

CaliforniaBanker

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Association Update



A new administration brings new priorities, new appointees to key regulatory agencies, and a new tone in Sacramento on questions of financial regulation, housing, consumer protection, and economic development.

Looking Ahead: The Legislature, the Election, and What It Means for California Banking

With the California Legislature's 2026 session now behind us, this is a natural moment to take stock of where we have been and, more importantly, where we are headed. The work of an association like ours does not pause when the legislature adjourns. If anything, the period between sessions is when some of the most consequential conversations happen, and this fall is shaping up to be one of the more significant stretches in recent memory.

First, a word on the session itself. It was a demanding one. The scope of legislation affecting our industry required sustained engagement from our government relations team from the opening weeks through the final days of floor votes. The key takeaway is that California banks are in a better position today than the session's early proposals would have suggested. That is not an accident. It is the result of consistent advocacy, strong member engagement, and relationships built over time with lawmakers and their staff. We are proud of what

the team accomplished and grateful to the members who showed up when it mattered.

The close of the session also marks the beginning of something else: election season. California voters will head to the polls this November to choose the state's next governor, and that decision will have real implications for the regulatory and operational environment California banks navigate every day. A new administration brings new priorities, new appointees to key regulatory agencies, and a new tone in Sacramento on questions of financial regulation, housing, consumer protection, and economic development. These are not abstract policy questions. They shape the conditions in which your banks operate.

That is why CBA made it a priority to engage early. In August, we had the opportunity to meet with Xavier Becerra, gubernatorial candidate and former U.S. Secretary of Health and Human Services, to discuss the operational environment for California's financial industry.



It was a productive conversation. We had the opportunity to underscore the important role that banks play in lifting up their communities and advancing the economy. We talked preliminarily about our approach to deterring financial fraud and scams and the need for a whole-of-government approach that leverages the expertise of all stakeholders, and we discussed the industry's leadership in housing finance. CBA's role in that kind of conversation is straightforward: make sure that whoever leads this state understands what California banks need to serve their customers and communities.

We will continue that engagement as the campaign moves forward. It is not about politics. It is about ensuring that the next administration, regardless of who wins, begins with a clear understanding of the banking industry's role in California's economic success. Banks serve as anchors in communities across the state. That story deserves to be told, and we intend to keep telling it.

Looking further ahead, the issues that did not get resolved this session will return. The legislative calendar resets, but the underlying policy debates do not. Our team is already tracking what is likely to come back, monitoring developments at the federal level that could intersect with state priorities, and preparing for the advocacy work that the next session will require. The groundwork we lay between now and January matters.

For members, our message is the same one that guides everything we do. You are not navigating this environment alone. CBA is engaged, attentive, and working on your behalf every day. The election will bring change, as elections always do. Our job is to make sure that change works for California banking, not against it. ■

Bringing members together. Making our banks better.

Kevin Gould
President & CEO, California Bankers Association



A Conversation with Jeremiah Smith

Q: Can you share a bit about your career path and what led you to your role as President and Chief Executive Officer of First Northern Bank?

A: I joined First Northern Bank in 2003 as a teller in the West Sacramento branch, just before I graduated from college with a degree in finance. I knew I wanted to get into banking, and First Northern gave me the opportunity to learn the business from the ground up and work in many different areas rather than “dig the same hole every day.” Each role gave me a different perspective on the bank, our customers and our communities, and prepared me for greater leadership responsibilities.

Becoming president and CEO was a tremendous honor and a very personal milestone. First Northern has been part of my life for more than two decades, and I have enormous respect for the people who built this institution. Leading it is also a great responsibility — one I don’t take lightly. My goal is to honor that history while continuing to build a strong, relevant and independent community bank for the future.

Q: You grew up in Dixon, the same town where First Northern Bank is headquartered. Did that sense of place and community play a role in drawing you to banking, or was it more of a happy coincidence that you ended up at your hometown bank?

A: I don’t think it was entirely a coincidence. Growing up in Dixon gave me an appreciation for what it means to be part of a community where people know one another, support one another and take pride

in where they live. First Northern was part of that community long before I joined the bank.

That connection has always shaped the way I think about banking. Community banking is about more than transactions. We help businesses grow, support farmers through another season, provide capital for local projects and invest in the communities where our employees and customers live.

Because I grew up here, I understand that those relationships are personal. That’s one of the reasons community banking has always felt like the right fit for me.

Q: You became President and CEO on January 1, 2023. What were your priorities in that first year, and did anything about the transition surprise you?

A: My first priority was to listen. I wanted to spend time with our employees, customers, directors and community partners to understand what they valued most about First Northern and where they believed we could improve.

