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## **A Look at What a Public Bank Could Mean for D.C.**

### **As officials study the idea's feasibility, activist ire against Wells Fargo fuels proponents of a public bank**

Could business owners and others in DC soon benefit from a new bank owned and operated by the DC government? With \$200,000 put in the city's 2018 budget by the DC Council, officials at the Department of Insurance, Securities and Banking are studying the feasibility of a publicly chartered bank.

#### **What's a public bank?**

A public bank is a deposit-holding and loan-making institution created and run by a government — a city, county or state. Leaders of public banks are held to more direct accountability standards than private banks. Important decisions on lending and other bank operations must serve a public mission. Private banks have broadly defined regulatory requirements, such as lending to local communities, as mandated by the federal Community Reinvestment Act. Public banks have been set up to serve more specific, locally determined goals. In DC, this might take the form of loans to small businesses owned by people of color in wards 7 and 8. In California, officials say public banking can support marijuana businesses that have been denied private banking services because of the complex legal environment around the substance.

Financial assistance is already a part of economic development programs in DC, but a public bank would increase the number and complexity of services offered to stakeholders, according to a Department of Insurance, Securities and Banking overview of the feasibility study. A public bank in DC would manage all of the city's financial accounts. This wholesale banking requires the capacity to manage the multi-billion-dollar accounts of corporations and other, smaller banks. Also, a public bank in DC could provide retail products to residents such as checking accounts and auto loans. So, a public bank in DC may be deposit-taking and loan-making.

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#### **The DC Line**

By Gordon Chaffin | Aug 1, 2018