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Business in Nebraska

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THE RECURRING DEBATE ON NEBRASKA'S BANKING STRUCTURE

For two years running, proposed banking legislation has been the center of considerable controversy in the Nebraska legislature. Most of this controversy has come from within the banking industry, with little or no input from the general public. This, in part, is because banking jargon and banking issues are generally unfamiliar to the public. This article will attempt to explain some of this jargon, along with some of the major issues and potential legislation which will no doubt resurface in the next session.

ORGANIZATIONAL STRUCTURE OF BANKING

The organizational structure of banking generally refers to the geographic aspect of banking institutions and is often classified into three general types: unit banking, branch banking, and group banking. Unit banking, in its strictest sense, refers to the situation where banks may conduct business from only one office. Many states which restrict banks to unit operations, however, do allow a certain number of remote-site, limited-service facilities within the home-office city. Normally, these facilities are limited to deposit and withdrawal functions, while the main office offers the full array of banking services.

In other states banks are allowed to establish several full-service branch offices apart from the main office. In states which allow branch banking, the degree of branching varies widely. Some states allow statewide branching, while others limit branching to within the home office county. For example, in California, where statewide branching is allowed, 257 banks have 4,064 branches, of which well over 2,000 are located in counties noncontiguous with the home office. On the other hand, in Kentucky, a limited branching state, 343 banks have 694 branch offices, of which all but 4 are located in the home-office county.

Multibank holding companies, often referred to as group banking, are another method of expanding the geographic market area. Although bank holding companies had made their appearance by the turn of this century, it was not a major organizational form until the late 1920s. A major impetus for its gained popularity at the time was its usefulness as a way of circumventing branching restrictions which many states were adopting. Rather than a single bank establishing several branches, a multibank holding company is a corporation which owns several subsidiary banks with each bank maintaining its own identity. Although each bank maintains its own identity, the system of banks within the holding company may be run much as a branch system if the parent corporation so desires. The 1956 Bank Holding Company Act, as amended, limits the commercial activities of corporations which acquire banks to those which are closely related to the banking business. This restriction was made to preserve the historic separation of banking from other commercial interests.

Chain banking is another organizational structure which falls under the heading of group banking. Rather than a corporation owning or controlling several subsidiary banks, chain banking describes a situation where an individual or group of individuals owns or controls several banks. Again, as in the case of multibank holding companies, the individual banks within the chain system maintain their own identity, although the system may be operated much as a branch bank.

Decisions concerning the organizational structure of banking are essentially left to the states. Prior to 1927, national banks had been denied branching privileges. The McFadden Act of 1927, along with the National Banking Act of 1933, gave national banks the same branching privileges as were accorded to state banks in their respective states. In essence, national banks were put on a competitive equality with state banks by allowing them to branch in those states which allowed branching, while preserving the state's authority in branching decisions. Like branching, the decision to legalize multibank holding companies (MBHCs) is left to the individual states.

Of course various combinations of the aforementioned structures may exist in different states. In states where both branch banking and MBHCs are allowed, holding companies may own several banks while the banks themselves may operate several branches. This picture may be further complicated by chain linkages among banks and bank holding companies.

In other states such as Nebraska, a unit banking state, the organizational structure is more straightforward. The Nebraska legislature passed legislation prohibiting branch banking in 1927 and multibank holding companies in 1963, although one MBHC was grandfathered under the 1963 law and operates today. Under current law in Nebraska, one-bank holding companies (OBHCs) are allowed (corporations which own only one bank but may engage in other commerce closely related to banking), and banks may operate two limited service auxiliary facilities within the home-office city. Because these auxiliary facilities may not perform the full range of banking functions, they are generally not considered branch banks.

Although Nebraska is referred to as a unit banking state, chain banking is quite common. The exact extent of chain banking, however, is difficult to measure since little public information on private stock ownership is available. Nevertheless, a fairly recent study of chain banking concluded that 23 percent of all Nebraska banks were members of some chain system.[1] Because this study used very stringent definitions concerning (continued on page 2) (continued from page 1) what constitutes chain membership, the actual percent of chain membership is almost certain to be higher.

THE ISSUES[2]

Most arguments for and against branch banking are also common to the debate on MBHCs. Because there are few restrictions on chain banking and because of their obscure nature, little debate concerning their desirability has occurred. Nevertheless, to the extent that chains may be operated much as branch systems or MBHCs, most of the same arguments apply to chains as well.

