

Monthly Briefing to State
Legislators and Officials

Sovereign State Banks with
Prof. Richard A. Werner

Thursday Feb 13, 2025



Richard A. Werner, D. Phil. (Oxon)



<https://professorwerner.org/>

- Born in Germany in 1967
- Holds a First Class Honours B.Sc. in Economics from the London School of Economics and a doctorate in Economics from the University of Oxford. He has also studied at the University of Tokyo.
- Member of Linacre College, Oxford, and is a university professor in banking and finance.
- Founding chair of Local First, a community interest company establishing not-for-profit community banks in the UK (including the Hampshire Community Bank).
- Visiting scholar and visiting researcher at the Japanese Ministry of Finance and the Bank of Japan, respectively.
- The first Shimomura Fellow at the Development Bank of Japan.
- Experience as:
 - Chief economist at Jardine Fleming Securities (Asia) Ltd.
 - Senior Managing Director at Bear Stearns Asset Management Ltd.
 - Manager of global macro funds
 - Senior consultant to the Asian Development Bank
- Author of:
 - Princes of the Yen

Richard A. Werner, D. Phil. (Oxon)



Contributions to the Solari Report:

Interviews and Lectures

- Building Wealth
- Organizing a Sovereign State Bank
- The Profits of Economic Shock: Case Studies
- The Future of Financial Freedom
- The Case for Abundance

Articles

- Why a Sovereign State Bank Would Be Good for Tennessee

Why a Sovereign
State Bank Is
Good for Tennessee

By Richard A. Werner, MA, D.Phil. (Oxon)

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- Risk issues

4. Question and Answers



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1. Goals:

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- Money Creation and Liquidity

