

CaliforniaBanker

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WHAT'S INSIDE:

6

A Conversation with
Chang M. Liu

12

California Legislature
Battles Trump Agenda
Amid Rising Prices,
AI Regulation Pus

14

Local Banks Build Local
Lives: Strengthening
Communities and
Shaping the Future



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FEATURES

- 6** A Conversation with Chang M. Liu
- 10** The CFPB Isn't the Only Cop on the Beat
- 12** California Legislature Battles Trump Agenda Amid Rising Prices, AI Regulation Push
- 14** Local Banks Build Local Lives: Strengthening Communities and Shaping the Future
- 17** Lawmakers Got it Wrong on AB 130 — Homeowners Will Suffer
- 18** Relationships: The Competitive Edge for Community Bank Credit Card Issuing
- 20** Five CBA Members Graduate from Graduate School of Banking at Colorado

DEPARTMENTS

- 4** Association Update
- 21** New Bank Member
- 22** Advertising Index
- 23** Upcoming Events



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Association Update



Our advocacy team has been deeply engaged throughout the session, and continues to meet with lawmakers, and external stakeholders to ensure the voices of California's banks are heard.

Association Update: Strengthening Our Banking Community

With three quarters of the year now behind us, we are proud to share highlights from our association that reflect the strength, collaboration, and impact of our members and our ongoing work together.

Government Relations at Work

The California Legislature's session concluded on September 13, marking the end of a busy and consequential period for our government relations team. As we predicted before the session began, the legislative year was full of controversy stemming from the conflict between the federal and state government. Our industry experienced the introduction of numerous impactful measures in reaction to, and in anticipation of, changes at the federal level.

Several bills where CBA actively engaged now sit on the Governor's desk for signature or veto. The Governor has until October 13 to make a decision on nearly 1,200 bills. Our advocacy team has been deeply engaged throughout the session, and continues to meet with lawmakers, and

external stakeholders to ensure the voices of California's banks are heard. Their continued work is shaping outcomes that will directly impact our members and the communities they serve.

At the federal level, we had a productive visit in September to Washington, D.C., where we met with some of our California Congressional delegation, including those that serve on the House Financial Services Committee. We also met with the FDIC, FHFA, OCC and received a White House briefing. During our meetings with policymakers, we discussed a range of topics, including: credit card interest rate caps and interchange fees; deposit insurance reform; digital assets and stablecoin; financial fraud and a whole-of-government approach; GSE reform; and, small business lending data reporting.

We are looking forward to our Annual Legislative Forum held in Sacramento on November 19. This fast-paced state legislative advocacy event is designed to bring key



decisionmakers and influencers to one location for a discussion on California politics. This informative forum will feature representatives from the executive branch of government, California state elected officials, political insiders, and policy experts to discuss the biggest issues that lie ahead.

Advocacy in Action: Banks Serving Communities

Our recently launched advocacy program, Local Banks Build Local Lives, highlights the extraordinary ways banks serve their communities every day. From small business lending and disaster relief support to youth mentorship programs and volunteerism, the stories coming forward showcase how banking is about more than financial services, it's about building opportunity, resilience, and trust. These stories are now a cornerstone of our advocacy efforts, helping policymakers and the public see the powerful role banks play in driving financial success.

Education & Professional Development

Looking ahead, we are excited to gather for two of our premier fall programs: the Lenders & Chief Credit Officers Conference (October 7–8) and the Risk & Compliance Conference (October 8–10). Both will be hosted at the Hyatt Regency Orange County.

New this year, we are proud to partner with Aldrich & Bonnefin to offer pre-conference compliance educa-

tion—two optional, add-on sessions designed to help bankers earn additional continuing education credits, including CPE, CRCM, CERP, and CAFP. This expanded offering reflects our commitment to providing members with high-quality educational opportunities that address evolving industry needs and support professional growth.

Welcoming Our Newest Member

We are delighted to welcome Golden State Bank to our association. Their addition strengthens our collective voice and expands the network of bankers dedicated to excellence and community service. We look forward to working together and building on the momentum of our shared mission.

Our Ongoing Commitment to Members

At the heart of all we do is our commitment to serving our members and strengthening the banking community. Whether through advocacy, education, networking, or thought leadership, we remain dedicated to supporting your success and amplifying the positive impact banks deliver throughout California. Together, we are shaping a future where the industry thrives and customers and communities grow stronger. »»

Bringing members together. Making our banks better.