Organizational Structure and Operating Efficiency

Proponents of branch banking or MBHCs often claim that such organizations are more efficient than strictly unit banks. Opponents either argue that this is not the case, or that other adverse consequences outweigh any claims of efficiency.

Conceptually, one might argue that branch banks and MBHCs are able to consolidate certain key production processes (for example, management and computer processing), and thereby incur lower per-unit operating costs than a comparable number of unit banks. On the other hand, beyond a certain point, as the size or geographic dispersion of a banking organization increases, the problems of organizing and coordinating the organization may increase, thereby reducing the efficiency of the organization.

The consensus of most studies has been that once some minimum office size is reached, additional operating efficiencies resulting from increased office size or different organizational structures are small. A recent *Report of the President* concluded that small unit banks of less than $15-20 million in deposits had generally lower operating costs than similar sized offices associated with branches or MBHCs. For office sizes larger than this, association with a branch system or an MBHC results in lower per-unit costs, although the advantages are generally small. It is worth pointing out, however, that various factors other than size and organizational structure are involved in determining per-unit costs of individual banks, and that operating costs may vary considerably even between banks of similar size and organizational structure.

Organizational Structure, Concentration, and Competition

The question of the effects of organizational structure on banking concentration (percent of total deposits held by a certain number of banks) and competition in banking markets has important public policy implications. Not only may increased concentration in banking markets result in higher prices and a reduced quantity and quality of banking services, but increased concentration levels at the state and national level may result in inordinate influence over political as well as other social institutions.

In Table 1, a comparison of three-firm and five-firm concentration levels (percent of deposits held by the three largest and five largest banks) for the various states shows that statewide concentration levels are indeed considerably higher in states which allow statewide branching. It is often pointed out, however, that markets in which banks effectively compete are normally much smaller than entire states, and that concentration ratios of smaller geographic areas are more appropriate indicators of market competition. Looking at Table 1 again, concentration ratios for Standard Metropolitan Statistical Areas (SMSAs) in the three groups of states are shown. SMSAs are normally judged to be good approximations of areas within which banks may actively compete. Although the differences between the grouped states are somewhat smaller, concentration ratios are still considerably higher in statewide branching states.

These concentration ratios, however, should be viewed with some caution. First, these data do not take into consideration other systematic differences between states, such as population, income, and rate of growth, which may account for some of the differences in concentration. Second, many of the branching states permitted branching prior to the 1960 Bank Merger Act which made branching by acquisition of an existing bank more difficult. It is not clear that the easing of branching restrictions at this time would result in the same increase in concentration which took place prior to 1960. The result of adopting branch banking at this time would most likely lead to an increase in statewide concentration, with the effects on SMSA or nonmetropolitan county levels being much less certain. The introduction of MBHCs as opposed to branching would likely result in higher concentration levels because of the tendency on the part of bank regulatory authorities to approve new branch charters over new bank charters in areas where the economic support for an additional bank may be marginal. In addition, because the establishment of a new bank is more costly than a new branch, MBHC expansion would be more likely to take the acquisition route rather than establishing new banks.

Concentration ratios, however, may not always be a good indication of the amount of effective competition within local banking markets. According to the theory of "potential competition," banks which are threatened by the entry of a new bank into the local banking market may behave in a competitive manner even though they are not currently facing a competitor. Many argue that branching states which allow *de novo* entry (entry by the establishment of a new branch rather than acquiring an existing bank) have a greater degree of "potential competition" than exists in unit banking states, and that concentration ratios are therefore misleading. Studies of bank performance give some credence to this argument. Studies generally show that banks in statewide branching states pay higher interest rates on time and savings deposits, have a higher loan output, and earn lower profits than similar banks in unit banking states. At the same time, comparisons of interest rates charged on loans have produced mixed results, and service charges on checking accounts have generally

Table 1
STATE AND SMSA CONCENTRATION RATIOS FOR COMMERCIAL BANKS BY STATE BRANCHING LAWS

	No. of States[1]	State Concentration Ratios 3-Firm	State Concentration Ratios 5-Firm	SMSA Concentration Ratios 3-Firm	SMSA Concentration Ratios 5-Firm
Statewide Branching	22	58.5	72.9	67.5	80.3
Limited Branching	17	28.4	37.7	62.5	76.3
Unit Banking	12	30.0	38.0	49.4	60.2

[1] The District of Columbia is included in these data.

