

## **HB-984: Maryland Public Bank Task Force - Establishment**

Bill Hearing: March 9, 2022, 1:00 PM, Economic Matters Committee

Chairman Wilson, Vice Chairman Crosby, and members of the committee,

My name is Dr. Sean Vanatta. I teach international banking and financial history at the University of Glasgow.

I support HB-984. The bill will establish a task force to evaluate the viability of a publicly owned bank in Maryland. Taskforce members will examine the state's financial services network and determine whether a public bank can meet community needs not currently being met by existing institutions.

In July 2019, the Abell Foundation published my report, "The Municipal Banking Movement: An Opportunity for Baltimore." My testimony draws on that study and the wider public banking scholarship.

Public banking is simply the public ownership of financial institutions.

Public ownership, however, does not mean public management. Public banks are managed by experienced bankers, not politicians. The public set objectives, consistent with the bank's need to generate self-sustaining revenues. Bank managers work to meet those objectives, consistent with the ongoing safety and soundness of the firm.

In this way, public banks are similar to private financial institutions. Private owners instruct managers not only to generate profits, but also to meet

environmental, social, and governance objectives. For private firms, profits simply come first.

Public banking is a compliment to private banking, not a substitute. Effective public banks work with community banks, credit unions, and other mission-driven lenders, multiplying their capacity to invest in worthwhile projects. They are also patient: They do not freeze local lending whenever a cold wind blows down Wall Street.

I support House Bill 984 because it offers a prudent plan for evaluating the opportunities and challenges of public banking in Maryland. Policymakers and the public must have confidence that a publicly owned bank will meet community needs not currently being satisfied by private firms or government agencies. This bill offers a means for doing so and I urge you to support it.

Thank you.