Kevin Gould
President & CEO, California Bankers Association



A Conversation with Chang M. Liu

Q: Is there a moment from your early career that stands out as a real test of your resilience or values? How did it shape the leader you are today?

Throughout my career, I have worked with many industry leaders, and each experience, both positive and negative, has contributed to my foundation and shaped my leadership style.

One manager I encountered had a harsh and demeaning approach toward his staff. During an exchange with a subordinate in an open seating area, his tone and degrading comments caused one team member to cry. From that experience, I learned important lessons about how not to engage with my team when I eventually became a leader.

I have worked for leaders who recognized my skills and abilities early on in my career. Their patience and encouragement helped me explore different areas of banking. I have been described by others as a “servant leader,” which I believe is an accurate assessment. I am dedicated to helping as many team members as I can. My goal is to understand each individual’s problems and hurdles and how I might help in remediating these issues. The more challenges I can remove for other managers and teams, the easier it will be for them to focus on their daily operations and activities.

As you’ve grown into leadership roles, have your guiding principles changed? Can you share some of your guiding principles?

My guiding principles have evolved over the years as I have worked with people from various disciplines. As a first-generation immigrant in the United States, I believe in the importance of a strong work ethic. I initially focused on working hard and outworking all those around me for as long as I can. By extension, I’ve learned to concentrate on what I can control: the quality of my work, the impact of my decisions on others, and the potential ripple effect throughout the organization. As my responsibilities have increased over time, I have also learned how to delegate to the trusted leaders around me. The success of the bank is not dependent on me as an individual; rather, it depends on my leadership team to inspire other managers to guide all 1,250 team members toward their success. To achieve this, we must hire and retain leaders who are committed to coaching and mentoring their team members and helping those around them succeed. The type of leaders who are not afraid to let their subordinates stand out and who take pride in sharing accolades with their teams. As we continue to build out our executive team and our leadership bench, I look for leaders who put their team members first and promote their success.

CONTINUED ON PAGE 8

CONTINUED FROM PAGE 7

Cathay Bank is recognized for its strong community focus. In your view, what is the “secret ingredient” that truly sets Cathay Bank apart from other banks in the current financial landscape?

Whenever I have the opportunity to engage with our team members, I often talk about how money is green everywhere and our rates and terms are not that dissimilar to our competitors. Our true competitive edge lies in “service and execution.” Our service should be best-in-class with prompt and accurate execution. The only “secret ingredient” to this ethos is our team members. We have exceptional individuals on our team, people who care about their peers, their clients and the success of their businesses. Most of our clients have 24/7 direct access to our relationship managers and executives via mobile and other chat platforms.

When we build a team with people who care, this also carries into the communities we serve. Whether it’s through the philanthropic efforts of the bank or the Cathay Bank Foundation, or the record-breaking volunteer hours logged by our team members, we recognize that a stronger community benefits everyone involved.

In response to the Eaton and Palisades fires earlier this year, we are launching a program for primary residents and owners of single-family homes to help rebuild these two communities. We are hopeful that this initiative will provide residents of Altadena and Pacific Palisades with a quicker recovery and bring back the beloved communities.

With banking undergoing rapid transformation, can you share how Cathay Bank balances tradition with innovation to stay ahead of customer needs and expectations?

This is particularly true on the retail banking side. We have older deposit clients in New York who prefer to walk right past the ATM machine, which is by no means a new technology, and into a branch whenever they need to conduct a deposit or withdrawal transaction. We un-

derstand that our brick-and-mortar locations cater to the needs of this elderly population. However, we also recognize how the adoption of online banking, for both consumer and businesses, has attracted a younger generation of clients. As we continue to enhance our online banking platform, we plan to roll out online account opening for both consumers and businesses. This initiative aims to eliminate any barriers for our Gen Y and Gen Z clients and prospects, enabling them to open accounts and engage with us entirely online without the need to visit a branch.

For young people eyeing a future in banking, what piece of unconventional advice do you wish someone had given you at the start?

