



# Greenlined Banking Standards

# Table of Contents

<b>Authors</b>	<b>3</b>
<b>Acknowledgements</b>	<b>4</b>
<b>Equity Framework and Definitions</b>	<b>6</b>
<b>Introduction</b>	<b>7</b>
<b>Developing the Greenlined Banking Standards</b>	<b>9</b>
<b>Key Areas of Focus</b>	<b>11</b>
<b>How to Read the Standards</b>	<b>13</b>
<b>Roadmap for Adopting the Greenlined Banking Standards</b>	<b>15</b>
<b>Small Business</b>	<b>16</b>
<b>Home Lending</b>	<b>23</b>
<b>Equity-Centered Practices</b>	<b>26</b>
<b>Community Engagement</b>	<b>35</b>
<b>Community Development</b>	<b>44</b>
<b>Climate Finance</b>	<b>53</b>
<b>Consumer-Centered Products</b>	<b>58</b>
<b>Conclusion</b>	<b>63</b>
<b>Endnotes</b>	<b>64</b>

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The Greenlined Banking Standards were developed through partnership with community-based organizations (CBOs) in the Greenlining Coalition and beyond, and advocates who have expertise, lived experience, and community engagement. The following partners informed this work at every stage, and we are grateful for their time and commitment to advancing racial equity in the financial sector.

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## The Greenlining Coalition:

The Greenlining Coalition is made up of diverse community organizations that have banded together around a shared mission of social justice. In the 1970s, the coalition had a simple vision: instead of competing for crumbs in an extractive economy, they would work together to create a future of abundance through a just economy – a greenlined economy.

Greenlining was founded in 1993, and the Coalition still plays a key role in our work, lending important grassroots voices to our advocacy efforts, and keeping us grounded in the real-world experiences of their members and communities.

Learn more about the Coalition at our [website](#).

# THE GREENLINING INSTITUTE

The Greenlining Institute works towards a future where communities of color can build wealth, live in healthy places filled with economic opportunity, and are ready to meet the challenges posed by climate change. Greenlining is building an abundant future that brings investments and opportunities into our communities – what we call Greenlining. Since 1993, we have successfully advocated and negotiated initiatives directing more than \$800 billion in corporate and public investments into communities of color in California and across the nation.

# Equity Framework and Definitions

This report uses equity-centered language to reflect the persistent racial wealth gap and the historical and ongoing disparities in financial services affecting low-income communities and communities of color. **Equity** is the central focus of the Greenlined Banking Standards to ensure the greatest impact in community investment by intentionally directing resources and services.

To ensure clarity, we use the following definitions:

**Bluelining:** Bluelining refers to the practice of financial institutions – such as insurers, mortgage lenders, and banks – withdrawing services or hiking prices in areas they label as high-risk for climate impacts. It mirrors the discriminatory patterns of redlining, where communities of color were historically denied access to credit, insurance, and investment.

**Community:** For the purposes of this report, when referencing community we mean the community-based organizations and advocacy allies whose feedback informed these standards. They represent underrepresented groups including: low-income and Black, Indigenous, People of Color (Latine and Asian American Pacific Islander), Immigrants, trans-queer, cis-women, and the working class.

**Disadvantaged Community:** A disadvantaged community is a census tract formerly identified by the Environmental Protection Agency [Climate & Environmental Justice Screening Tool](#) as facing high climate risk, pollution burden, and socioeconomic vulnerability. Banks can use the CEJST mapping tool to specifically define climate-vulnerable communities – which significantly overlap with Low-to-Moderate Income communities – and extend CRA-aligned investments to these communities that support disaster preparedness and resilience.

**Greenlining:** The Greenlining Institute was formed as a direct response to the harms of redlining. Greenlining is the affirmative and proactive practice of providing economic opportunities to communities of color.

**Redlining & Redlined Communities:** Redlining is a historical discriminatory practice in which banks and government agencies denied or limited access to credit and financial services in neighborhoods – primarily communities of color – based on perceived risk. Though formally outlawed, redlining has led to lasting patterns of disinvestment, contributing to today’s racial wealth gap and unequal access to opportunity.

**SEDI Small Business:** As defined by the [Small Business Administration](#), a SEDI small business is one owned and controlled by individuals who have been subjected to racial or ethnic prejudice or cultural bias or a Socially and Economically Disadvantaged Individual.

**Underserved Community:** An underserved community refers to a population or geographic area that has been systematically denied, or has not received, equitable access to essential resources, opportunities, and investments necessary for financial well-being and stability. These areas may include communities that are of “low income, high unemployment, low levels of home ownership, high rent burden, or low levels of educational attainment” due to structural barriers and historical neglect according to [California’s Strategic Growth Council](#).

