Public banks are lending and depository institutions owned by a local agency, like a city or county, with a non-profit public purpose governed by a public mandate responsive to local needs. Public banks leverage their deposit base and lending power to benefit residents with affordable housing, small business loans, modernization of public infrastructure, and other community needs. They differ from existing financial institutions in that public banks serve the needs of the communities to which they are accountable rather than seeking the greatest profits for private shareholders. California public banks will not only provide California’s municipal governments with inexpensive depository services and cash management over time, they will also be able to supply funding that supplements government spending, freeing up money for crucial services.

Our local governments pay billions per year in interest to private banks, which continued to reap huge profits during the worst of the COVID-19 pandemic. By accepting deposits and handling banking services for local governments and agencies, California public banks will allow these institutions to move their money out of private megabanks which finance activities such as fossil fuel projects which many of our cities and counties have voted to divest from. The result is more customized service at less cost, while keeping our money local and our values front and center.

**BENEFITS OF PUBLIC BANKS**

- Keeps public money invested locally.
- Returns a substantial percentage of profit and interest to local communities.
- Reduces cost of banking to participating agencies, which increases available revenue to spend on other priorities.
- Reflects community values and invests in community-identified priorities.
- Brings democracy and transparency to banking and investment of public funds.
- Uses a bank’s ability to leverage money to make more local loans and meet local needs, in partnership with local community banks, credit unions, and CDFIs.
- Cuts infrastructure construction costs significantly by providing low-interest loans.
- Strengthens local banks and credit unions by backing their loans and letters of credit.
- Creates a multi-generational source of capital that invests long term to benefit residents and local businesses.

With a bank’s ability to lend up to ten dollars for each dollar of capital, a public bank can start making loans when it opens its doors. The charter, directors, and management of California public banks will be chosen with a view towards a **triple bottom line philosophy: preserving the government depositors’ capital, helping residents in need, and safeguarding the planet.**

Public banks can cut infrastructure creation and repair costs in half and make available funds for affordable housing to climate change infrastructure, and enable our cities to meet pressing needs such as repairing crumbling streets and building parks and schools.