After more than three decades in the banking industry, I have noticed the precipitous decline of the younger generation’s interest in the financial services sector. This trend is particularly evident as new industries and advancements in AI technology continue to attract the best and brightest. For the younger generation who have an interest in banking, my pitch is that you can really learn so much about personal finance, business finance, real estate investment, economies of cities, states, nations, and the world. A single event, whether finance-related, political, or otherwise, may have an impact on the local economy and your own personal pockets. One piece of unconventional advice is that if you like helping others to achieve their financial goals and dreams and help your friends, neighbors and family members achieve their own financial success, you will love this job!

Are there any emerging skills or mindsets you believe will be essential for tomorrow’s banking leaders that weren’t as critical when you began your career?

There are two skills and areas of experience that were not essential when I first began my banking career, but I now believe to be key to the success of banks. The first one is Agentic AI and how it can help the banking industry

transform both its paper-centric operational functions as well as how we engage with clients and prospects. The second is the risk and possible opportunity with digital currency, i.e., is there a future where all of our liquidity and assets are simply a digital footprint and available via

our fingers and screen and eliminating the need for paper currency. We need to plan for this future and stay ahead of such technological changes by hiring individuals who have these skillsets and experience to pivot through digital transformation. >>



MEET CHANG M. LIU

Chang M. Liu is President and Chief Executive Officer of Cathay Bank (Nasdaq: CATY). Cathay Bank, with more than 60 years of history, is the oldest commercial bank founded by Chinese Americans in Southern California. Headquartered in Los Angeles with total assets of over \$23 billion, Cathay Bank operates more than 60 branches nationwide, across California, New York, Washington, Texas, Illinois, Massachusetts, Maryland, Nevada, and New Jersey.

Chang joined Cathay Bank in 2014 as Senior Vice President and Assistant Chief Lending Officer. Before assuming the helm as President and CEO in 2020, he held pivotal roles including as the Chief Lending Officer and the Chief Operating Officer, where he spearheaded initiatives that propelled the growth of Cathay Bank's commercial and real estate lending divisions, business development units, and various operations. At its holding company level, Chang serves as the

President and CEO and is a member of the Board of Directors of Cathay General Bancorp and Cathay Bank.

Chang is a seasoned executive and board director with over 30 years of financial services industry experience. He holds a degree in economics from the University of California at Los Angeles (UCLA). Chang also serves as a director on the Federal Reserve Bank of San Francisco–Los Angeles Regional Board, the Federal Home Loan Bank of San Francisco as a California Bank Board Member, the California Bankers Association Board, and the Board of Advisors for the UCLA Anderson Forecast.

Beyond industry endeavors, he is actively involved in community-focused organizations, holding directorship positions under the UC Irvine Joe C. Wen School of Population & Public Health–Public Health Community Advisory Council, Foothill Family, in addition to serving as the first Chairman of the Board of the American Cancer Society–CEOs Against Cancer (L.A. Chapter) of Asian descent.



The CFPB Isn't the Only Cop on the Beat

By Jason Lane, SVP, Director of Government Relations, California Bankers Association

In recent months, there has been growing concern that federal oversight of banks is eroding.

Some critics point to legal challenges against the Consumer Financial Protection Bureau (CFPB) and suggest that consumers will be left unprotected as a result. These arguments have prompted calls for sweeping new state laws aimed at filling the so-called regulatory void. However, these calls rest on a false premise: that banks are no longer regulated.

The reality is very different. Banks remain among the most heavily regulated industries in the country, subject to a rigorous framework of federal and state oversight that governs nearly every aspect of their operations. Even without an empowered CFPB, banks are still held accountable by other federal regula-

tors, including the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve Board. These agencies conduct regular safety, soundness, and consumer compliance exams — and have full authority to investigate and enforce violations of law.

Importantly, the underlying consumer protection statutes that define fair lending, accurate credit reporting, data privacy, and responsible disclosures remain intact. Laws like the Truth in Lending Act (TILA), Equal Credit Opportunity Act (ECOA), Fair Credit Reporting Act (FCRA), and Gramm-Leach-Bliley Act (GLBA) are still the law of the land. And those laws don't go away when political winds shift. They are enforced through multiple channels: federal prudential regu-

lators, state attorneys general, and even private litigation.

And while the CFPB may be downsized under the current administration, that is far from permanent. A future president could restore the agency's rulemaking and enforcement agenda, just as quickly as it was paused. In fact, the CFPB has proven to be highly responsive to shifts in political leadership. That means any state laws designed to "fill a gap" in federal oversight could soon become duplicative, inconsistent, or even counterproductive — especially if federal enforcement ramps up again under new leadership.