At the same time, we had to keep building a strong foundation for the future. That meant staying focused on our customers and employees, strengthening the organization, investing in technology and remaining disciplined about growth and risk.

What surprised me most was how quickly the role shifted from being responsible for individual decisions to creating the environment in which an entire organization can make good decisions. As CEO, you can’t be

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in the weeds on everything, and you shouldn't be. You have to trust your team, empower people and make sure everyone understands where we're going and why.

That first year reinforced that leadership isn't about having all the answers. It's about asking the right questions, surrounding yourself with good people and keeping everyone moving in the same direction.

Q: You worked alongside former CEO Louise Walker for nearly 19 years. What is the most important lesson you took from her leadership, and how has it shaped your own style?

A: The biggest lesson I took from Louise was a simple principle: do the right thing for the right reasons, even when it isn't the easiest decision.

Louise understood that a community bank's greatest strengths are its reputation and its relationships. She had tremendous institutional knowledge, but she never lost sight of the people behind the numbers. She also made decisions with the long-term health of the organization in mind rather than focusing only on the next quarter. Working alongside Louise for nearly 19 years gave me the benefit of a tremendous mentor and the opportunity to observe leadership up close. Her example reinforced the importance of being prepared, looking beyond the immediate issue and having the confidence to make difficult decisions.

Those lessons have shaped my own leadership style. I want people to understand where we're going, why it matters and how their work helps move the organization forward.

Q: What lessons have been most valuable to you throughout your leadership journey?

One of the most valuable lessons I've learned is that no one builds a great organization alone. You do it by hiring good people, giving them the tools and support they need, and then trusting them to do their jobs.

Consistency also builds trust. Employees and customers should know what they can expect from you, especially when circumstances are difficult. That requires clear communication, steady leadership and a willingness to explain the reasoning behind important decisions.

I've also learned not to lose sight of the long term. Banking naturally draws our attention to quarterly results, interest

rates, regulatory changes and the next challenge in front of us. Those things matter, but we're building an institution that we want to be here for another 116 years. That requires discipline, patience and a willingness to invest in the future.

Q: You serve on boards ranging from the Greater Sacramento Economic Council to the Sierra College Foundation. How do you define the role a community bank CEO should play beyond the walls of the institution?

I believe a community bank CEO has a responsibility to be present and engaged in the community — not simply because it's good for the bank, but because it's part of what community banking means.

Our communities face complex challenges, and businesses, nonprofits, educational institutions and public agencies all have a role to play in addressing them. Serving on boards gives me an opportunity to contribute beyond banking and to better understand what is happening throughout the communities we serve.

That involvement also makes us better bankers. When you're engaged in the community, you gain a much clearer understanding of what businesses are experiencing, what employers need, where opportunities exist and where challenges are emerging.

At First Northern, community involvement isn't a separate initiative; it's part of who we are. Our employees volunteer, serve on boards, support nonprofits and show up for their communities every day. I see my role as reinforcing that culture and helping ensure First Northern remains a meaningful partner wherever we do business.

Q: First Northern Bank was added to the ABA Nasdaq Community Bank Index effective June 1, 2026. What does this recognition mean to you, your team, and your shareholders?

A: Being added to the Index is a meaningful milestone for First Northern and reflects the work our entire team has done to strengthen the bank and position it for the future.

For our employees, it's an affirmation that the work they do every day matters. Community banks can sometimes be overlooked in an industry dominated by very large institutions, so our team should be proud to see First Northern included alongside other strong community banks.

I believe a community bank CEO has a responsibility to be present and engaged in the community — not simply because it's good for the bank, but because it's part of what community banking means.

For our shareholders, it's another indication that we're building a healthy, sustainable institution, creating long-term value and remaining true to who we are.

What makes me especially proud is that this milestone reflects our ability to honor First Northern's legacy while continuing to evolve with the needs of our customers and communities. We remain rooted in the values that have guided the bank since it was founded in Dixon in 1910 — strong relationships, local decision-making and a deep commitment to our communities — while continuing to invest in our people, technology and new ways to serve our customers. That balance of independence, performance and progress is what makes First Northern special.

Q: Looking at the next five years, what excites you most about First Northern's future?

A: What excites me most is the opportunity ahead. We have a strong foundation, an exceptional team and a clear sense of who we are as a bank.

Over the next five years, I want us to grow thoughtfully, continue investing in technology and our people,

and find new ways to make it easier for customers to do business with us — while preserving the relationships and local decision-making that distinguish community banking.