2. The Benefits of a State Bank

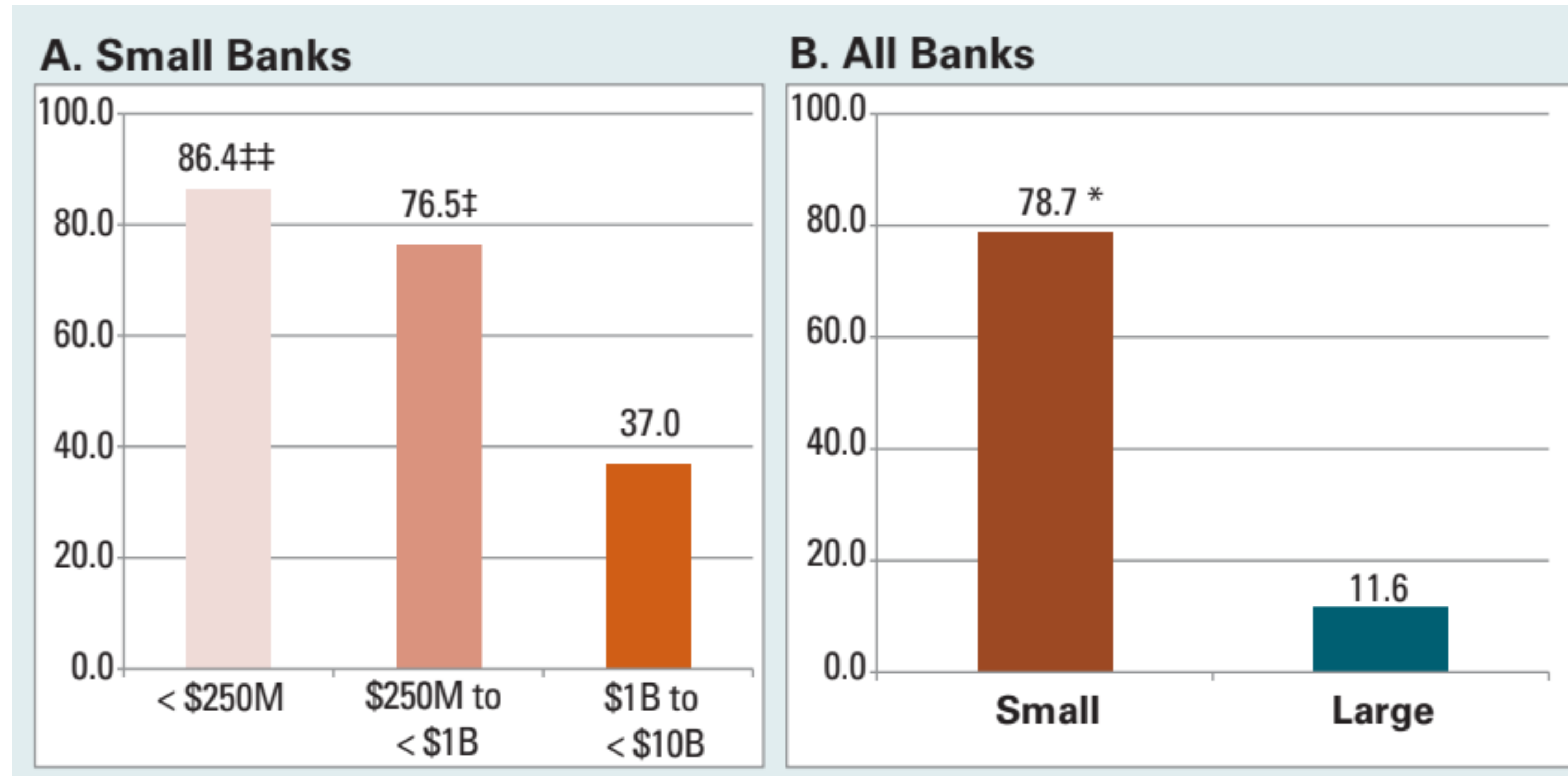
3. State Bank Structure

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US Data: Local/Regional Banks and Local Economies

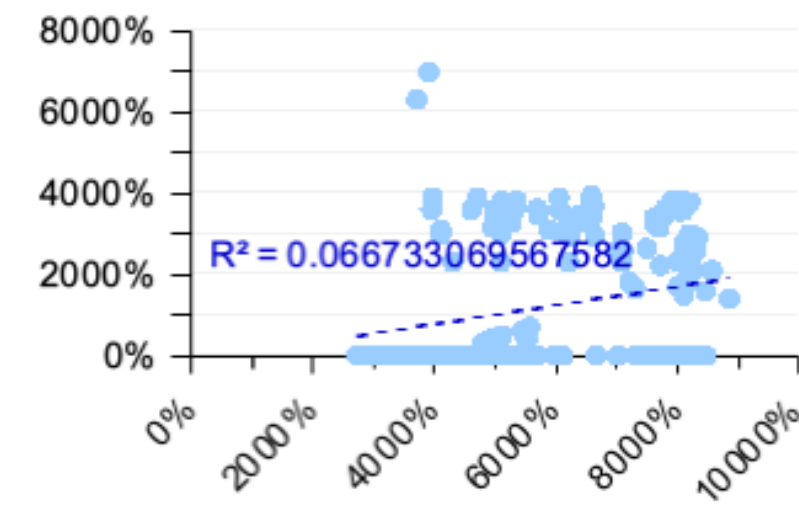


- **Percentage of banks that make “largely all” of their commercial and industrial (C&I) loans to small businesses.**

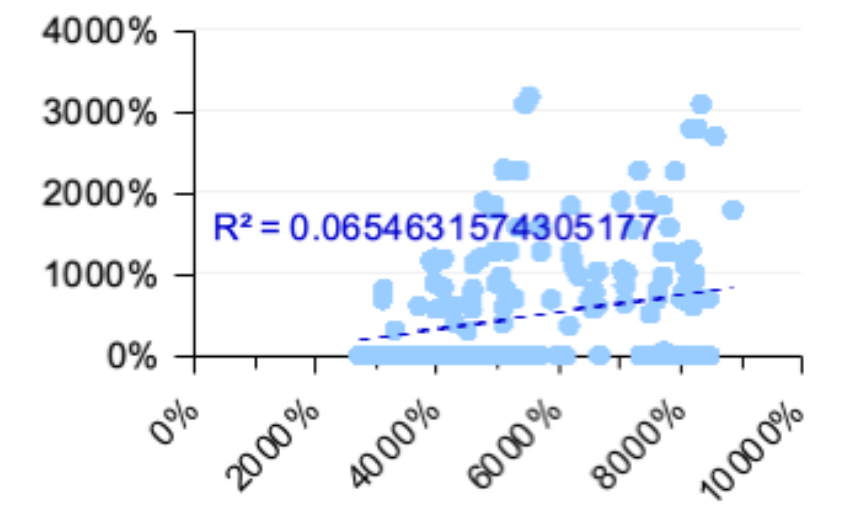
Sources: Federal Deposit Insurance Corporation (2018) and Werner (2023)

International Data: Banking Concentration and Loans to Small Businesses

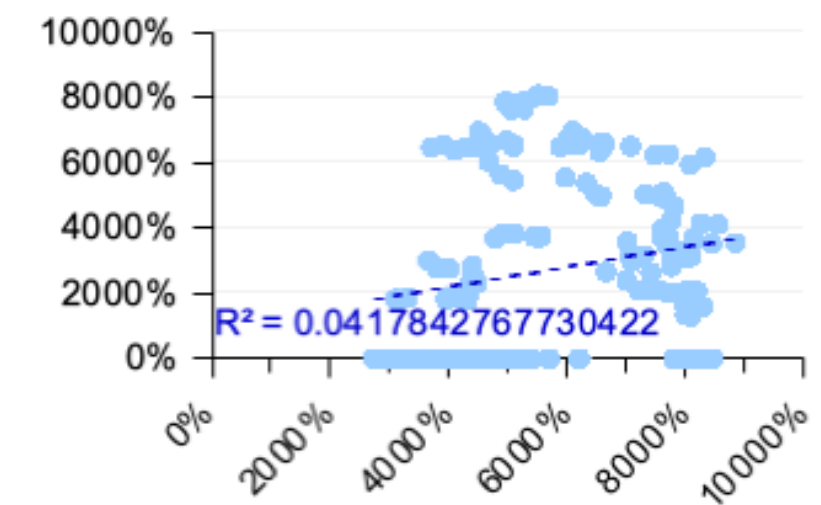
- More concentrated banking systems, relative to bigger firms, small and medium-sized enterprises tend to apply less for bank loans, their loan applications get rejected more often, and they get charged higher interest rates.
- The share of small & medium-sized (SME) loans in total bank loans is smaller the more concentrated the banking system.