Source: U.S. Department of the Treasury, *Geographic Restrictions on Commercial Banking in the United States: The Report of the President*, January, 1981, pp. 46-48.

been found to be higher in branching systems.

The long-term effects of higher statewide concentration ratios, however, should not be quickly dismissed. Although traditional market concentration studies have tended to focus on local mar- et areas, the theory of "mutual forbearance" holds that larger firms, which have numerous local market contacts with one another, may over an extended period of time develop an unwritten code of conduct which limits price and non-price competition. In effect, banks which meet in several markets may come to recognize that vigorous competition in one market may invite retaliation in another market, and that the risk which this entails is simply not worth the gain in market share that may result. This code of "mutual forbearance," however, may be especially difficult to maintain where new banking firms are entering the market, or where market conditions are changing rapidly.

Another reason why statewide concentration ratios are important is that they give some indication of the possible influence which financial institutions may have over other social institutions. Although higher statewide concentration may not translate into less competitive behavior at the local market level, it may result in a disproportionate share of influence over bank regulatory agencies, as well as political and other social institutions.

Organizational Structure and the Availability of Banking Services

Advocates of branch banking and MBHCs often contend that such systems lead to a greater number of services at more convenient locations than would otherwise exist, especially in rural areas. Opponents argue that such services are often superficial and can be provided through correspondent system in any event.

The evidence from other states has generally shown that with the adoption of branch banking the number of banking organizations has declined, while the number of bank offices has increased on a statewide basis. Evidence for local areas, however, is more mixed. Nevertheless, the bulk of evidence would seem to suggest that in SMSAs the number of banks would remain fairly stable, whereas the number of bank offices would increase. Nonmetropolitan areas in many instances may experience both an increase in the number of banks and bank offices. As was mentioned earlier, bank regulatory authorities tend to approve new branch charters rather than new bank charters in areas which may only marginally support a new bank. Many nonmetropolitan areas may, therefore, experience the entry of a new branch competing with the existing bank(s), whereas in the absence of branching no such entry would occur. Much of this, however, is dependent on the type of branching permitted by state law (*de novo* branching and/or branching by acquisition, and statewide or limited branching). It should also be pointed out that the higher number of bank offices attributable to branching would not likely be a major benefit derived from MBHCs.

The range of services *directly* available to bank customers, especially in nonmetropolitan areas, would almost certainly increase with the adoption of branch banking or MBHCs. Larger institutions which are better able to provide a wide range of services would be allowed to establish branches or affiliates in areas previously served only by smaller institutions. These branches or affiliates normally bring with them the full range of services offered by the parent bank. The point that such services are often superficial or that the same services can be provided through the correspondent system, however, is well taken. Most studies show, for example, that the increasing loan demands in agriculture have been handled quite well through the use of participation loans with correspondent banks.[3]

Organizational Structure and the Mobility of Funds

One of the long-standing arguments against branch banking or MBHCs is that such organizations are less sensitive to rural needs or the needs of some urban neighborhoods because of their remote attachment to the community. Further, it is argued that rural and some urban affiliates or branches are used to siphon funds from these areas in order to lend to more preferred corporate customers or more profitable consumer loan customers. This results, it is often claimed, in depressed economic conditions for certain rural areas and urban neighborhoods and/or insufficient funds for small farms and businesses. Branching or MBHC supporters argue, however, that such organizations do not systematically discriminate against certain areas, but rather respond to changing loan demands wherever they may be. It is often claimed that one of the advantages of branch systems or MBHCs is that they are better able to react to changing loan demands, and channel funds to those areas where demand is the greatest.

While there has been some evidence in past studies that funds are indeed more mobile in multibank or multioffice systems, studies which attempt to determine if they are more apt to siphon funds systematically from rural areas or certain urban neighborhoods have produced mixed results. It should be pointed out, however, that rural unit banks also have the opportunity to send funds outside of the local community through the sale of excess bank reserves or by participating in loans originated by banks outside the local community. In addition, recent developments in communication, information, and computer technologies have further enhanced these opportunities, and have likely reduced the importance of organizational structure as a factor in the movement of funds.