We also see tremendous opportunity throughout the communities we serve. Businesses are investing and expanding, entrepreneurs are bringing new ideas to market and established companies need financial partners

who understand their goals and can help them move forward. We want First Northern to be that partner.

First Northern's best days are ahead. We're building on more than a century of history — not to recreate the past, but to shape our next chapter with purpose. We have the team, the direction and the discipline to continue growing as a strong, independent community bank. ■

The advertisement is a rectangular graphic with a red background. On the left side, there is a stylized illustration of Rosie the Riveter, a woman with a determined expression, wearing a blue denim work shirt and a red bandana with white polka dots tied around her head. She is flexing her right bicep. Above her head is a blue speech bubble with the words "WE CAN DO IT!" in white, bold, sans-serif capital letters. To the right of the illustration, the text "Nationwide Can Do It" is written in a white, elegant script font. Below this, in white sans-serif font, are the phrases "Timely Reporting", "Flat Rates • Live Phones", and "Easy Online Ordering". Further down, the phone number "800-528-7803" is displayed in a larger white sans-serif font, followed by the website "nationwidecompliance.com" in a smaller white sans-serif font. At the bottom of the advertisement, there are two logos. On the left is the "Nationwide REAL ESTATE TAX SERVICE, INC." logo, which includes a blue silhouette of the United States map. On the right is the "NFDA CERTIFIED COMPANY" logo, which is a circular blue seal with the text "NATIONAL FLOOD DAMAGE INSURANCE" around the perimeter and "NFDA CERTIFIED COMPANY" in the center.



Beyond the Bills: Four Themes That Defined Banking Policy in Sacramento This Year

By Jason Lane, Senior Vice President, Director of Government Relations, California Bankers Association

As another legislative session comes to a close, it is tempting to measure the year by counting bills — those that passed, those that failed and those that were amended along the way. But individual bills often tell only part of the story. Viewed collectively, the proposals considered by the Legislature this year reveal broader trends in how California policymakers view banks, their customers and the role financial institutions should play in addressing some of the state's most difficult challenges.

Four themes, in particular, emerged this year.

Banks are increasingly being asked to solve problems they did not create.

Perhaps nowhere was this more apparent than in the Legislature's response to financial fraud and scams. Banks have

long invested substantial resources in detecting fraud and protecting their customers. But increasingly, legislative proposals have sought to place responsibility on financial institutions to identify and stop transactions involving customers who have been deceived by a third party.

The challenge is that, by the time a transaction reaches a bank, the fraud may have been unfolding for days or even months. A customer may have encountered a fraudulent advertisement online, communicated with a scammer through social media or text messages, and been carefully manipulated before ever initiating a payment. Banks are an important part of the solution, but they cannot be the only part. Encouragingly, policymakers are increasingly recognizing the need for a broader approach that includes technology companies, telecommunications providers, law

enforcement and financial institutions. The Governor's creation of a Tech Fraud Task Force this year is one indication of that changing conversation.

Extraordinary circumstances continue to produce increasingly prescriptive regulation.

Wildfires provided another example. Following the devastating Los Angeles fires, California enacted legislation requiring mortgage servicers to provide up to 12 months of forbearance to affected borrowers. This year, lawmakers returned with additional proposals to substantially extend mortgage relief.

The desire to assist families following a disaster is understandable and shared by California's banking industry. But these proposals also demonstrate the difficulty of translating emergency relief into statutory mandates. Mortgage loans operate within a complicated national ecosystem involving investors, insurers, federal regulators and the secondary market. Requirements that appear straightforward on paper can create significant operational and contractual complications in practice.

California continues to layer state requirements onto an already heavily regulated industry.

Artificial intelligence, fair lending, privacy and consumer protection all generated proposals this year that intersect with existing federal requirements governing banks. This presents a recurring challenge for policymakers: how to address emerging concerns without creating duplicative or conflicting regulatory regimes.

Banks are not starting from a blank slate. Decisions involving credit, underwriting and servicing already operate within an extensive framework of federal and state consumer protection, fair lending, privacy and safety-and-soundness requirements. Effective policymaking should recognize those protections and focus on genuine regulatory gaps rather than simply adding another layer of compliance.

Constructive engagement continues to matter.

Perhaps the most important theme of the year was one we have seen

repeatedly: legislation can change significantly when policymakers understand how financial services actually work.

Throughout the session, the California Bankers Association and our members engaged with legislators and their staffs to explain operational realities, identify unintended consequences and propose workable alternatives. In some cases, problematic provisions were amended. In others, proposals were substantially narrowed or abandoned altogether. One notable fraud proposal, for example, began the year by imposing extensive new responsibilities on depository institutions but ultimately had all of its banking provisions removed.