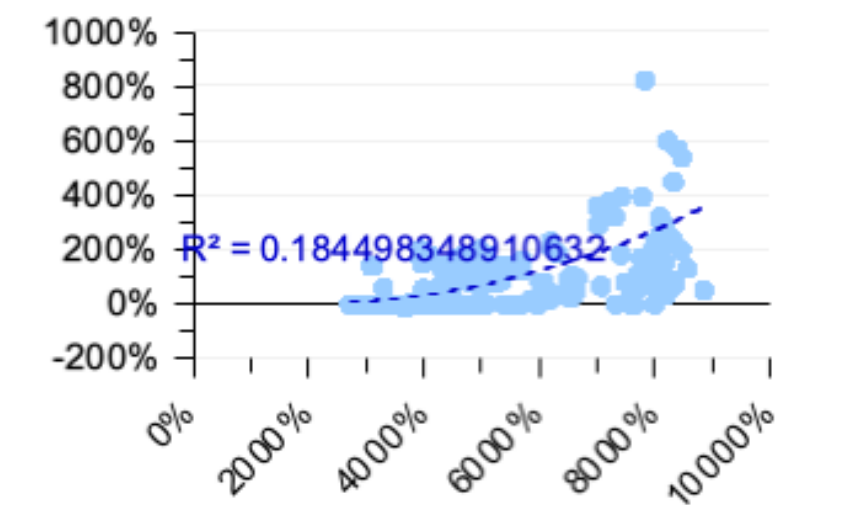
Top 5 biggest banks share of system assets



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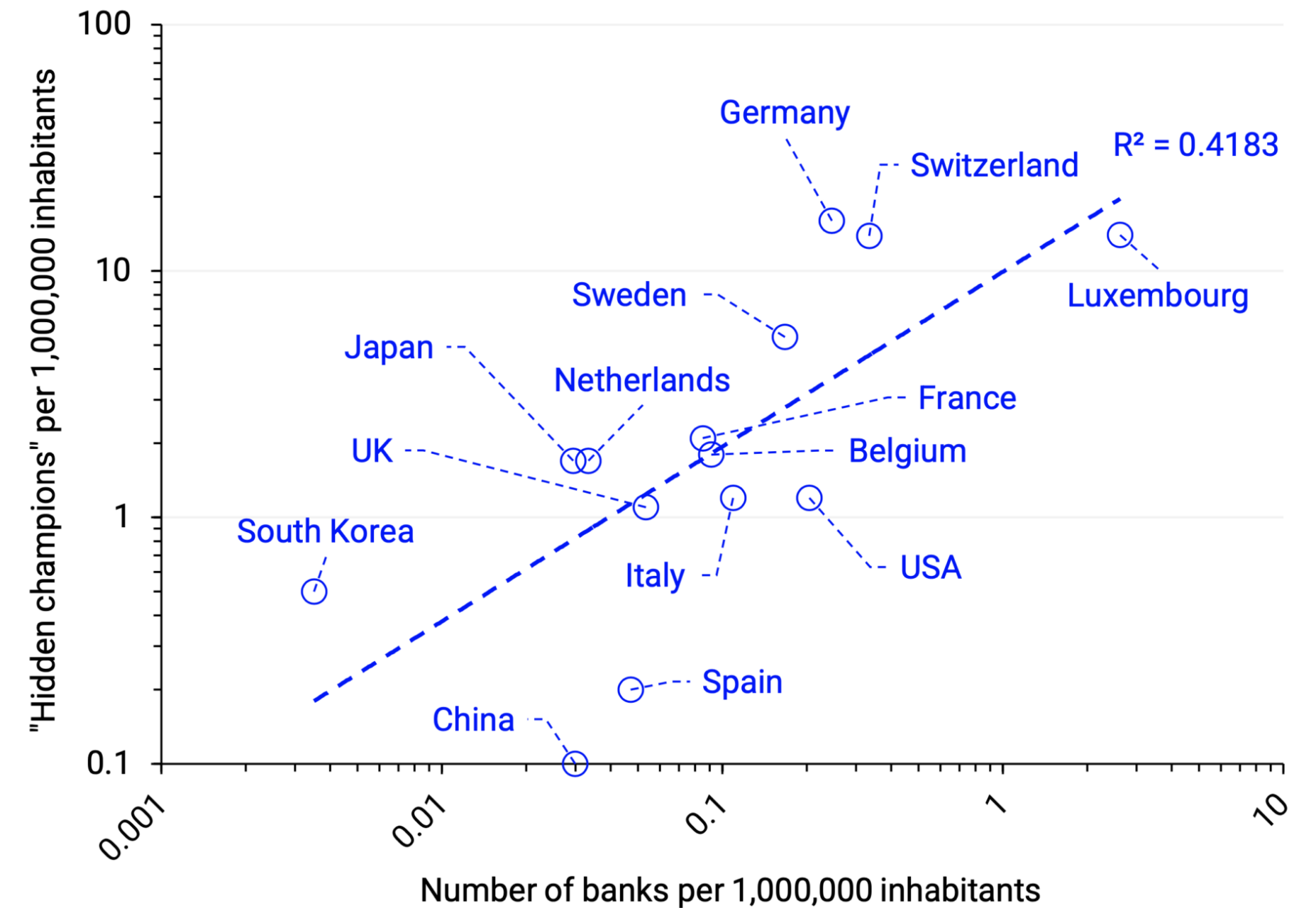
Top 5 Biggest Banks' Share of System Assets

