THE PROBLEM:

Small businesses are vital to the overall economic health in California, but to succeed these businesses need access to affordable capital. This capital is necessary for startup costs, expansion and hiring. Obtaining financing is often cited as one of the most difficult challenges a small business owner faces. This obstacle can prevent a small business from opening its doors, stop expansion dead in its tracks or cause a business to fail. In fact, a lack of funding or working capital is blamed by nearly half of all small business owners as reasons why their business fails. A failed or unopened business means less economic development and job creation in California’s communities.

Community banks provide a vital source of funding for small businesses and help bring economic stability to their communities. However, these community banks rely on reliable sources of local deposits to partner with more businesses and provide sufficient access to credit.

“WE DON’T HAVE THE ABILITY AS A COMMUNITY BANK TO GO OUT OF OUR MARKET, OUT OF STATE OR OUT OF THE COUNTRY TO GET DEPOSITS IN ORDER TO FUND OUR DEALS. WE ARE VERY MUCH LOCALIZED IN TERMS OF CREATING DEPOSIT FLOW.”

JAMES BECKWITH, CEO OF FIVE STAR BANK

CALIFORNIA SMALL BUSINESSES:

ACCOUNT FOR 99.2% OF ALL EMPLOYERS

EMPLOY 50.4% OF THE PRIVATE-SECTOR LABOR FORCE

U.S. SMALL BUSINESS ADMINISTRATION, FEBRUARY 2013
THE SOLUTION:

THE TIME DEPOSIT PROGRAM PROVIDES DEPOSITS TO ELIGIBLE FINANCIAL INSTITUTIONS, WHICH CAN BE USED TO MAKE MORE LOANS, CONTRIBUTING TO GROWTH IN SMALL BUSINESSES, HOME MORTGAGES, AUTO LOANS, PERSONAL LOANS AND OTHER LENDING THROUGHOUT THE STATE.

HOW DOES IT WORK?

Eligible commercial banks, savings banks, and credit unions authorized to accept deposits in California are provided money for the purpose of reinvesting it back into the communities they service. California taxpayers are protected because the deposits are fully collateralized and the banks and credit unions pay interest rates that are competitive for such a stable source of deposits.

WHO PARTICIPATES IN THE TIME DEPOSIT PROGRAM?

The Time Deposit Program currently provides $5.5 billion to 77 financial institutions in the State of California.*

WHO IS ELIGIBLE FOR THE TIME DEPOSIT PROGRAM?

Eligible institutions include federally-insured commercial banks, savings banks and credit unions licensed to accept deposits in the State of California. Participants also must have a Community Reinvestment Act (CRA) rating of not less than satisfactory.

*Data as of June 2016

FOR MORE INFORMATION ON THE TIME DEPOSIT PROGRAM, GO TO TREASURER.CA.GOV.

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