

LOCAL NEWS

CalAccount bill could bring zero-fee, no-minimum bank accounts to Californians

The CalAccount program would offer unbanked and underbanked residents a fee-free, federally insured banking option.

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SACRAMENTO, Calif. — As [California](#) grapples with a rising cost of living, many residents remain locked out of basic financial services. To address this, the state legislature is considering a proposal to establish state-run bank accounts, giving Californians a way to save money without incurring fees or maintaining a minimum balance.





The [CalAccount program](#) would establish voluntary, zero-fee, zero-penalty, federally-insured transaction accounts that could help people who currently have limited access to banking options.

A [state bill](#), AB 1365, would establish the program after a [multi-year study](#) conducted by nonprofit think tank RAND to determine the feasibility of the program created under the California Public Banking Option Act in 2021.

The new program would aid both unbanked households and underbanked households, who do not have access to checking or savings accounts and rely on alternative financial services such as money orders, payday loans, pawn shops and check cashing services.

Unbanked means no members of a household have access to a bank account, while underbanked means that some members of a household have access to a bank account, but others do not.

“With the cost of living skyrocketing and Californians struggling to afford basic groceries, every dollar a family can save counts,” said the bill’s author, Assemblymember Robert Garcia, in a statement to [ABC10](#). “...Lacking access to traditional banking not only means paying more for basic financial services, but you are also less able to save, build credit, receive fee-free government assistance, and exit poverty.”

A 2021 FDIC survey cited in the report reveals 5.1% of Californians were unbanked, while 13.9% were underbanked. The survey also found low-income households are 6x more likely to be



unbanked than those with higher incomes, and Hispanic households are the most underbanked racial demographic.

“CalAccount would take us a long way for financial inclusion for Californians who’ve long lacked it,” said Paulina Gonzalez-Brito, the CEO of [RISE Economy](#), who was part of the [California Blue Ribbon Commission](#) overseeing the feasibility study and will now oversee the CalAccount program.



Gonzalez-Brito explained the new accounts will give people direct access to their funds without having to "spend a lot of money to access their hard-earned money" through third-party services.

The legislation would also enable access to ATM debit cards and allow unbanked workers to receive their pay through direct deposit. It would also require the commission to enter into contracts with financial institutions, allowing CalAccount holders to use them for transactions.

Every Californian would be eligible to open an account, which Gonzalez-Brito said could be more widely utilized if there were a potential change at the federal level to [roll back the cap](#) on overdraft fees.

However, enrollment challenges remain a concern. While every Californian would be eligible to open an account, the program's success hinges on attracting enough people. According to the report, if enough people enroll, the program could generate millions in economic benefits for the state.





Potential low enrollment is one of several issues a coalition of the following organizations — California Bankers Association, California Apartment Association, California Credit Union League, California Community Banking Network and Card Coalition — brought up in an opposition letter to the legislature: “We believe that utilizing existing market solutions is a more fiscally sound and less risky approach to solving the unbanked problem. For this reason, we respectfully oppose AB 1365.”

The coalition also mentioned the new costs which, according to the report, would be \$116-158 million per year, projected over 10 years, depending on the extent of the CalAccount services.

This comes at a time when Governor Gavin Newsom, at a recent press conference, acknowledged the state’s financial outlook is worsening ahead of the May budget revision — partly due to federal actions, including the recently enacted tariffs impacting the stock market, which is significant given California’s [reliance](#) on capital gains tax revenue.



“The impacts of that have already forced and compelled me to adjust the budget I will be submitting in May,” Newsom said. “The May revise will reflect a downgrade in economic outlook in this state.”

Despite the state’s budget challenges, Assemblymember Garcia believes the investment is worthwhile.

“Research shows that the benefits of the CalAccount Program greatly outweigh the costs,” he said.

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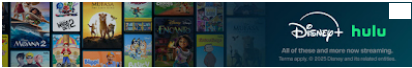


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