Data are for 15 OECD countries (2007–2016) and 45 countries (2006–2017)

Sources: 15 countries: OECD.Stat, *Financing SMEs and Entrepreneurs: An OECD Scoreboard*; 45 countries: World Bank (2019), *Global Financial Development Database*. Complementary sources: BIS; SME Finance Forum. Werner (2023)

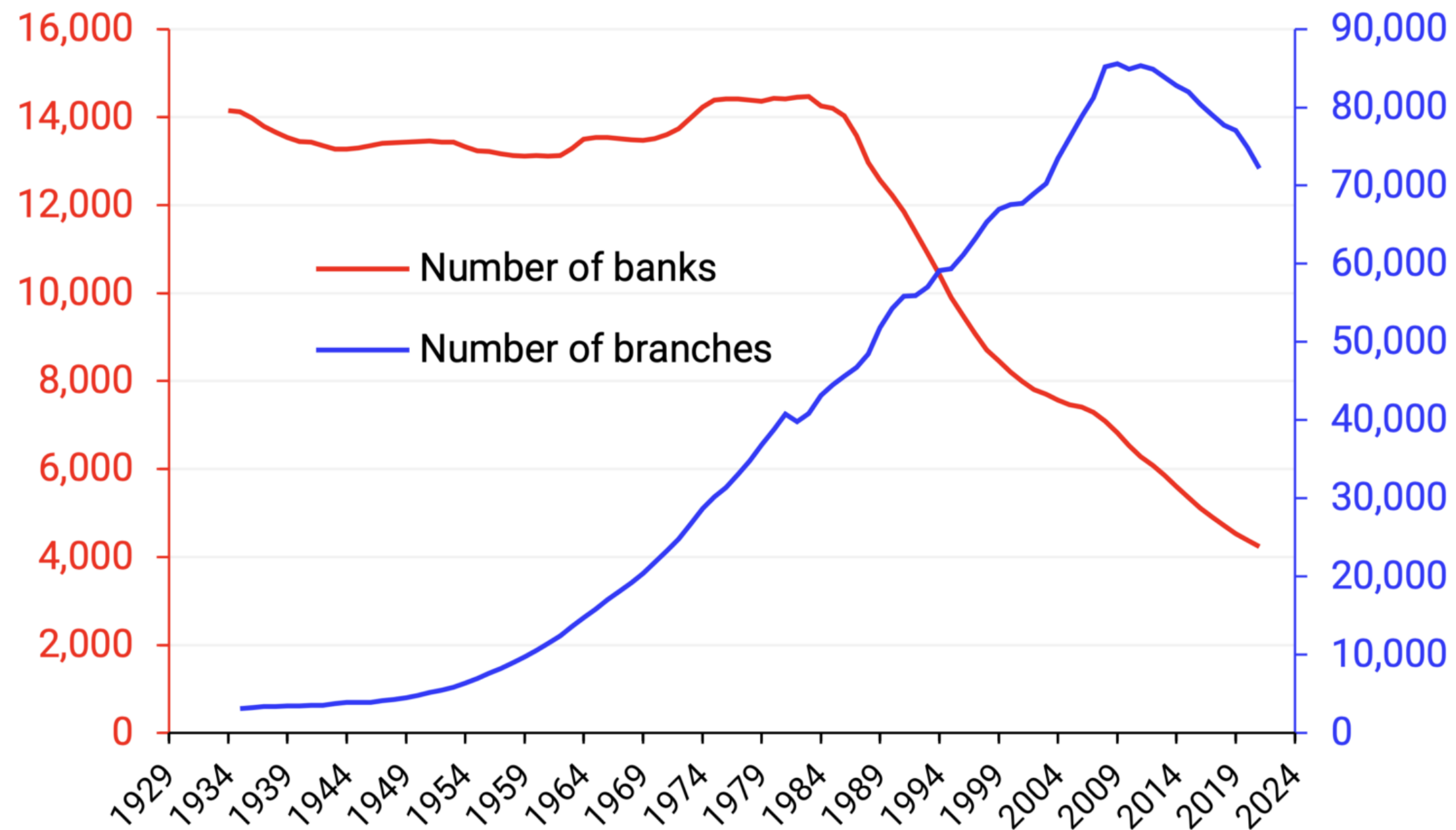
International Data: Number of Small and Medium Sized Business and the Number of Banks