Put simply, a diminished CFPB does not dismantle the rulebook. Banks continue to follow these rules, and regulators continue to enforce them.

Banks remain among the most heavily regulated industries in the country, subject to a rigorous framework of federal and state oversight that governs nearly every aspect of their operations.

Nevertheless, some state lawmakers are using the CFPB's challenges as justification for imposing expansive new compliance obligations at the state level. These efforts are often well-intentioned — but they frequently overlook the complex, layered regulatory regime that banks already operate within. Applying a one-size-fits-all set of rules to all industries — regardless of whether they are already federally supervised — risks doing more harm than good.

Unlike unregulated tech platforms or data brokers, banks are subject to mandatory, periodic examinations and must demonstrate compliance with federal standards year-round. New state-level rules that duplicate or conflict with federal mandates not only create confusion, but can also drive up compliance costs, discourage innovation, and impact the cost of credit.

The real risk is not under-regulation, but misregulation: creating an unstable patchwork of conflicting state and federal rules that impose new burdens without materially improving consumer outcomes.

Banks don't fear oversight — they expect it. But they do value clarity and consistency. While the CFPB's future

may be uncertain in the short term, the rest of the regulatory system is not. State policymakers should keep that in mind before rushing to fill a gap that doesn't actually exist — and that could soon close on its own. >>



Jason Lane is senior vice president, director of government relations for the California Bankers Association and leads the advocacy efforts for CBA, which in-

volves analyzing legislation and regulatory activity, and the development of policy positions. Lane is one of four lobbyists at CBA, and he also lobbies on behalf of the association on issues related to the state budget, privacy, bank operations and consumer lending legislation.

Before joining CBA in May 2006, Jason Lane served as director of government affairs for Provident Financial and managed the bank's financial privacy compliance program, as well as tracked and analyzed the impact of federal legislation and rulemaking for the company.

California Legislature Battles Trump Agenda Amid Rising Prices, AI Regulation Push

By Chris Shultz, Vice President, Government Relations, California Bankers Association

President Donald Trump's return to office sparked battles in California's 2025 legislative session, with Democrats mounting resistance while grappling with skyrocketing consumer costs that continue outpacing wages.

Lawmakers Target Corporate Pricing Practices, Not Costly Regulations

Facing constituent anger over unaffordable groceries, gas and housing, California lawmakers from both parties made lowering prices their top priority. But majority Democrats rejected Republican calls to slash business regulations, instead targeting specific corporate pricing practices.

Assembly Bill 446 exemplifies this approach. Assemblymember Ward's measure would ban "surveillance pricing" — for example raising prices on mobile apps when customers enter store areas, based on a San Diego case involving a major retailer.

The bill's broad language triggered fierce opposition from businesses offering discount and loyalty programs, sparking an advertising blitz. Ward defended the trade-off: curbing higher prices for some consumers, he argued, was worth eliminating discount programs that reward customer loyalty.

Two energy giants made good on threats to leave California. Valero's Benicia refinery and Phillips 66's Los Angeles-area facility will shut down by 2026, slashing the state's refining capacity by 17 percent.

Housing remains the one bright spot. State lawmakers continue overriding local governments that burden projects with fees and delays, though high interest rates keep housing prices elevated despite process reforms.

AI Regulation Bills Flood Capitol

President Trump's "One Big Beautiful Bill" failed to include a 10-year ban on state AI oversight. That cleared the path for nearly 30 pending AI bills in the California legislature in August.

The proposals run the gamut: requiring bots to identify themselves, regulating pricing algorithms, mandating disclosure of AI training data, banning AI-altered real estate photos and monitoring health AI systems for bias.

OpenAI counted nearly 1,000 AI regulation bills nationwide and urged Gov. Gavin Newsom to resist the trend. In an open letter, the company warned: "Imagine how hard it would have been for the U.S. to win

the Space Race if California's aerospace and tech industries got tangled up in state-by-state regulations impeding transistor technology innovation."

Mid-Decade Redistricting Scrambles Congressional Races

Trump's call for Texas lawmakers to create five new Republican-leaning congressional seats in unprecedented mid-decade redistricting prompted swift retaliation from California Democrats.