The question of the desirability of a greater mobility of funds is certainly debatable. The traditional concept of economic efficiency, in the sense of allocating resources so as to maximize consumer satisfaction, requires that funds be allowed to flow where they earn the highest return. Nevertheless, many would argue that this concept of economic welfare is extremely narrow and that, among other things, it ignores such equity considerations as the local needs of small and beginning farms and businesses.

POTENTIAL LEGISLATION

Lesiglation to allow some form of branch banking and/or multibank holding companies in Nebraska has been introduced in the last two legislative sessions. The bill given greatest attention has been a combination MBHC/branch banking proposal. Similar legislation will almost certainly be proposed in the next legislative session.

The combination bill would have eventually allowed banks to establish up to four full-service branch banks within the corporate limits of the home-office city. In addition to branching, the same bill would have also allowed the establishment of MBHCs. Under the proposed legislation, bank holding companies could have owned or controlled up to three banks prior to January, 1984, and one additional bank each year thereafter up to a maximum of nine banks. In addition to the limit on the number of banks, an MBHC would have been prohibited from owning or controlling an additional bank if the combined (continued on page 6)

Review and Outlook

Nebraska's net physical volume index increased 0.2% March-April 1982. The increase in the index reflects a sizable increase in April's cash farm marketing receipts and considerable improvement in April's retail sales.

The agriculture component of the net physical volume index calculated by the Bureau of Business Research was up 5.3% on a month-to-month basis. Cash farm marketing receipts in Nebraska were estimated at $647 million, up 28% on a seasonally adjusted basis, and nearly double April 1981 marketing receipts of $316.4 million. On a month-to-month basis, Nebraska's April cash farm marketing receipts were sharply higher when compared with the United States.

Prices received by Nebraska agriculture producers increased 1.2% March-April 1982. Despite this monthly gain, prices received in April 1982 were 4.9% below April 1981.

The nonagriculture segments of Nebraska's economy were down, according to the Bureau's net physical volume index. For all sectors excluding agriculture, the index was down −0.7% on a month-to-month basis. Construction recorded another decrease in April, declining 5.2%. Construction index is at its lowest point in more than three years.

Contributing to the decline in Nebraska's nonagriculture sector, the manufacturing index decreased −3.5% on a month-to-month basis. This is the largest monthly decline. (continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

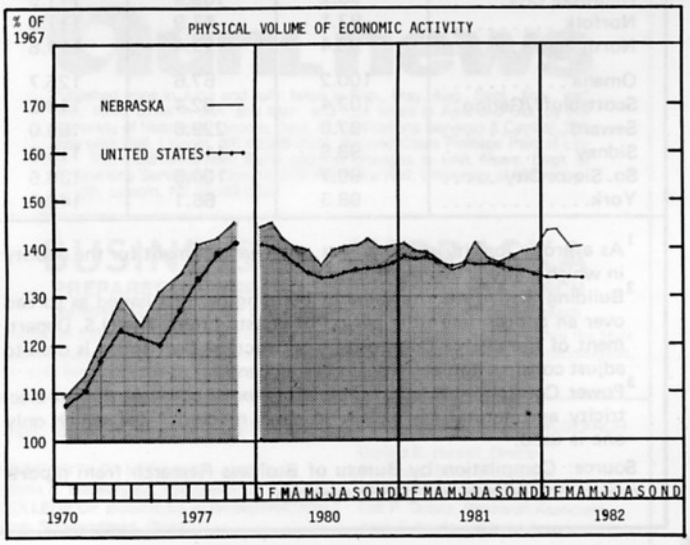
ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

1. CHANGE FROM PREVIOUS YEAR

April 1982	Current Month as Percent of Same Month Previous Year		1982 Year to Date as Percent of 1981 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	105.8	102.7	105.7	103.5
Agricultural	174.8	118.2	141.4	109.2
Nonagricultural	98.6	102.3	101.0	103.4
Construction	65.0	94.4	69.9	92.3
Manufacturing	88.2	93.9	95.2	97.4
Distributive	102.4	105.7	103.4	106.2
Government	108.1	107.4	109.0	107.5
Physical Volume	101.9	97.6	101.7	97.6
Agricultural	183.9	125.0	152.1	117.6
Nonagricultural	93.4	96.7	95.2	97.0
Construction	62.1	90.2	67.1	88.6
Manufacturing	86.6	92.1	92.6	93.8
Distributive	96.1	99.2	96.3	98.9
Government	101.5	98.2	102.0	98.1