- Having a high number of banks per capita—which means having a large share of the banking sector consisting of local, community banks—correlates with having a high number of highly competitive SMEs that are world leaders in their respective export markets.



Number of “hidden champions” (vertical axis) and number of banks (horizontal axis) per 1,000,000 inhabitants. Data are for 2014.

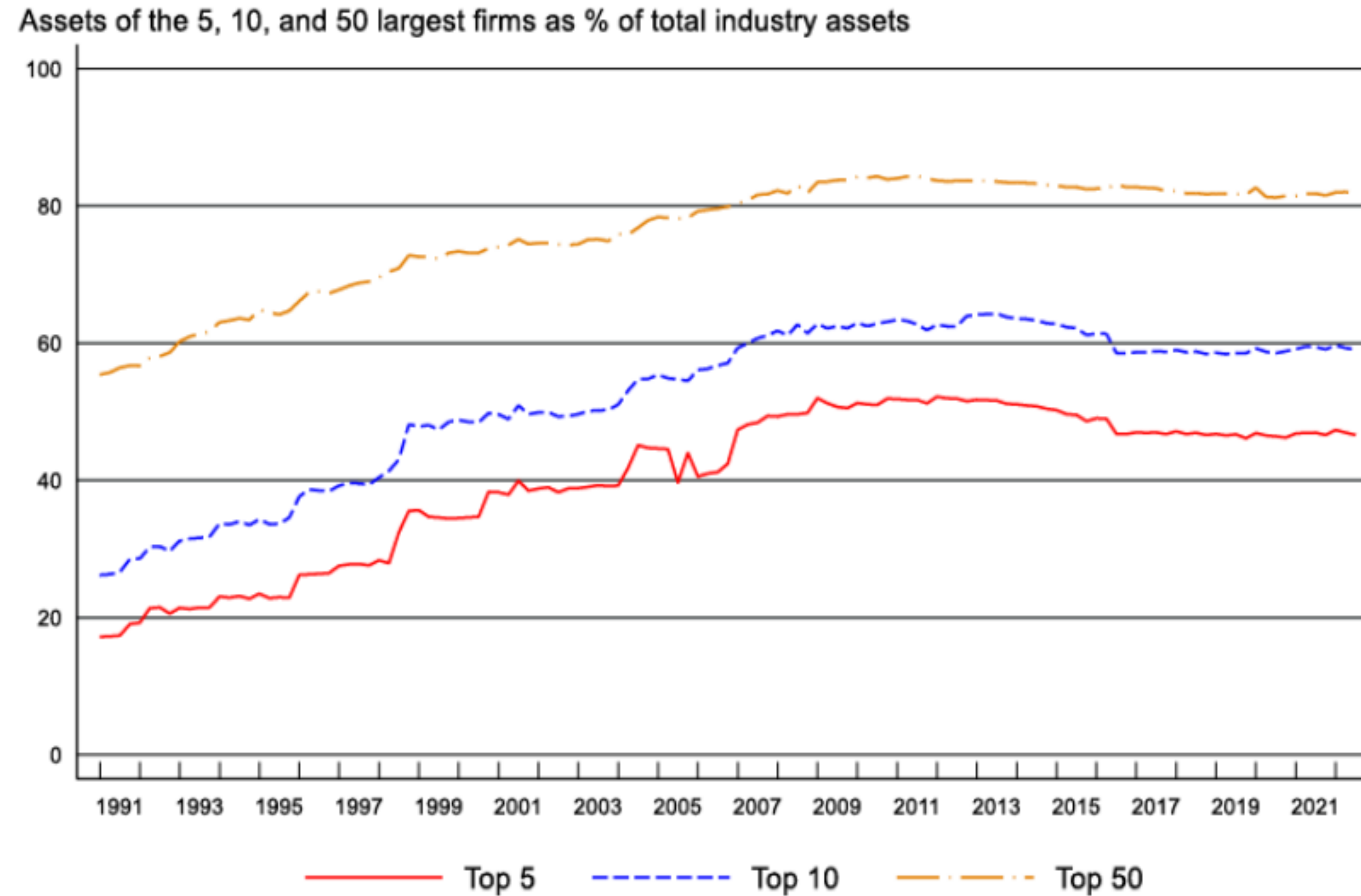
US Data: Bank Trends



Number of banks (red) and branches (blue) in the U.S.

