

Opening Remarks by Roger Guffey

Ladies and gentlemen, I want to welcome you to this symposium; the third in a series of symposia on major public policy issues sponsored by the Federal Reserve Bank of Kansas City. At this event we will be examining future sources of loanable funds for agricultural banks.

As many of you are aware, farmers and ranchers—as well as the firms supplying farm inputs and handling farm products—have greatly increased their use of debt financing in recent years. Much of this credit has been supplied by commercial banks.

In fact, about 25 per cent of all credit outstanding to agricultural producers on January 1, 1980, was extended by commercial banks. Over the years, banks serving agriculture have fulfilled a vital role in fostering the sound economic development of their communities.

As loan demand has continued to climb at these banks, they have had to become more aggressive in acquiring loanable funds, both from within their communities and from sources outside those communities. Moreover, changes in the competitive and regulatory climate for financial institutions have greatly increased competition for loanable funds while opening new opportunities for acquiring these funds. In view of this changing environment, a distinguished panel of participants has come together here to examine a number of alternatives for supplying loanable funds to

agricultural banks. The speeches and papers promise to be thought-provoking, and the interaction between speakers and audience should be productive.

Again, a warm welcome to our Bank's symposium on Future Sources of Loanable Funds for Agricultural Banks.