That work is rarely as visible as a floor vote or a bill signing, but it is an essential part of effective advocacy.

As we look toward the next legislative session, the issues will undoubtedly change and familiar ones will return. The broader challenge will not. California will continue confronting difficult problems, and policymakers will continue looking to financial institutions as part of the solution. Our job is to ensure that the banking industry is at the table — helping develop policies that protect consumers while preserving a safe, sound and competitive financial system. ■



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Two 2026 Bills Regarding Decedent Accounts Expected to Become Law

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

The California Legislature approved — and the Governor is expected to sign into law — two new bills regarding decedent accounts.

New Penalties for Delayed Compliance with Public Administrators, Public Guardians, and Public Conservators

Assembly Bill 1660 (Schiavo) adds new penalties to existing laws that require financial institutions to provide Public Administrators, Public Guardians, and Public Conservators (PA/PG/PCs) with information and control over accounts. The California State Association of PA/PG/PCs argued that many financial institutions delay compliance with requests, which stalls the probate process and wastes county and taxpayer resources.

The California Bankers Association (CBA) opposed the new penalties, arguing that confusing statutory language

delays compliance. Ultimately, stakeholders reached a compromise that:

- Improves the boilerplate Certificate of Authority language to clarify the law for bank employees receiving the document.
- Enhances validation procedures for PA/PG/PCs by requiring them to present identification or a badge and ensuring the Certificate of Authority includes a way to verify the public employee is legitimate via phone, email, or web.
- Requires the PA to provide detailed identifying information to help financial institutions locate customer accounts, while requiring financial institutions to contact the PA when they need additional information.
- Establishes a 30-day right-to-cure before penalties trigger and requires service for the right-to-cure at the cen-

Under the new law, a non-profit beneficiary can provide its federal employer identification number (EIN) and mailing address for identification purposes.

tral location for legal process already established under Code of Civil Procedure Section 684.115.

Following these final amendments, CBA and other financial institutions removed their opposition, and the bill is expected to become law.

New Duty to Notify Beneficiaries of Securities TOD Accounts

Senate Bill 1288 (Laird) reflects a nationwide effort by non-profit advocates to accelerate the distribution of non-probate transfer-on-death (TOD) accounts. The California bill expands slightly beyond similar laws in other states; notably, it applies to all TOD beneficiaries — not just non-profits — though it includes a one-year implementation delay for individual beneficiaries.

Non-profits testified regarding several challenges they encounter when claiming securities as beneficiaries, including:

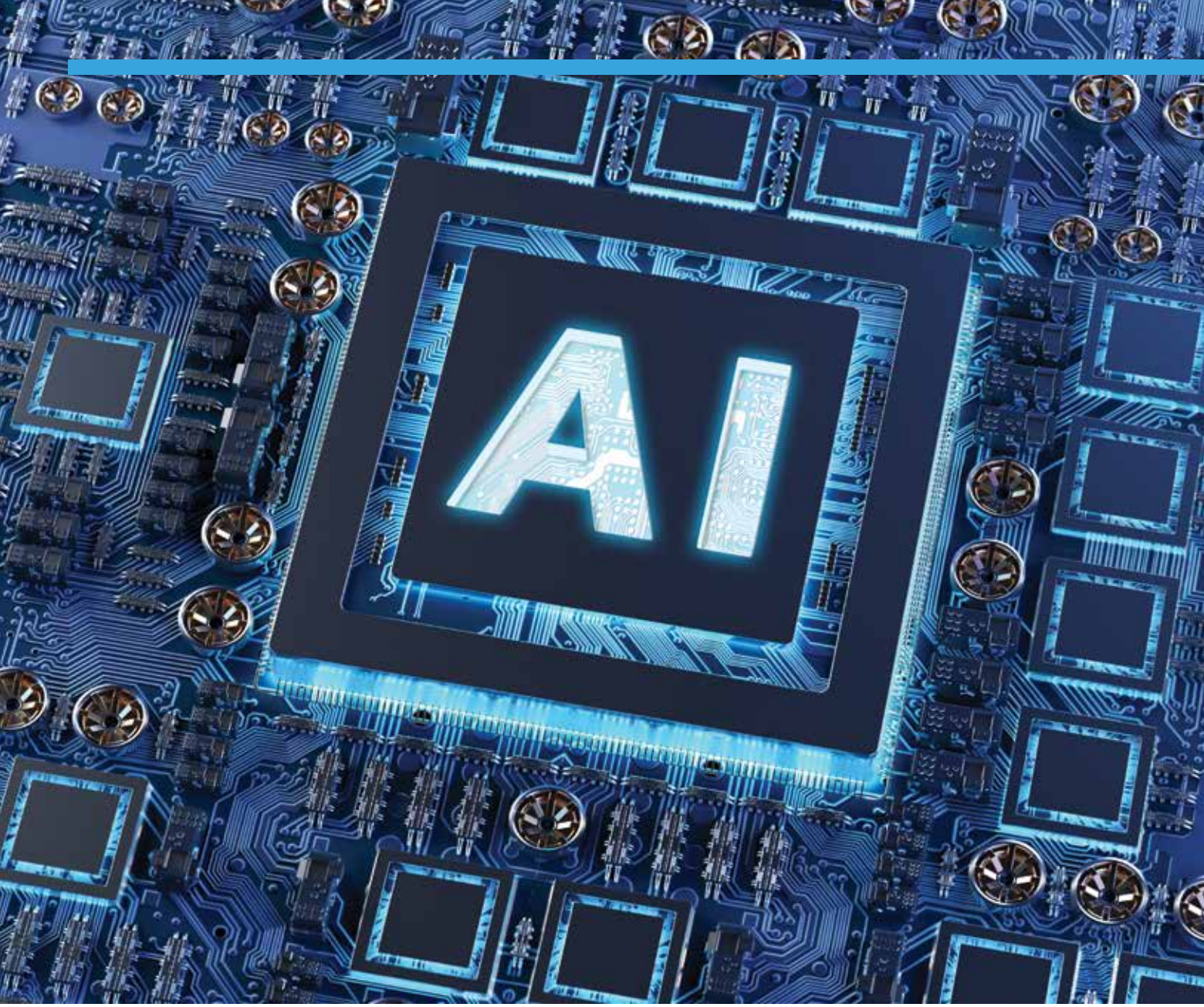
- Lacking notification of their beneficiary status upon an account owner's death.
- Facing demands to open institution accounts — and submit personal identifying information for employees or board members — to receive disbursements.
- Facing demands that each separate beneficiary provide a death certificate for the account holder.

Under the new law, a non-profit beneficiary can provide its federal employer identification number (EIN) and mailing address for identification purposes. The bill prohibits institutions from requiring personal identifying information from individuals associated with the non-profit. Furthermore, the legislation bars institutions from forcing beneficiaries to submit claims simultaneously, setting coordination deadlines among co-beneficiaries, or requiring a beneficiary to open an account to receive the security. Once a beneficiary submits all required documentation, the institution must distribute the designated share within 60 days, with limited exceptions.

Negotiated amendments strengthen the documentation required to establish death, recognize additional circumstances justifying delayed transfers, set reasonable payout and notification timeframes, address potential conflicts of law, and narrow the reasonable, good-faith obligation to notify beneficiaries.

Importantly, CBA held off a last-minute attempt to expand the bill to include payable-on-death bank accounts, retirement accounts, pensions, and other assets. However, proponents are expected to return in 2027 with a proposal to cover additional account types. ■

Read the language of the new laws by searching for the “chaptered” version of each bill at <https://leginfo.legislature.ca.gov/>



Beyond Reporting: The CFO's Expanding Role

By Tina Cota, Senior Vice President & Chief Financial Officer, California Bankers Association

The job description says, “steward of the organization’s resources.” The work is something different.

The Chief Financial Officer (CFO) is the person on the leadership team whose role requires seeing everything but not owning everything. Seeing where capital is going and where it is not. Which priorities are being resourced,

and which are quietly being deferred. Where two initiatives are competing for the same attention, and no one has yet made the call on which takes precedence.

For a long time, that vantage point came with reporting obligations more than with a strategic mandate. And then something shifted.



The modern CFO is no longer just reporting on strategy. The CFO is increasingly helping to shape it.



The CFO now helps connect what the organization says its values are to what it is actually funding.

Today, that connection is being tested and expanded by how quickly operating models are changing across the financial sector.

Institutions are not simply layering in new tools. They are recalibrating how work gets done while still running the business. The work is less about building static processes and more about maintaining continuity while the operating logic itself changes — how credit decisions are made, how liquidity is managed, how customers are served, and how regulatory expectations are met.

External benchmarks reinforce this shift. The Operators Guild's most recent "State of the Operator" report, based on responses from 159 senior operators at high-growth companies, maps where the broader role is heading. The adoption of artificial intelligence (AI), process improvement, and cross-functional alignment ranked as the top three priorities for 2026. Operational leverage is replacing organizational expansion. Finance leaders are moving into the same gravitational field as every other operator carrying performance responsibility.