2. CHANGE FROM 1967

Indicator	Percent of 1967 Average: Nebraska	U.S.
Dollar Volume	377.4	360.0
Agricultural	450.2	387.9
Nonagricultural	366.2	359.1
Construction	201.1	310.0
Manufacturing	337.2	297.0
Distributive	390.9	399.4
Government	382.7	354.5
Physical Volume	140.4	134.3
Agricultural	180.1	158.3
Nonagricultural	134.2	133.5
Construction	59.9	92.3
Manufacturing	141.6	121.8
Distributive	137.5	140.5
Government	146.1	147.7

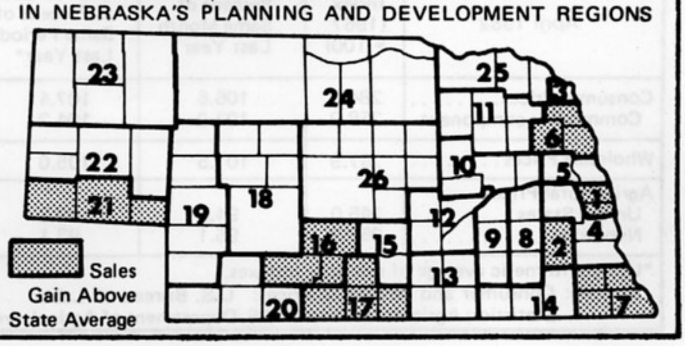


3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)

Region Number and City	City Sales*: April 1982 as percent of April 1982	Sales in Region*: April 1982 as percent of April 1981	Sales in Region*: Year to date'82 as percent of Year to date'81
The State	105.5	104.9	95.4
1 Omaha	109.3	109.3	99.1
Bellevue	125.4		
2 Lincoln	111.0	109.5	96.3
3 So. Sioux City	97.4	96.4	90.3
4 Nebraska City	107.3	106.1	91.8
5 Fremont	106.5	107.8	92.3
Blair	113.4		
6 West Point	119.8	105.9	96.2
7 Falls City	114.8	115.6	96.5
8 Seward	112.8	108.6	92.6
9 York	121.9	106.5	92.7
10 Columbus	105.6	101.9	90.4
11 Norfolk	100.5	99.9	92.1
Wayne	93.1		
12 Grand Island	97.6	96.6	87.5
13 Hastings	83.5	90.1	87.4
14 Beatrice	101.8	105.0	90.7
Fairbury	110.3		
15 Kearney	105.6	104.3	94.4
16 Lexington	101.4	106.4	96.5
17 Holdrege	118.6	114.1	95.4
18 North Platte	106.0	101.2	87.3
19 Ogallala	90.8	88.8	89.1
20 McCook	106.2	103.7	92.3
21 Sidney	89.8	92.2	95.7
Kimball	90.4		
22 Scottsbluff/Gering	99.7	96.5	89.4
23 Alliance	81.7	85.5	88.3
Chadron	77.0		
24 O'Neill	89.5	85.0	88.2
25 Hartington	111.9	99.5	92.5
26 Broken Bow	90.2	92.9	89.6

*State totals include sales not allocated to cities or regions. The year-to-year ratios for city and region sales may be misleading because of changes in the portion of unallocated sales. Region totals include, and city totals exclude, motor vehicle sales. Sales are those on which sales taxes are collected by retailers located in the state. Compiled from data provided by Nebraska Department of Revenue.

1982 YEAR TO DATE AS PERCENT OF 1981 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(continued from page 4) The manufacturing component of the net physical volume index stands at 141.6 (1967 = 100). The index is down 13% from one year previous. The April 1982 reading is the lowest reading of this component in more than three years.

The distributive trade component of the index was the only nonagriculture sector recording an increase. Distributive trade advanced 0.4% March-April 1982. The index stands at 137.5 (1967 = 100), which compares with the reading of 143.1 in April 1981 and 141.6 April 1980. Strong April retail sales contributed to the increase in the distributive trade component of the index.

The government component of the Bureau's index declined −0.6% on a month-to-month basis. The government component of the index was estimated at 146.1 April 1982, and compares with a reading of 144.0 one year previous.