Sources: FDIC and Werner (2023)

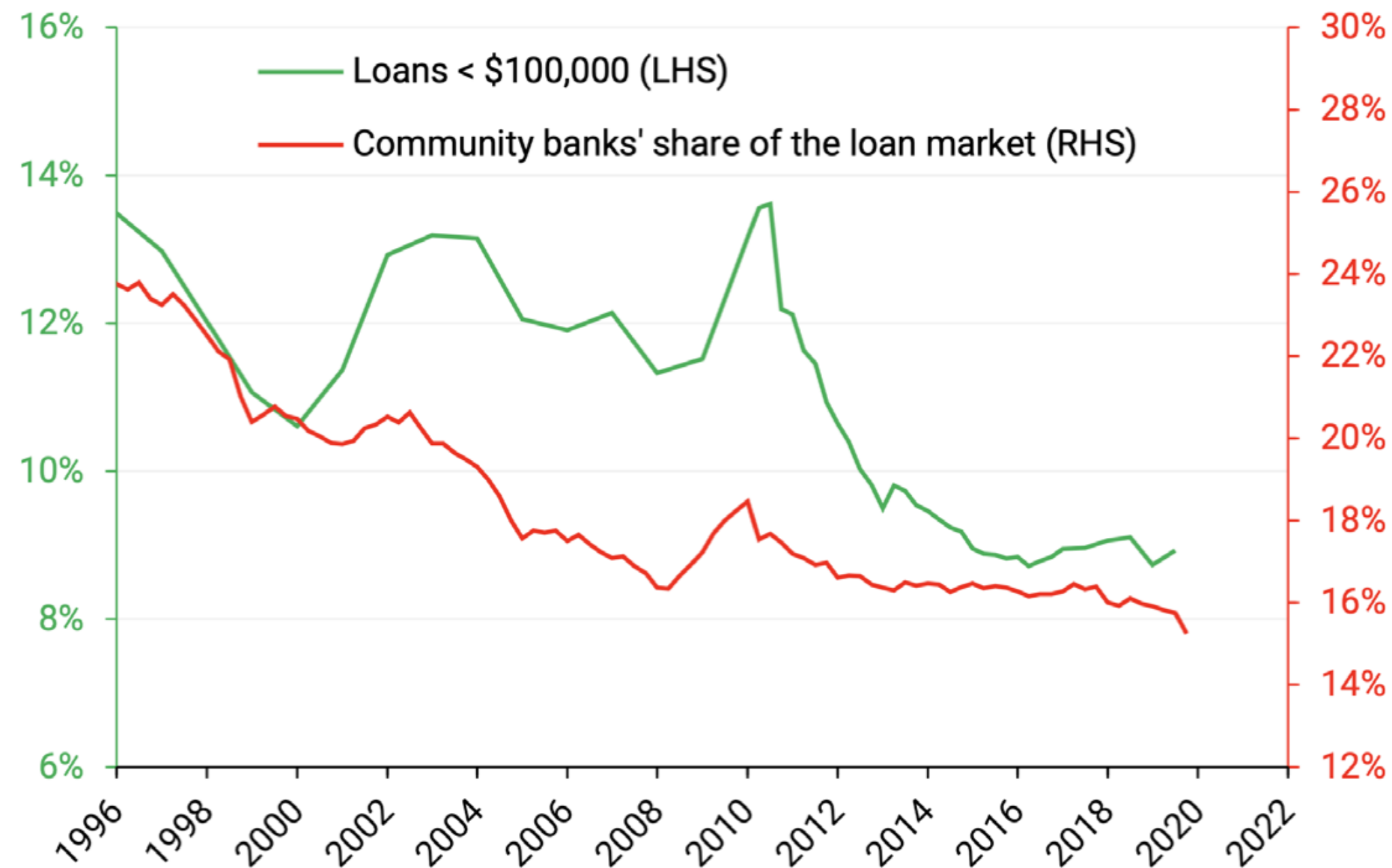
Bank Concentration has Increased



Banking industry concentration, % of assets of biggest banks.