Gov. Newsom and the legislature crafted their own congressional map changes for voters to decide this fall — a move designed to neutralize any GOP gains achieved in Texas. The new Democratic-leaning California maps triggered a rush among state legislators eyeing Congressional seats, upending stability in Sacramento where legislators can serve for 12 years. >>



Chris Shultz is Vice President, Government Relations for the California Bankers Association. He formerly served as chief deputy commissioner at

the California Department of Financial Protection and Innovation.

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Local Banks Build Local Lives: Strengthening Communities and Shaping the Future

By Jason Lane, SVP, Director of Government Relations, California Bankers Association

The California Bankers Association (CBA) launched Local Banks Build Local Lives this summer to highlight the vital role local banks play across California. More than financial institutions, local banks are integral to the California way of life, supporting youth programs, funding affordable housing, donating to nonprofits, and creating good-paying jobs that allow families to thrive. The campaign was created to ensure policymakers and regulators understand what's at stake when duplicative or unnecessary legislation threatens to undermine California financial institutions

Our statewide digital campaign is focused on 8,000 opinion leaders, policymakers, regulators, and members of the media. By deploying compelling and authentic creative assets on the social media platforms and other digi-

tal spaces they frequent, including Facebook, Instagram, LinkedIn and various streaming services, among others, the campaign is already showing strong results. On average, targeted opinion leaders saw our content nearly six times across platforms, ensuring visibility and message retention. Early engagement has come from legislators, banking leaders, and journalists — clear proof that our message is resonating with key decision-makers.

Our messaging emphasizes the tangible value of local banks: They are foundational to their communities, providing significant investments in affordable housing, financial literacy, and small business growth. And simultaneously, they are under attack from new, duplicative regulations that threaten to drive further consolidation, undermine community support and ultimately threaten

Local Banks Build Local Lives is more than a campaign; it is a movement to ensure local banks have the support they need to grow, serve, and thrive.

their ability to serve their customers. These messages remind stakeholders that when local banks have the tools to succeed, California's economy succeeds.

An essential part of Local Banks Build Local Lives is elevating the voices of our members. We are partnering with Banc of California, Community Commerce Bank, Five Star Bank, and First Fresno Bank to produce authentic video testimonials featuring their leadership teams, employees and customers, that bring their impactful and authentic experiences to life. These stories demonstrate the

real impact local banks have across California, whether it's helping small businesses expand, supporting wildfire recovery efforts, or investing in local schools. By highlighting these stories, we are not only showcasing the value of local banks through lived experiences that lawmakers and community members can directly relate to.

While the campaign is generating results today, it is also laying the groundwork for tomorrow. Local Banks Build Local Lives is designed to shape how CBA supports local banks in 2026 and beyond. By strengthening advocacy,

CONTINUED ON PAGE 16

Local Banks Provide:



Community Services

Including supporting youth sports, seniors and other programs.



Employment and Economic Impact

Good-paying jobs with advancement and career opportunities, enabling people to live and thrive.



Accessibility and Affordability

Accessible and affordable financial services and increased financial literacy.

Local banks are integral to California's economy and financial health, helping us become the fourth largest economy in the world.

Local Banks Support Affordability and Housing Access

Local banks are committed to making financial services accessible and affordable. They help local businesses grow and enable California families to achieve the dream of homeownership through loans and mortgage services. Providing lending and other housing-related financial assistance to individuals and families is a critical component of addressing the state's housing access and affordability crisis.



Local Banks are Committed to Protecting What Makes California Communities Strong

Local banks face a growing number of legislative and regulatory hurdles in an increasingly complex banking landscape. Despite these challenges, they remain committed to serving their customers and supporting the communities that rely on them. Every day, they put local people, small businesses, and neighborhood needs first, just as they always have.

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building credibility, and demonstrating community impact, this campaign positions us to respond proactively to future legislative and regulatory challenges. It ensures that when new proposals surface, we will already have a strong, resonant foundation to stand on and a library of stories to reinforce our advocacy.

Later this fall, CBA will also launch a targeted campaign to complement its broader advocacy efforts around the upcoming Little Hoover Commission (LHC) report on financial scams and fraud, a key piece of which will cover elder financial abuse. With hearings anticipated at the LHC in the early fall, this effort will ensure the final study

reflects real solutions that protect seniors from fraud and scams. Messaging will highlight that local banks are on the front lines and stress the importance of fully funding law enforcement, technology, and telecom sectors, giving them the resources to fight back effectively.