Nebraska's retail sales totaled $835 million in April 1982, up from $771 million in April 1981. Retail sales were 8.3% above the year-previous level, making April the first month of 1982 in which sales were higher on a dollar volume basis than in 1981.

Inflation has slowed considerably in the past 24 months. The commodity component of the consumer price index reflects this decline. It advanced 3.2% on a year-to-year basis. When unadjusted dollar volume retail sales are deflated for price increases, retail sales were up 4.9%, the first increase in real retail sales in 1982.

Nonmotor vehicle sales were stronger than motor vehicle sales. On an unadjusted basis, nonmotor vehicle sales were up 8.9%, or 5.5% when adjusted for price increases. Nonmotor vehicle sales totaled $751 million in April 1982, compared with $690 million one year ago.

Motor vehicle sales were up 2.9% on an unadjusted basis. When adjustments are made for price changes, motor vehicle sales were down 0.4%. Motor vehicle sales totaled $83.2 million in April 1982, compared with $80.9 million one year previous.

April's gain in retail sales was widely dispersed across the state. Of the 32 cities for which retail sales are reported, 20 had price-adjusted increases in retail sales. This was the first month in many months in which a majority of Nebraska cities recorded an increase in real retail sales.

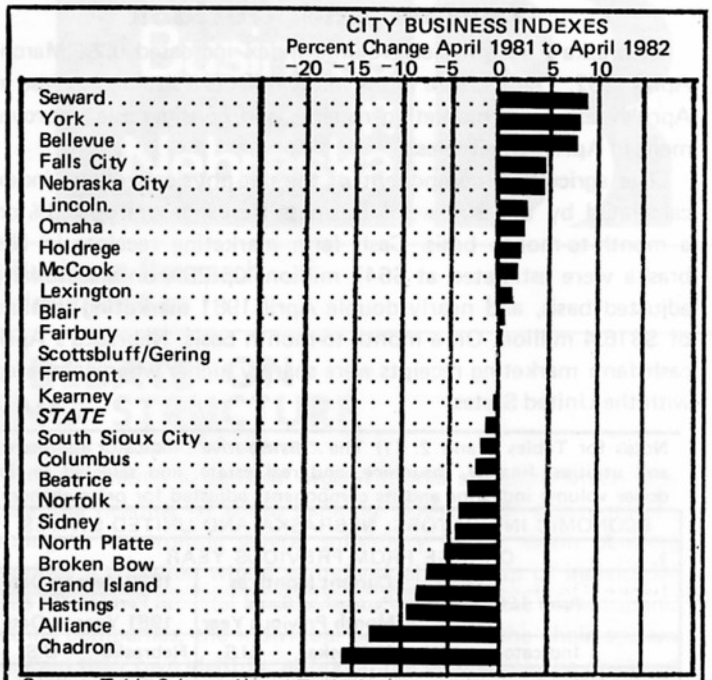
Cities recording an increase in real (price-adjusted) retail sales of more than 10% include Bellevue, 25.4%; Lincoln, 11.0%; Blair, 13.4%; West Point, 19.8%; Falls City, 14.8%; Seward, 12.8%; York, 21.9%; Fairbury, 10.3%; Holdrege, 18.6%; and Hartington, 11.9%. The early 1982 increase in livestock prices was probably a contributing factor to April's relatively "good" retail sales.

The city business indexes reflect the strength in retail sales. Several cities recording gains in these indexes reported higher April 1982 retail sales. D. E. P.

5. PRICE INDEXES

April 1982	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	284.3	106.6	107.4
Commodity component	258.9	103.2	104.2
Wholesale Prices	297.9	101.5	105.0
Agricultural Prices			
United States	245.0	94.6	92.8
Nebraska	250.0	95.1	93.1

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.



Source: Table 3 (page 4) and Table 4 below.

