

# SPECIAL SECTION

## BANKING & FINANCE

### Innovation meets tradition in community development banking

**M**ILLENNIUMS BEFORE global banking ruled and long before widespread money use, people invented ways to build communal wealth and share sustenance. Individuals, families and community leaders worked together to sustain their communities. Early banks were grain bins, cattle pens or benches where people exchanged goods. (“Bank” and “bench” originate from the same root word.) Today, global financial trends make community development banking an essential tool for helping people, especially in low-wealth areas.

In the United States, community banks have traditionally served neighborhoods, but many inner-city areas have been abandoned by banks and lack access to financial resources and services. In 1973, seeking to reverse this trend, the founders of Chicago’s ShoreBank pioneered ways for a regulated bank to revitalize neglected communities. Banks such as ShoreBank became known as “community development banks” or “community development financial institutions.”

Oakland’s new community development bank, OneCalifornia, is stepping up efforts to reach Bay Area communities, businesses, nonprofit organizations and individuals in need of financial services. Jeff Cheung, president and chief executive officer of OneCalifornia Bank, along with colleagues at the bank and OneCalifornia Foundation, are coupling technological and social innovations with traditional approaches. “This is a return to old-fashioned banking. It’s banking on community values,” Cheung said. “OneCalifornia was founded on the belief that fair and innovative banking services can contribute profoundly to wealth creation, community health and autonomy.”

OneCalifornia Bank, FSB, is a regulated financial institution, insured and for-profit just like other banks, but it focuses on community development. OneCalifornia founders Tom Steyer and Kat Taylor put \$22,500,000 in capital to start the bank, and they also created the OneCalifornia Foundation to hold all of the non-voting shares of stock in the bank to guarantee that the profits would be put to use for the



*OneCalifornia Bank, a new community development bank, is headquartered at 1438 Webster St. in downtown Oakland.*

community. There are currently no other investors.

“Because the bank is a competitive, private-sector institution, it must be well-managed and responsive to market conditions,” Cheung said. “We take the word ‘responsive’ literally. Every day we ask people what they need. We offer underserved communities open access to commercial banking. This helps build the foundation for neighborhood stabilization and growth. We provide fair and transparent banking services to the employees of the businesses and organizations who bank with us. We collaborate with community-based organizations. We devote the time required to focus on people’s needs and on how our banking solutions can make a difference.”

OneCalifornia Bank opened in September 2007 on Webster Street in downtown Oakland. At the halfway mark of year one, the bank is fulfilling its mission by financing the remodel of Oakland’s Merritt Bakery icon restaurant, providing “green” financing for the installation of one of Oakland’s largest commercial solar panel systems, helping John Bailey of Volunteers of America Bay Area, and many other deals. The bank has helped many nonprofit organizations and businesses with robust cash management services to increase the efficiency of administrative operations.

Through OneCal Community Connects, the bank and foundation address community concerns by sponsoring events, such as a field trip for Oakland fifth graders to visit Chabot Space & Science Center. “Chabot is a great community resource,” Cheung said. “We want to help them reach more inner-city students. We look for opportunities to involve our customers, in this case asking Merritt Bakery Café to cater the lunches and East Bay College Fund to invite a college scholarship recipient to inspire the younger students. The pay-off is over the long haul – helping kids toward college and careers, helping nonprofits build a base of support, helping local businesses. Community development banking is all about making connections in new and old ways.”

### Space & Science Center opens its doors to underserved youth

**A** GROUP OF 75 Oakland fifth graders received a special treat recently when the Chabot Space & Science Center opened up its doors just for them. The center, normally closed on Tuesdays, offered hands-on workshops in astronomy and earth science as well as a trip to the center’s planetarium. It’s an uncommon opportunity for the students of Oakland’s Lafayette Elementary, Lighthouse Community Charter School, and Think College Now.

OneCalifornia Bank, through its OneCal Community Connects program and philanthropic arm OneCalifornia Foundation, collaborated with Chabot Space & Science Center to make the event possible.

OneCalifornia is the brainchild of investment banker and philanthropists Tom Steyer and Kat Taylor. The couple provided the capital to achieve their vision of a sustainable full-service bank to stimulate economic development first in Oakland and later California. The bank opened for business in 2007.

“This field trip is an extension of OneCal’s mission – giving Oaklanders the tools they need to succeed,” said Jeffrey Cheung, president of OneCalifornia Bank. “Opportunities such as this are critical to a child’s education, and education is the catalyst for economic growth in our community.”

In addition to OneCalifornia Bank and Chabot, several other local organizations helped make the recent trip possible. Students took a ride up Skyline Boulevard on Dreyer’s Ice Cream’s “Rocky Road Community Bus.” Local favorite Merritt Bakery provided lunch for the hungry explorers.

Once inside Chabot, the students were greeted by a real-life role model – a scholarship recipient from the East Bay College Fund who spoke with the children about career aspirations and the importance

of higher education.

“We don’t often have the funds to make this sort of trip possible, which is why it’s such a delight,” said Lafayette Elementary School Principal Benjamin Redmond. “The students get truly excited about science and now we can do something special to channel that energy and show them a world of possibilities.”

A field trip like this one is especially important for children in the Bay Area, where, despite an economy built upon math and science, student achievement in science is poor and many schools face a challenge in delivering science education. A 2007 recent study by researchers from UC Berkeley revealed that 80 percent of elementary school teachers in the region devote less than an hour to science curriculum per week. Sixteen

percent of responding teachers said they spent no time on the subject at all.

“We’re committed to seeing that every child has a chance to experience the education that Chabot Space & Science Center has to offer,” said Alexander Zwissler, Chabot’s executive director and chief executive officer. “It’s a special pleasure to be able to serve the children of Oakland, a population near and dear to our hearts.”



*Jeff Cheung (left), president & CEO of OneCalifornia Bank, with Alex Zwissler, executive director & CEO of Chabot Space & Science Center.*