This change in expectations is also visible in how organizations are structuring their leadership teams.

At McKinsey's recent Global CFO Forum, roughly two-thirds of finance chiefs said the strategy function now reports to them. Five years ago, that figure was less than one-third.

CFOs already sit at the intersection of capital allocation, performance, risk, and investor expectations. Now they are also being asked to help determine where institutions place their biggest long-term bets, particularly as AI changes operating models, investment priorities, and competitive dynamics.

The challenge is not simply measuring the cost of AI or identifying efficiencies. It is deciding where transformation can create lasting value, what infrastructure and vendors to support, and how the organization must change to capture the return — on the balance sheet, in the income statement, and in the risk profile.

The modern CFO is no longer just reporting on strategy. The CFO is increasingly helping to shape it.

That raises a simple but demanding question: "How can I create the greatest value for where this organization is going?"

Budgets tell stories. Technology investments tell stories. Partnerships tell stories.

Every investment represents a decision about the future.

Seen through this lens, today's choices about where to deploy capital, talent, and technology are effectively early decisions about the institution's future balance sheet and operating model.

Looking ahead, the themes remain central: sustaining performance in a shifting rate and competitive environment, funding technology and data capabilities that genuinely improve decision-making, and maintaining strong capital and liquidity positions in line with evolving regulatory expectations. The experiences of today provide a practical roadmap for aligning financial strategy with risk, regulatory, and growth priorities as conditions continue to evolve.

This aligns with the perspective in the American Institute of Certified Public Accountants Rise 2040 work, which posited that deeper analytic capabilities, more agile planning disciplines, and closer alignment among finance, risk, and business leadership will be required to anticipate structural shifts rather than respond to them after they are fully underway. ■



Deposit Accounts Involving Minors – What to Know

By Natalie Straus, Director, ProBank Education Services, Forvis Mazars

Financial institutions face a series of challenges and restrictions when establishing deposit accounts involving minors. Consideration of the benefits and limitations associated with various account types may help ensure customer satisfaction and institution compliance. The following minor account types are the most offered. Learn about their nuances below.

Uniform Transfer to Minors Act Accounts

These accounts are opened in accordance with state-specific statutes, but the overarching principles are generally consistent. A deposit into this account type creates an irrevocable gift to the minor. This means that ownership of funds is fully transferred to a minor customer. However, transaction authority will reside with an adult custodian. The custodian manages the account for the benefit of the minor.

This dynamic often leads to operational confusion. However, the institution's contract is with the adult custodian. Thus, the adult custodian is the only one with transaction authority. The minor is prohibited from accessing the funds or the account in any capacity. It is the responsibility of the adult custodian (and not the financial institution) to distribute the funds in accordance with state law when the minor reaches the age of majority.

Minor Accounts

Most states have statutes specifically permitting the establishment of a deposit account in the name of a minor. There is typically no requirement that an adult be associated with the account. The account operates in the same way as a single party account held by an adult when it is opened in the name of a minor. This means that the minor is the owner of the funds and maintains full transaction authority.

It is important to recognize that this account arrangement does not give transaction authority to an adult (even if they are a parent). In addition, state law may limit an institution's ability to recoup a loss in connection with an overdrawn or charged off account owned by a minor. These risks and limitations should be taken into consideration when determining whether to offer minor accounts.

Joint Accounts With a Minor & an Adult

Many institutions believe that the most prudent approach to minor accounts is a joint account with an adult owner and a minor owner. The adult and minor are equal owners on the account. Therefore, they have equal transaction authority, and the minor has full access to the funds. The funds are also not protected for the benefit of the minor. Funds on deposit in joint accounts may be subject to garnishment orders or other debt instruments, even if the adult incurred the debt.

How Forvis Mazars Can Help

Based on this overview, institutions should consider various account features and limitations when establishing a minor accounts policy. In addition, seeking support from local counsel or a third party such as ProBank Education Services at Forvis Mazars can help with understanding these accounts.

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This article was contributed by Forvis Mazars, an Associate Member of the California Bankers Association. If you are a CBA member and would like to contribute an article, please contact communications@calbankers.com.



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Private Credit's Growing Shadow Requires Greater Transparency

California Banking Perspective

By Kevin Gould, President and CEO, California Bankers Association

There is a pattern that repeats itself in financial history. Risk migrates to where regulation is lightest. When lending activity moves outside the traditional banking system, policymakers and regulators should pay close attention. Today, the rapid growth of private credit deserves that attention.