4. APRIL CITY BUSINESS INDICATORS

The State and Its Trading Centers	Employment[1]	Building Activity[2]	Power Consumption[3]
	Percent of Same Month a Year Ago		
The State	99.2	56.6	124.3
Alliance	92.5	68.8	108.3
Beatrice	101.0	41.0	115.2
Bellevue	100.2	38.7	133.0
Blair	97.5	39.7	118.8
Broken Bow	99.5	61.1	116.6
Chadron	101.8	28.2	122.5
Columbus	96.3	58.3	139.1
Fairbury	99.5	42.0	125.2
Falls City	99.8	61.5	103.0
Fremont	105.1	34.2	97.8*
Grand Island	95.6	32.1	153.9
Hastings	100.7	57.0	104.4
Holdrege	98.4	31.1	126.1
Kearney	99.6	60.6	125.1
Lexington	102.5	92.7	114.5
Lincoln	99.7	60.8	121.3
McCook	92.1	164.7	117.4
Nebraska City	96.2	169.9	111.5
Norfolk	97.1	53.9	111.5
North Platte	98.4	23.4	114.8
Omaha	100.2	67.6	125.7
Scottsbluff/Gering	102.4	82.4	110.2
Seward	97.0	229.6	159.0
Sidney	98.8	118.0	116.8
So. Sioux City	99.7	100.5	130.5
York	98.3	66.1	140.3

[1] As a proxy for city employment, total employment for the county in which a city is located is used.
[2] Building Activity is the value of building permits issued as spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Construction Cost Index is used to adjust construction activity for price changes.
[3] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(continued from page 3) deposits of the banks would be greater than 10 percent of the state's total deposits in both commercial banks and S & Ls. The inclusion of S & Ls in this formula likely reflects the feeling that recent regulatory changes in the financial industry will result in more direct competition between S & Ls and commercial banks.

Another bill receiving less attention would have allowed statewide branching. This proposed legislation would have allowed (with regulatory approval) a bank to establish a branch anywhere in the state by acquiring an existing bank, and the building of a new branch only in cities or villages where no bank presently exists. Two exceptions to this were that no branch could be established in a city or village where there was only one bank or where the population was less than 2,500 persons.

The limits on the number of banks or the percent of total state deposits which could be controlled by an MBHC under the MBHC/branch banking bill is understandable, since the normal route of MBHC expansion is via the acquisition of existing banks. The reasons for this are the greater uncertainty involved with establishing a new bank versus acquiring an existing bank, and the inclination on the part of regulatory authorities to deny a *de novo* expansion in communities which may have only marginal support for a new bank. It is often pointed out that branching has a distinct advantage over MBHCs in this respect. Not only are new branches less costly than establishing an entire bank, but regulatory authorities are more prone to approve a new branch charter. Because of this, branching is normally believed to result in fewer acquisitions and a greater degree of competition than would result under MBHCs.

Regardless of one's feelings toward the branching or MBH issue, one cannot help but notice that this particular advantage of branching over MBHCs is not present under the proposed branching legislation. For the most part, branching would be allowed only via the acquisition of existing banks. In terms of the public interest, if branching were adopted either by itself or in combination with MBHCs, it would certainly seem desirable to allow *de novo* branching.

LYNN NEJEZCHLEB

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[1] *Where Have All the Bankers Gone: A Report on the Decline of Independent Banking in Nebraska and Its Impact on Agricultural Lending* (Walthill, Nebraska: The Center for Rural Affairs, 1977).

[2] This discussion of the relevant issues, along with many of the studies referred to, relies heavily on Larry R. Mote, "The Perennial Issue: Branch Banking," *Business Conditions,* Federal Reserve Bank of Chicago, February, 1974; and U.S. Department of the Treasury, *Geographic Restrictions on Commercial Banking in the United States: The Report of the President,* January, 1981.

[3] Emanuel Melichar, "Impact of Banking Structure on Farm Lending: An Examination of Aggregate Data for States," in *Improved Funds Availability at Rural Banks: Report and Study Papers of the Committee on Rural Banking Problems* (Washington, D.C.: Board of Governors of the Federal Reserve System, June, 1975), pp. 102-111.

TELECOURSES

Time and money management join computers and other topics when University of Nebraska-Lincoln Telecourses begin this fall on the Nebraska Educational Television Network (NETV). Enrollees can earn college credit and receive their instruction via television, mail, and telephone. A UN-L instructor is available via toll-free telephone to answer questions throughout the course.

Personal Finance and Money Management (Finance 260s) presents the basics of budgeting and buying, home ownership, income tax and investments, and the wise use of insurance, wills, and trusts.

Personal Time Management topics include: setting priorities, finding systems that work for you, finding relaxation time, delegating, handling interruptions and trivia, scheduling your own and others' time, and more.

Making It Count (Computer Science 103s) is a two credit hour introduction to computing. It acquaints students with hardware and software fundamentals, computer languages, programming logic, and word processing.

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