Local Banks Build Local Lives is more than a campaign; it is a movement to ensure local banks have the support they need to grow, serve, and thrive. By elevating our members' voices, this campaign strengthens advocacy, builds credibility, and helps shape a policy environment where local banks and the Californians they serve can grow and prosper. >>

Making it harder or even impossible for local banks to operate in California is harmful to their immediate regions and the state as a whole and is entirely avoidable.

Policymakers and regulators should be focused on creating an environment where these local financial institutions are not just preserved but have the tools to thrive.



Lawmakers Got it Wrong on AB 130 — Homeowners Will Suffer

By Kevin Gould, President & CEO, California Bankers Association

The California Legislature recently passed a controversial new law buried in an affordable housing budget trailer bill, known as AB 130. Legislators claim “zombie” subordinate mortgage provisions protect consumers. Unfortunately, what lawmakers passed hurts their constituents.

According to the proponents, borrowers of “zombie” subordinate mortgages are led to believe their loan has been forgiven only to be surprised later that they still owe the debt. A compromise addressing this concern was achievable. Unfortunately, the changes embedded as part of the state’s spending plan make complying with other areas of the law nonsensically unlawful. More on that later.

Subordinate mortgages are a vital source of credit, helping Californians afford homeownership through down payment assistance. These mortgages, which include HELOCs, unlock equity for financing wildfire resiliency and disaster recovery, constructing accessory dwelling units, funding college education, and paying medical expenses. The increased risk imposed on lenders through the Legislature’s action makes subordinate mortgages more expensive and less available.

The impact is not limited to new loan originations and has consequences on existing subordinate mortgages. Lenders give borrowers money to buy a home. In exchange, the property serves as collateral which the lender can take back if the borrower stops making their mortgage payment. Restricting a lender’s ability to re-

cover collateral when the borrower fails to make their payments increases risk. Why should anyone care? A few examples.

During the Great Recession, mortgage servicers helped borrowers avoid foreclosure by forgiving principal to achieve a more sustainable monthly mortgage payment. When doing so, the mortgage servicer must issue an IRS Form 1099 documenting the forgiven principal.

Under newly enacted Civil Code Section 2924.13, if a borrower subsequently defaults after a good faith attempt to help them avoid foreclosure, the subsequent pursuit of a foreclosure sale after the issuance of Form 1099 is considered an unlawful act. We fear mortgage servicers will be discouraged from working with borrowers by reducing principal going forward.

Further, mortgage servicers may be prohibited from communicating with a borrower during a borrower-initiated bankruptcy filing. If the judicial proceedings surrounding a bankruptcy filing last for three years or more, the mortgage servicer’s inability to communicate with the borrower when complying with the judicial proceeding is also considered an unlawful act.

The Legislature must act quickly to minimize the damage they inflicted on their constituents. We’re eager to work collaboratively with them to get this right. >>

Kevin Gould is President & CEO of the California Bankers Association. This article was previously published in the *Capitol Weekly*.



Relationships: The Competitive Edge for Community Bank Credit Card Issuing

By Anil Goyal, CEO, CorServ

As national credit card issuers face higher delinquency rates, community banks are positioned to succeed by doubling down on what they do best: Building and leveraging customer relationships.

Relationship lending is more than just a community banking tradition. It's a proven strategy for reducing credit risk, enhancing returns and fostering customer loyalty. Particularly in credit card portfolio performance, relationship lending is a true competitive advantage.

Value in Relationship Lending Data

Big issuers rely heavily on credit scores and automated decisioning, but community banks bring something vital to the table: Relationships. They have knowledge of their customers that stems from years of banking together across multiple products. A 2024 ICBA study found that 95 percent of small business owners reported satisfaction with community banks, with 90 percent highlighting lo-

cal understanding, customized product offerings and personalization as primary reasons for opting for community banks over big banks or fintechs.

Three core dimensions predict portfolio performance and make these relationships valuable:

- **Length of relationship** shows historical financial stability over time.
- **Depth of relationship**, or the number of products a customer uses, reflects financial engagement.
- **Deposit amount** provides important insight into liquidity and risk.

