Banks Play Significant Role in Rural Economic Development

WASHINGTON – A new publication issued this week by the Office of the Comptroller of the Currency highlights the critical role banks play in the economic vitality of rural America through community development corporations and partnerships with government programs.

“In rural America the local bank is as vital to a town’s identity and viability as its schools and religious institutions,” Comptroller of the Currency John D. Hawke, Jr. said in an article introducing the fall edition of the OCC’s Community Developments newsletter.

“Every bank in rural America is, or has the potential to be, a primary engine of economic development,” the Comptroller added.

In his article, the Comptroller noted that farming is no longer the predominant occupation in the great majority of rural counties. In fact, rural employment has shifted to manufacturing and services, with services accounting for more than fifty percent of all rural jobs.

In another article, Michael Hayes of the Kentucky Highlands Investment Corporation outlines how his nonprofit organization has worked with its bank partners to battle poverty and create jobs in a Rural Empowerment Zone in Appalachia. Karen Winchell of the Central Vermont Community Land Trust tells the story of how a group of artists found common ground with bankers to invest in a town square revitalization initiative in rural Barre, Vermont utilizing Federal Historic Preservation Tax Credits.

Other articles in this issue of Community Developments show how the loan guarantee programs of the U.S. Department of Agriculture (USDA) and Small Business Administration can mitigate risk and increase the size of the loans smaller community banks can finance in their rural markets.

An article by Julie Cripe, President and CEO of OMNIBANK, N.A. in Texas, tells how her bank has been successful in utilizing the USDA’s Business and Industry loan guarantee program to finance numerous business start-ups and expansions in rural communities.

-more-
Also, W. David Hemingway of Zions First National Bank describes how banks can increase their liquidity by selling agricultural loans into the secondary market created by the Federal Agricultural Mortgage Corporation.

These and other articles in the OCC’s newsletter illustrate how “in countless rural communities, dedicated people are working together to strengthen their economies” said Anna Alvarez Boyd, Deputy Comptroller for Community Affairs. “The good work being done deserves to be noticed and replicated.”

The newsletter can be accessed quickly by selecting “Community Affairs” on the OCC Internet home page, [www.occ.treas.gov](http://www.occ.treas.gov), and choosing “Publications and Resource Materials.” For additional information on rural economic development, you may access the OCC’s *Rural Community Development Banking Resource Directory* at [www.occ.treas.gov/cdd/Rural.htm](http://www.occ.treas.gov/cdd/Rural.htm).

# # #

The OCC charters, regulates and examines approximately 2,100 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.