

Mr. RITTER. My point is that commercial banks and other financial institutions are becoming more and more alike and 10 or 20 years from now it may be very difficult to distinguish between these different kinds of financial institutions. Gradually by a process of evolution they may all be going to the discount window because they are all more or less banks. This sharp distinction which, by the way, does not exist in the public's mind any more between banks and S. & L.'s, only exists in the minds of academicians and in some legal provisions, this sharp distinction will disappear.

Chairman PROXMIRE. In the meanwhile, however, in the long run we are all dead.

Mr. RITTER. A lot of us in the short run, too, but aside from that I think that while we are here we should look at mechanisms which would permit nonbank financial institutions to utilize the discount window at comparable rates, not at significantly higher rates.

Chairman PROXMIRE. Very good.

Mr. Robertson?

Mr. ROBERTSON. I concur in Professor Ritter's view that financial institutions are becoming more and more homogenous, but I should like to stress the fact that only commercial banks participate in the money-creating process.

Now, it is conceivable that savings and loan associations and mutual savings banks will ultimately become a part of the payments mechanism, that they will be able to receive demand deposits and that checks may be drawn on them, but until that time is reached they are both the competitors, as you suggest, and the customers of commercial banks.

Under present arrangements, though, mutual savings banks and savings and loan associations have not retrogressed in the past 6 or 7 years. They have maintained their proportionate shares of the market, whether you measure it on the liability or on the asset side. And I think we should remind ourselves, as Mr. Gies has suggested, that they are not falling behind in the competition. They have competed very well this past 6 or 7 years.

Chairman PROXMIRE. I should have the figures available to me. I remember when we discussed this on the floor, as I recall, the savings and loans were doing quite well up until just a very few years ago, but what I have seen lately is that the savings have gone much more heavily to the banks and that they seem to be moving well ahead of the S. & L.'s now.

Mr. ROBERTSON. Well, sir, the proportion of liabilities—

Chairman PROXMIRE. Time deposits. The figures that Mr. McLean of the banking staff gives me, that is in 1963, savings and loans had 39 percent; 1968, 19 percent. That is the new flow of savings.

Mr. ROBERTSON. I would be glad to furnish the committee these data, because it is hard to recall all the figures from memory. If you add up the liabilities or the assets of the six main financial intermediaries—commercial banks, savings and loans, mutual savings banks, credit unions, noninsured pension funds, and life insurance companies—you will find that the proportion of total liabilities or assets held by the savings and loans and mutual savings banks has remained about constant for the past 4 years. It varies by a few tenths percentage point. Savings and loan associations have not retrogressed