Better Performance within the Same Credit Score Band

Relationship customers perform better with similar credit scores. A community bank customer with a credit score of 700, a higher number of deposits, and more than five

» **A community bank customer with a credit score of 700, a higher number of deposits, and more than five years of relationship history, is statistically less likely to default than a brand-new customer with the same score acquired by a national issuer.** »

years of relationship history, is statistically less likely to default than a brand-new customer with the same score acquired by a national issuer.

This matters more in a competitive product like credit cards. Relationship lending data provides the context that scores miss and results in more accurate credit decisions and safer portfolios.

Better Usage and Activation Drive Stronger Portfolios

The benefits of relationship lending go beyond credit performance. Relationship portfolios see higher activation and usage rates on credit cards. When a trusted bank offers a customer a credit card, they are more likely to activate it, use it regularly and integrate it into their everyday financial lives.

Higher usage translates directly to stronger portfolio performance. Cards that are used regularly generate more interchange revenue, build customer loyalty and offer more visibility into spending behavior. In contrast, cards issued to non-relationship customers may be more inactive or riskier due to low engagement.

Credit Loss Rates: A Clear Advantage

Community banks that use relationship data in their credit card programs see the results in their bottom line. Based on historical data from CorServ, credit loss rates for relationship-based cardholders are markedly lower than the industry average reported by the Federal Reserve.

Commercial Cards: Safer and More Profitable

Relationship lending is especially effective in commer-

cial credit cards. Users pay balances every billing cycle, risk is lower and interchange from the payment networks is higher.

Commercial cards produce higher returns. Business customers have larger average transactions and greater monthly spending, resulting in higher interchange revenue. Banks also have more control over credit exposure, with real-time visibility into spending and the ability to adjust credit limits as needed.

Banks strengthen customer relationships and lower risk when they offer commercial credit cards to business customers with existing deposit accounts, loans, and treasury services. The bank becomes a complete financial partner rather than just a credit provider.

A Timely Opportunity

With national issuers facing rising losses and tightening credit standards, community banks have a unique opportunity to grow safely and confidently. The key is relationship value. Community banks have an opportunity to successfully serve their low-risk, high-value customers by using existing relationship data. For community banks, relationships are their greatest strength. »



Anil Goyal co-founded CorServ in 2009 and acts as the company's CEO. He has an extensive background in credit risk management, technology, and portfolio optimization. Throughout his career, Goyal held senior roles at top card issuers and provided strategic consulting services to American Express.

Five CBA Members Graduate from Graduate School of Banking at Colorado

The California Bankers Association (CBA) celebrates the accomplishments of five exceptional banking professionals who have completed the esteemed Graduate School of Banking at Colorado (GSBC). This achievement highlights both the dedication of these individuals and the CBA's commitment to leadership development within California's banking community.

The CBA members who graduated from GSBC's 25-month leadership program are:

- **Mark Aitken**, F&M Bank, Sacramento
- **Fawn Dulai**, Plumas Bank, Yuba City
- **Benjamin Hester**, F&M Bank, Modesto

- **Jessica Shepherd**, Golden Valley Bank, Chico
- **Katherine Westfall***, F&M Bank, Napa (*Honors student)

These graduates were among 175 professionals honored at a commencement ceremony on July 24 at the University of Colorado Boulder. The GSBC program is renowned for its rigorous curriculum, which combines three years of intensive classroom learning with six real-world intercession projects. Each graduate completes a capstone project addressing a strategic opportunity or challenge at their home institution, delivering immediate value to their banks and the communities they serve.

GSBC's curriculum is designed to equip future community bank leaders

with expertise in four key areas: Financial Management & Strategy, Innovation & Engagement, Leadership & Culture, and Lending. The program concludes with an immersive bank management simulation, challenging students to navigate complex market and competitive situations.

The 2025 GSBC session marked the 74th year of the program, drawing nearly 500 students from across the country.

CBA congratulates these outstanding professionals for their achievement and looks forward to seeing the impact of their enhanced leadership in California's banking sector.

For more information about the GSBC program, visit www.GSBColorado.org. »



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2025 CBA Advertiser Index

Deposit Funding/Investments

- PMA Financial Page 24
Raisin Page 13

Education

- SW GSB Page 2

Financial Services

- American Bankers Assoc.... Page 21
CEIS Review, Inc. Page 22

Tax and Flood Service

- Nationwide Real Estate Page 11



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