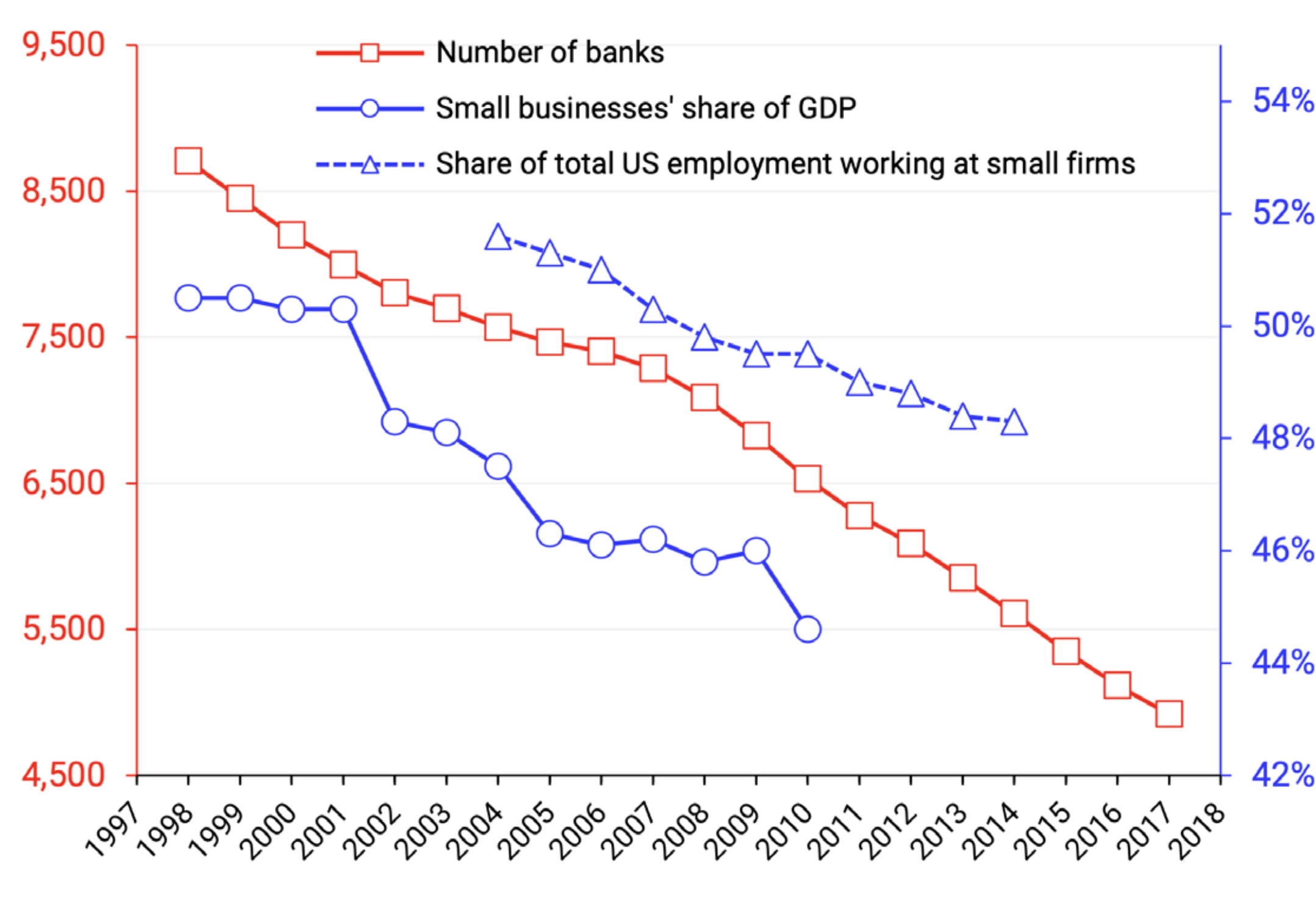
Source: [Federal Reserve Bank of New York, Quarterly Trends for Consolidated U.S. Banking Organizations.](#)

US Data: Community Banks' Share of the Loan Market



Market share of community banks in total bank lending in the U.S. (red) and the share of commercial and industrial (C&I) loans of denominations below US\$1MM in total C&I loans (green)

