations in history, and has made America a Nation second to none. These independent or unit banks are managed and owned by local men who have the best interest of thier community at heart and whos possess an intimate personal knowledge of the character and ability of their customers, and these banks and bankers are a stable asset in the country's economic and political welfare and are a most important part of our national life.

Let us contrast this system with the state-wide or nation-wide branch bank system such as is practiced in the foreign countries and such as our California branch bank friends would recommend to these United States, and which they are trying to establish in California. We find a system not consisting of 30,000 independent units, such as our American banking system, but a banking system consisting of a few main offices and tens of thousands of branches. These offices are controlled by small, powerful groups of men who hold the entire credit facilities of a State or nation in their hands. The granting or withholding of credit, we hold, is contrary to public policy and not in keeping with American ideals.

State or nation-wide branch banking is of its very nature monopolistic. One central head must, of course, control all credits in its hundreds or thousands of branches. This deprives it all of local or community spirit and subjects it to the will of an absentee owner hundreds or thousands of miles away who can grant one community credit while withholding it in another, in whatever direction their best interests may lie.

Professor Willis in his talk made mention of the fact that he did not consider that branch banking, as is exercised in foreign countries, is a monopoly. Let us examine this question from the viewpoint of American ideals. We find that in all countries there is a further concentration, as time goes on, and fewer home offices and more branch banks are the rule. In Canada there were 41 banks with branches in 1886, while to-day these 41 banks are consolidated and liquidated so that only 11 banks with 5,000 branches remain. In England there were 101 banks with branches in 1880, while to-day we find that this number has shrunk to 40 banks which control 10,000 branches, and of these 40 banks 5 of them—known as the "Big Five"—control over 80 per cent of the banking credits of England. In Scotland, where the branch bank idea first originated, no new banks have been chartered in 87 years. In England none since 1900. In Australia none in 37 years. In Canada, of the 10 banks chartered since 1900, only one survivor is on the list of banks to-day, and this one has assets of less than \$5,000,000, while the next unit bank in Canada is just 50 years old.