

CALACCOUNT – California Public Banking Option

CalAccount is a state-sponsored, zero-fee banking program designed to increase financial access and inclusion for underserved Californians.

LEGISLATION BRIEF

The California Public Banking Option Act (AB 1177), also known as CalAccount, was passed in 2021. It established the CalAccount Blue Ribbon Commission to conduct a market analysis of the proposed program. Modeled after CalSavers, CalAccount will provide all Californians with zero-cost transaction accounts, including a zero-fee debit card, direct deposit, automatic bill pay, recurring payments, and credit-building features. This state program offers all Californians a zero-fee, accessible, and inclusive banking option.

NEED FOR THE PROGRAM

About 8 million Californians—20% of the population—are unbanked or underbanked, leaving a large group excluded from the financial system.

Among the unbanked, 80.7% earn less than \$15 an hour, with nearly half of Black households and 41.1% of Latino households in the same situation.

CalAccount aims to change that, offering a pathway to financial inclusion for those most impacted by the current system.

KEY FEATURES OF CALACCOUNT PROGRAM

1. **Zero-Cost, Zero-Fee Account:** No maintenance, transaction, or service fees.
2. **Access to Credit-Building Services:** CalAccount will provide tools and services to help users build their credit.
3. **Basic, User-Friendly Account Features:** Includes direct deposit, bill pay, and other essential functions.



ECONOMIC IMPACT OF CALACCOUNT

The CalAccount program aims to lower costs and expand access to savings and credit-building for low-income and communities of color. By providing an alternative to predatory financial services, it helps prevent debt traps.

According to HR&A Advisors, CalAccount would save low-income households \$3.1 billion, create 22,000 jobs, and add nearly \$5 billion to California's economy.

FEASIBILITY REPORT AND NEXT STEPS

RAND's July 2024 feasibility report confirms the urgent need for CalAccount to serve unbanked and underbanked Californians. Following input from public town halls across the state, the final report will be submitted to the Legislature for approval. The CalAccount Community Coalition plans to introduce implementation legislation in the 2025-26 session, setting the stage for the nation's first state-run universal banking program..