

OneCalifornia ▶ In the News

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by Francine Brevetti, Staff Writer

▶ New bank welcomes clients that others shun

Oakland institution aims to give poor a 'fair shake'

Dismayed with the second election of George W. Bush to the presidency, two wealthy San Franciscans wrote a check for \$25 million to start a bank that will embody the values they cherish no matter who is president.

Thomas K. Steyer, co-managing partner of Farallon Capital Management LLC, said he was expecting the Kerry administration to emphasize social and educational programs, as well as the welfare of the working class and diverse populations.

But after the 2004 election, “we spent some time licking our wounds” before they thought of a solution, his wife and co-founder, Kat Taylor, said. Taylor, an MBA and lawyer, had spent much of her professional experience working for low-income communities.

“I saw early that low-wage people needed a fair shake and economic opportunity,” she said.

After months of research and networking with like-minded people with financial expertise, their product, OneCalifornia Bank, recently opened on Webster and 15th streets, in Oakland. The new bank targets small businesses and the unbanked, those who have no bank accounts.

“We don’t have investors. We put the equity and start-up costs of this bank into a foundation so we made sure we could never profit from it. But we will run it as a competitive, disciplined private-sector institution, one with a mission,” Steyer said.

They say they are not blind to the difficulties ahead.

“This is a huge loser for me economically,” said Steyer.

Their mission is to support the community and they have been establishing relationships with grass-roots and neighborhood entities.

“It does little good to be an excellent bank in a bad neighborhood. So we take seriously our role in the neighborhood,” Taylor said.

The bank had already started making loans before it opened in August through Steyer’s network with established commercial banks.



(From left) OneCalifornia Foundation Executive Director Salvador Menjivar, OneCalifornia Bank founder Kat Taylor, OneCalifornia Bank President and CEO Jeffrey Cheung pose for a portrait inside the bank’s main branch in downtown Oakland, CA (D. Ross Cameron/The Oakland Tribune)

President and Chief Executive Officer Jeffery Cheung said the institution is looking to lend to small businesses in its next round of financing between \$100,000 and \$1 million.

“Most banks think that’s too small for them. We have heavily invested in our cash management services because I have observed that businesses of this size and in particular nonprofits have a hard time getting a bank to do their cash management,” Cheung said.

The unbanked — those who because of a language barriers, poverty or expulsion from the banking system could not open a checking account — will be able to open an account here.

OneCalifornia Bank is one of a handful of institutions in the country that offers a way for poor credit risks to work themselves out of the ChexSystem. Banks contribute to and rely on this computerized network to identify poor credit risks and deny them checking accounts.

At OneCalifornia Bank, a person in such a fix can open a Fair Start checking program. Someone who deposits a sum in this account is given an ATM card and eight monthly money orders. The account will be managed in such a way that the client cannot overdraw. The client also enrolls in the foundation’s financial literacy and management course. A client whose banking behavior is acceptable after six months can “graduate” to a regular checking account.

“It seems as though they are genuinely trying to get the unbanked into mainstream banking,” said Alan Fisher, executive director of the California Reinvestment Coalition.

The CRC espoused just such a checking program for the unbanked several years ago. So far only Washington Mutual and Citigroup have offered such accounts, but in a very limited fashion.

Every client of the bank, at 1438 Webster St., is promised a personal banker who will answer his phone directly — no 800 numbers and no frustrating phone trees — and even alert customers when they are at risk of overdrawing their accounts.

“We do old-school banking,” Cheung said.

Besides educating people in financial literacy, Salvador Menjivar, the foundation’s executive director, said the bank’s foundation will offer information on microfinances and guidance on how to start a small business when it opens before the end of the year.

Brian K. Garrett, president and CEO of Community Bank of the Bay, observed that OneCalifornia Bank is starting out at a moment when the market is very competitive for banks.

“Margins are almost nonexistent. But if he (Steyer) can write the check like that (\$25 million), then he can probably write two,” he said.

Steyer and Taylor are interested only in enough margin to keep them going. In fact, they will be looking to foundations and philanthropists to help them expand their services and geographical reach.

“I think the people in this community are skeptical of anybody who says, ‘Gee, this is going to be great.’ If we do a good job, we deserve a lot of credit. If we don’t, we won’t,” Steyer said.