Private credit has become one of the fastest-growing seg-

ments of the financial market. This includes direct lending by private equity-affiliated funds, business development companies, and asset managers that have moved aggressively into a space traditionally occupied by banks. Advocates highlight the flexibility, speed, and customized structures that these lenders can offer.

However, private credit is also an example of what many

have long described as “shadow banking,” which refers to credit intermediation occurring outside the traditional banking system and largely beyond the regulatory framework governing banks.

That distinction matters.

Unlike banks, private credit lenders are not subject to the same disclosure requirements, capital standards, or supervisory oversight. They are not reporting to regulators on the same schedule or with the same transparency as banks. Investors in these funds receive periodic updates. But policymakers and the public do not have clear visibility into the risks accumulating, underwriting quality, or stress tolerance of this lending market.

This opacity creates challenges, especially when economic conditions start to decline.

One area deserving particular attention is the technology sector. Over the past decade, technology companies have attracted enormous amounts of capital and have become increasingly important drivers of economic growth, employment, productivity, and innovation. Yet many technology firms operate with business models that depend heavily on future growth expectations, recurring capital raises, or valuations that can fluctuate dramatically when market conditions change.

In recent years, private credit providers have increasingly become a source of financing for portions of the technology ecosystem. In some cases, these loans may be secured by assets that are difficult to value or monetize during periods of stress. In others, repayment assumptions may rely on growth trajectories that become challenging to sustain during economic slowdowns.

Our association does not raise concerns lightly. But part of our responsibility is to get ahead of issues before they become crises. The concern is not that private credit exists. Competition in lending can serve borrowers well. The concern is the combination of size, concentration, and opacity that now defines this market.

The rapid growth, lack of transparency, and high exposure to sectors prone to sudden valuation shifts should lead to careful discussions among policymakers and regulators. Financial crises rarely emerge from the risks everyone can see. They often originate in areas where information is incomplete, oversight is fragmented, and

market participants assume someone else is monitoring the problem.

We have seen this pattern before.

Before the 2008 financial crisis, significant risks accumulated outside traditional banking channels. Complex financial structures, a lack of transparency, and interconnected markets contributed to vulnerabilities that were not fully recognized until stress occurred. Although today’s private credit market is quite different from the structures that existed at that time, the lesson remains that the lack of transparency can mask risk.

The purpose of raising these concerns is not to discourage innovation or restrict capital formation. Rather, it is to encourage greater transparency and better information. Policymakers make better decisions when emerging risks can be evaluated objectively rather than retroactively.

There is another important reason this conversation matters.

When economic disruptions happen, people often focus on banks. Regardless of the source of the issue, the banking industry is frequently painted with a broad brush. However, today’s banks operate under strict supervision, undergo stress tests, meet capital requirements, and adhere to transparency obligations. At the same time, a growing share of credit creation is occurring outside this regulated framework.

If policymakers are serious about identifying emerging risks before they become crises, scrutiny should extend beyond the traditional banking sector. Focusing exclusively on regulated institutions while overlooking significant activity in less transparent markets creates an incomplete picture of financial stability.

We are not calling for the elimination of private credit. We are calling for a serious policy conversation about whether a market of this size, lending into sectors with this level of complexity, should continue to operate with such opacity. At a minimum, policymakers and regulators should ask what they do not know and why.

That conversation should begin now, while conditions remain favorable, rather than later when answers become far more difficult to find. ■

Advancing Your Banking Career: The Value of Banking Education

CBA Scholarship Initiative Supports Professional Growth

In a rapidly evolving financial landscape, professional development has become more critical than ever. The California Bankers Association (CBA) recognizes that the strength of California's banking industry depends on the expertise and innovation of its people. That's why CBA continues to champion educational opportunities that help banking professionals advance their careers while strengthening the industry as a whole.

The Strategic Importance of Continuous Learning

The banking sector faces unprecedented challenges and opportunities. From navigating changing regulatory requirements to implementing emerging technologies, bankers at all levels need access to quality education and professional development. Whether you're early in your career or moving into leadership, staying current with industry knowledge and best practices isn't optional — it's essential.

Professional development serves multiple purposes. It equips you with the knowledge needed to perform your current role more effectively, prepares you for future responsibilities, and demonstrates commitment to your career trajectory. Employers recognize these benefits too, which is why investing in employee education yields measurable returns through improved performance, increased retention, and stronger institutional capabilities.

Removing Barriers to Professional Development

One of the most significant obstacles to pursuing advanced education is cost. Tuition, fees, and the time commitment required to balance education with full-time work can seem daunting. When financial concerns become a barrier to learning, talented banking professionals may miss the opportunity to deepen their expertise and advance their careers.