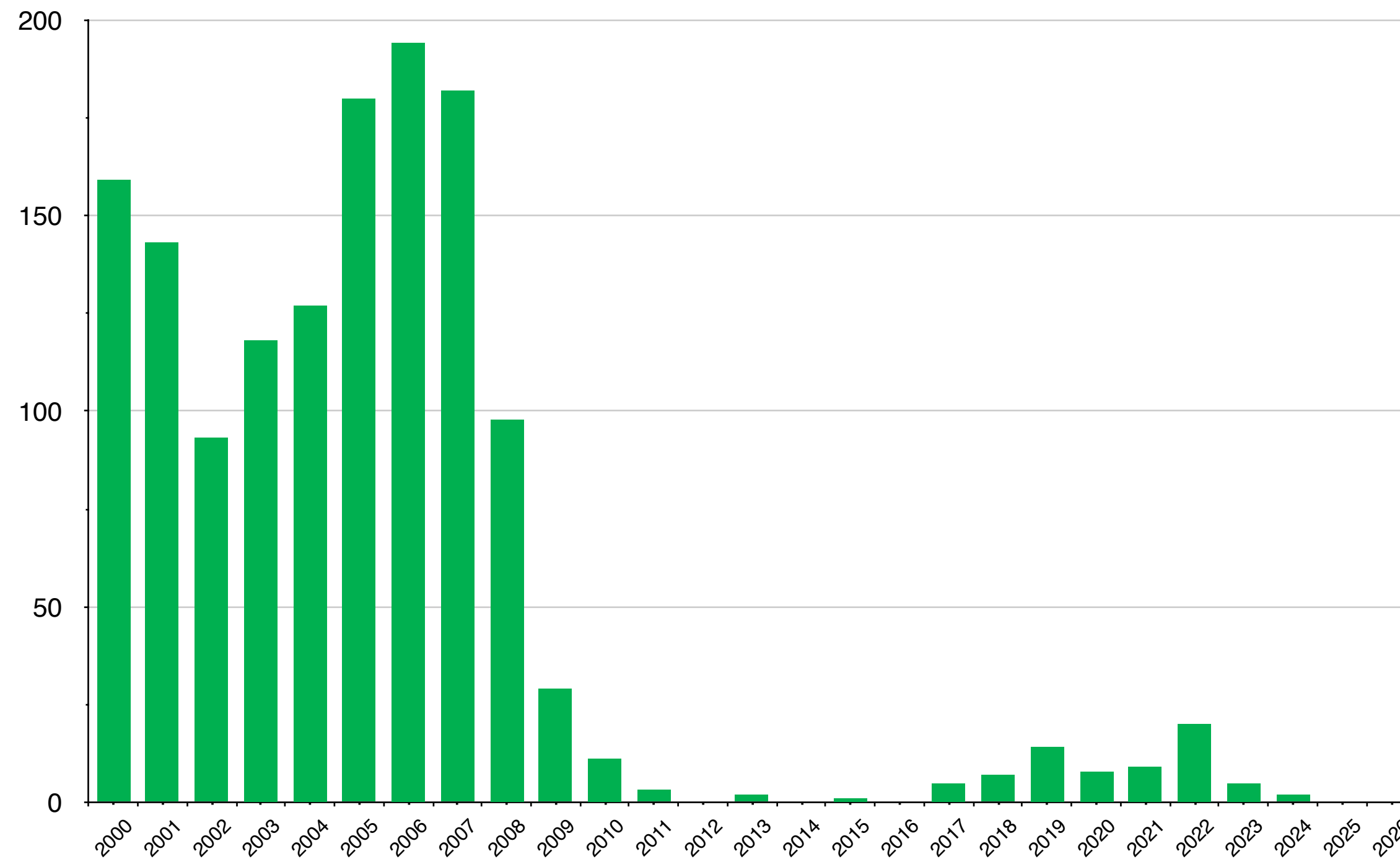
US Data: Number of Banks and Small Businesses



Number of banks (red), small businesses' share of U.S. GDP (blue), and share of total U.S. employment working at small firms (discontinuous blue).

Sources: JP Morgan Chase; FDIC.

US Data: Number of New Bank Charters



Sources: FDIC Werner (2023)

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4. Question and Answers



**What the States
Can Do: Building the
Legal and Financial
Infrastructure for
Financial Freedom**

MISSOURI * KENTUCKY * MAINE
NEVADA * MINNESOTA * OKLAHOMA
TENNESSEE * INDIANA * MICHIGAN
NEW YORK * WASHINGTON DC
CONNECTICUT * WYOMING * TEXAS
KANSAS * ALABAMA * NEBRASKA
VERMONT * NORTH CAROLINA
GEORGIA * NEW MEXICO * ILLINOIS * DELAWARE * NEW JERSEY
IDAHO * WEST VIRGINIA * CALIFORNIA * NEW HAMPSHIRE
MISSISSIPPI * OHIO * OREGON * COLORADO * FLORIDA
SOUTH CAROLINA * VIRGINIA * ARKANSAS * NORTH DAKOTA
UTAH * MONTANA * ALASKA * MASSACHUSETTS * HAWAII
MARYLAND * SOUTH DAKOTA * LOUISIANA * IOWA * WISCONSIN
ARIZONA * PENNSYLVANIA * WASHINGTON * RHODE ISLAND

By Catherine Austin Fitts and the
Solari Team

What the States Can Do

*“The powers not delegated to the United States by the Constitution,
nor prohibited by it to the States, are reserved to the States
respectively, or to the people.”*

~ Tenth Amendment, Bill of Rights, 1791

Link:

<https://home.solari.com/what-the-states-can-do-building-the-legal-and-financial-infrastructure-for-financial-freedom-a-comprehensive-resource-for-state-legislators/>

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Monthly Briefings

- **January:** BITCOIN BAILOUT: Why a Bitcoin Strategic Reserve Is a Bailout of the Big Boys (available online)
- **February:** Sovereign State Banks with Prof. Richard A. Werner (will become available)
- **March:** Model Gold Legislation with Tim Caban

Register Here: (or email us)

<https://home.solari.com/monthly-briefings-for-state-leaders-bitcoin-bailout-with-tim-caban-video-presentation-now-available/>

