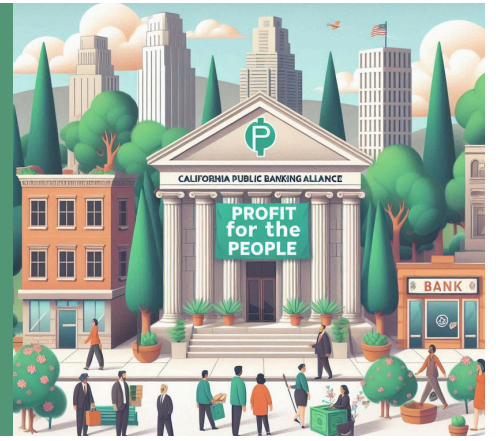


Public Banks & CDFIs: Empowering Local Economies



Leveraging Public Funds for Local Growth & Community Resilience

The **California Public Banking Act** (AB 857), passed into law in 2019, gives local governments the power to create public banks that put taxpayer dollars to work right where they belong—within the community.

Commercial banks focus on shareholder returns, while public banks use their lending power to address local needs, investing in affordable housing, small businesses, and climate-friendly infrastructure to benefit communities directly.

Under the California Public Banking Act, **public banks will be required to partner with CDFIs, community banks, and credit unions**, to provide retail services. These partnerships will strengthen local financial institutions and increase credit access in underserved areas, especially in communities of color.

Local Investment of Public Funds

California public banks will keep local tax revenues in the community, expanding access to affordable capital for CDFIs by supporting loans, purchasing mortgages, and participating in lending partnerships.

Partnerships, Not Competition

Public banks and CDFIs will work together to expand access to credit and services for local communities. Public banks in California will offer retail services through partnerships, expanding products like Baby Bonds or no-fee business checking for ITIN holders.

Adapting North Dakota's Success

The Bank of North Dakota, a public bank, supports local institutions so effectively that 83% of the state's deposits are in local financial institutions. California public banks aim to partner with CDFIs to fund local businesses and help them compete with larger banks.

JOIN THE MOVEMENT: capublicbanking.com/CDFIs