The CBA Scholarship Initiative exists to remove these barriers. By covering tuition costs and reducing financial obstacles, CBA makes it possible for full-time employees at member banks to pursue the education they need without sacrificing financial stability or derailing their current responsibilities.

The Proven Impact of Banking School Education

Attending programs like the Pacific Coast Banking School, the Stonier Graduate School of Banking, or other specialized banking courses provides more than technical knowledge. These educational experiences offer networking opportunities with peers from institutions across the region, exposure to emerging trends and best practices, and the foundation for professional credentials that enhance your credibility and career prospects.

Banking professionals who pursue formal education report greater confidence in their roles, increased ability to contribute meaningfully to strategic discussions, and improved career trajectory. The investment in your education today pays dividends throughout your career.

Supporting Your Professional Goals

The CBA Scholarship Initiative recognizes that professional development takes many forms. Whether your path involves a one-week specialty school, a full degree program, or professional certifications like those in regulatory compliance and risk management, CBA scholarships can help bridge the financial gap and make these opportunities accessible.

Next Steps

If you work full-time at a CBA-member bank in California, you may be eligible for scholarship support. The specific programs covered, application procedures, and deadlines are detailed on the CBA website and accompanying materials. Taking that first step toward advanced professional education could be the catalyst for significant career growth.

Your commitment to learning strengthens not only your own career prospects but also contributes to the resilience and competitiveness of California's banking industry. The CBA Scholarship Initiative reflects a shared belief that investing in people is investing in the future of banking in California.

Learn more about CBA scholarship opportunities at www.calbankers.com. ■



APPLY NOW FOR SCHOLARSHIPS!

Scholarship Initiative

To better educate and assist California bankers in their professional development goals, the California Bankers Association (CBA) is pleased to offer scholarship opportunities to any full-time employee of a CBA-member bank employed in California

CBA scholarships will be awarded, upon successful application to, and selection by CBA to pay for:

- **100 percent of tuition costs for the entire school term** for the Pacific Coast Banking School at the University of Washington, the Stonier Graduate School of Banking at the University of Pennsylvania, the Graduate School of Banking at the University of Wisconsin, or the Graduate School of Banking at Colorado.
- **Fees for professional certificate programs and related prep courses and study materials** for Certified Regulatory Compliance Manager (CRCM), Certified Anti-Money Laundering Specialist (CAMS), Certified Financial and Trust Advisor (CFTA), and Certified Enterprise Risk Profession (CERP), among other designations.
- **Tuition to attend a one-week specialty school** at the Graduate School of Banking at the University of Wisconsin.
- **Tuition up to \$2,000 for courses taken for credit related to banking** from an accredited educational institution such as a four-year college or university, or community college.
- **Registration fees up to \$1,000 for SBA training courses / programs** offered by the National Association of Government Guaranteed Lenders (NAGGL).

How to Apply

Go to www.calbankers.com/scholarship for the application form and to review the complete Scholarship Rules and confirm applicant eligibility. Applicants applying for a scholarship for PCBS must complete and submit an application to PCBS directly before CBA's application deadline of **Monday, May 31, 2027**. Scholarships for all other banking schools should be submitted 30 days prior to the start date.

1. A CBA application for the banking school scholarship must be accompanied by a letter from an executive officer of the bank recommending the applicant and a copy of the submitted PCBS, Stonier, UW or GSBC application.
2. Applicants are also required to submit a personal letter describing how attending banking school would help advance his or her career goals.
3. Applicants applying for scholarships for college courses and professional certificate programs will be notified of a decision on a rolling basis.
4. CBA will notify all PCBS applicants of a decision by Friday, June 18, 2027.

Events and Education Calendar

Bank Counsel Seminar

October 14, 2026
Virtual (Live)

Bank President's Seminar

January 6-8, 2027
Montage Laguna Beach, CA

Lending & Credit Conference

Nov. 3-5, 2026
Newport Beach, CA

Annual Conference & Directors Forum

May 25-28, 2027
Carlsbad, CA

For more information about CBA events and education, and sponsorship opportunities, visit:
www.calbankers.com/events-education



We're doing it
AGAIN!

Every member bank receives one **FREE** registration to every in-person conference in **2027**.

2027 EVENT LINEUP

Bank Presidents Seminar January 6 - 8, 2027 Montage Laguna Beach	Annual Conference & Directors Forum May 25 - 28, 2027 Omni La Costa Resort & Spa	Women in Banking Forum June 2027	Risk & Compliance Conference Fall 2027	Lending & Credit Conference Fall 2027
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