# Introduction

As racial wealth inequity in the United States grows, the role of banks in shaping economic opportunity has never been more consequential. For generations, communities that were redlined have been denied full and equal participation in the banking system. Today, those same neighborhoods continue to experience the compounded effects of social, economic, and environmental harm, as economic inequality deepens and the racial wealth gap widens, particularly for Black and Latine families.

The Greenlining Institute's advocacy in banking has long centered these realities. The persistence of inequity is not incidental – it is the result of policies, practices, and investment decisions that have structured opportunity along racial and economic lines.

**History, research, and the lived experiences of our communities all point to the same truth: inequity is pervasive, it is unsustainable, and it is harmful to everyone.** This moment requires decisive action. Justice does not advance through intention alone; it advances through structure, accountability, and measurable change.

**The Greenlined Banking Standards** are Greenlining's strategic response, designed to ensure racial and economic equity is not aspirational, but operationalized at the core of banking systems, practices, and decision-making.

***We call on banks to join us in this work.***

For more than 30 years, Greenlining has successfully directed hundreds of billions of dollars in investments into low-income communities and communities of color, including through [community benefit agreements](#) with banks. **The Greenlined Banking Standards build on this legacy and history, translating decades of advocacy into a roadmap for advancing racial and economic equity in banking.**

Informed by the expertise of community-based organizations within the [Greenlining Coalition](#), and racial and economic justice allies, these standards are designed to deliver measurable and meaningful benefits to historically underserved communities. They provide a clear blueprint for banks to ensure banking products, services, and practices confront the longstanding barriers to access and affordability that continue to block economic mobility and wealth-building for low-income communities and communities of color.

Implementation of the Greenlined Banking Standards is intended to mobilize and direct private capital into historically redlined and disinvested communities by strengthening community partnerships with banks operating in California.

These standards are a necessary economic countermeasure and response to a shifting political and regulatory environment. As key enforcement mechanisms and federal safeguards for consumers – including the Community Reinvestment Act and the Consumer Financial Protection Bureau – face sustained challenges, mandates for banks to serve historically underserved communities are

weakening. Meanwhile, emerging financial technology and artificial intelligence are rapidly reshaping how access to credit, insurance, and public benefits are determined, often without adequate equity guardrails.

Together, these dynamics reinforce a two-tiered financial system: one in which white households are more likely to access affordable, wealth-building financial products, while Black and Brown families and low-income communities are more likely to be excluded or steered toward higher-cost credit, riskier products, and extractive fee structures. The result is not only unequal access, but unequal terms – terms that erode trust, drain wealth, and push families to the margins of the mainstream financial system, further exacerbating the racial wealth gap.

It is within this context that nearly 40 million Americans remain underserved by mainstream<sup>1</sup> banks, including almost one in four households in California that are unbanked or underbanked. This reality underscores the urgent need for proactive equity-centered standards that ensure our financial system works for everyone.

In this moment, it is essential that we affirm and protect racial equity in partnership. Strong relationships with banks are critical to the success of the Greenlined Banking Standards, and to advancing the original intent of the CRA – to address the lasting social and economic impacts of redlining on low-income communities and communities of color.

By working alongside banks that share this commitment, we can reinforce both the legality and urgency of embedding racial equity into financial systems as a necessary step to repair past harms, expand access to opportunity, and build a more just and inclusive economy. By implementing these standards, banks can align with community priorities, demonstrate leadership in equity, and build lasting community trust.

# Developing the Greenlined Banking Standards

Greenlining’s Economic Equity Team began work on these standards in 2024, informed by our 30-year history of engaging with financial institutions and community-based organizations to deliver community benefits. To ensure our standards reflected and addressed present-day financial barriers, needs, and concerns, each set of standards was comprehensively analyzed, researched, and grounded through a qualitative review process which involved listening sessions, interviews, and meetings with community partners.

From 2025 through early 2026, Greenlining met with CBOs, Coalition members, civil rights attorneys, economic justice and research organizations, and financial institutions to gather feedback on these recommendations. These conversations helped refine the standards, ensure alignment with community needs, and incorporate evidence, data, and stories to inform our approach.

During these feedback sessions, community partners emphasized several concerns and uncertainties in the current political, regulatory, and financial landscape driven by the Trump Administration. Key issues raised include:

- The rollback of the 2023 Community Reinvestment Act<sup>2</sup> rules, which established clearer guidelines for community development and considerations for climate vulnerable communities, including efforts to mitigate and respond to climate change and natural disasters.
- Weakening of small business data collection efforts through Section 1071 of the Dodd Frank Act.<sup>3</sup>
- Misuse of “debanking” narratives to justify rolling back climate, civil rights, and equity-centered priorities, creating a massive chilling effect on legitimate efforts to align financial regulation and practices with public interest.
- Changes to the Greenhouse Gas Reduction Fund<sup>4</sup> that have stalled climate projects ready to move forward and forced CDFIs to reduce risk-taking in the absence of federal support.
- Efforts to dismantle the Consumer Financial Protection Bureau, which has returned over \$21 billion to consumers harmed by unfair financial practices.
- Decimation of civil rights enforcement and fair lending practices, including the Equal Credit and Opportunity Act<sup>5</sup> and disparate impact standards.
- Consolidation of the banking industry through financial sector deregulation,<sup>6</sup> streamlining bank merger applications, and limiting public participation in Community Reinvestment Act exams, further weakening public benefits in communities and calls for transparency and accountability.
- Reversal of key enforcement mechanisms intended to reign in extractive financial policies such as the overdraft rule,<sup>7</sup> “junk fees,” and credit card late fees.<sup>8</sup>
- Reversal of crucial enforcement actions<sup>9</sup> addressing redlining and consumer protections by the Department of Justice and CFPB.

- Retreat from diversity, equity, inclusion, and racial equity commitments, undermining the work of organizations – many within the Greenlining Coalition – that were established to confront and eliminate systemic barriers to economic opportunity and mobility.
- Threats to funding for organizations and programs designed to address inequities in small business, community development, and housing caused by discrimination and unequal access to resources.
- Cuts to federal and state budgets limiting funding for affordable housing programs,<sup>10</sup> including Low-Income Housing Tax Credits, Department of Housing and Urban Development services, Section 8 vouchers, and new affordable housing development.

While the legal foundation for advancing equity remains intact, executive orders, policy shifts, and disinformation have fostered fear and uncertainty. At the same time, the Trump Administration’s rhetoric on racial equity and diversity, equity, and inclusion has created pressure for institutions – including banks and financial services providers – to retreat from equity commitments rather than strengthen them. ***This pullback may be subtle, but communities are already experiencing its effects through reduced investment, scaled-back programs, and slower progress on efforts to expand access to credit and financial services.*** This shift has revealed how quickly fear and ambiguity can influence institutional decision-making.

Yet the core economic challenges facing low-income communities and communities of color have not disappeared, and neither have the responsibility and the opportunity to address them. Under these conditions, it is crucial to recognize that when safeguards against bias and discrimination are weakened or eliminated, new barriers emerge and existing ones widen. Without these guardrails, inequity deepens. In financial services, that translates into reduced access to credit, fewer pathways to homeownership and small business growth, and greater economic precarity for communities already navigating systemic disadvantage.

At Greenlining, racial equity remains at the center of our work. Even amidst the chilling effect of these actions, we have made a deliberate decision not to step back from this commitment. The development of the Greenlined Banking Standards reflects that choice.

We are committed to collaborating with banking partners who share a dedication to advancing equity in practice, not just in principle, and to building a financial system that expands opportunity, repairs past harms, and delivers meaningful outcomes for the communities most impacted by inequity.

# Key Areas of Focus

The Greenlined Banking Standards focus on key areas where Greenlining and our Coalition partners hold deep expertise – *home lending, small business, community development, consumer-centered products, climate finance, equity-centered practices, and community engagement.*

Within these areas, the standards outline specific recommendations and expectations for how banks should structure their products, practices, and investments. Together, these standards provide a community-informed blueprint for banks to respond to community priorities and deliver tangible racial equity outcomes by expanding access to affordable and inclusive financial services in low-income communities and communities of color.

The table below provides a brief description of each standard and its purpose.

## Greenlined Banking Standards – At a Glance

### 1. Small Business

1.1 Community Development Financial Institution Partnerships	Strengthen partnerships and investments with CDFIs and CBOs to expand flexible capital, technical assistance, and financing pathways for small businesses owned by SEDIs.
1.2 Supplier Diversity	Embed well-resourced supplier diversity programs into procurement to ensure fair participation and expanded opportunities for underrepresented small businesses.
1.3 Small Business Special Purpose Credit Programs	Expand access to credit for SEDI entrepreneurs through targeted, culturally-relevant SPCPs.

### 2. Home Lending

2.1 Home Mortgage Special Purpose Credit Program	Increase affordable and good quality mortgage originations for LMI first-time homebuyers and communities of color.
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### 3. Equity-Centered Practices

3.1 Equity-Centered Leadership Strategy	Embed equity practices into operational core functions to ensure fair, inclusive, and accessible processes free from discrimination.
3.2 Equity-Centered Infrastructure	Prioritize staffing capacity and resourcing of teams to meet equity based goals.
3.3 Staff, Leadership, and Board Diversity	Build a representative workforce and leadership structure that reflects the communities banks serve.

### 4. Community Engagement

4.1 CRA Staff Capacity	Invest in internal capacity to implement and support community reinvestment activity.
4.2 Data Collection & Analysis	Implement systems for disaggregated data collection and analysis of community reinvestment activity.
4.3 Community Advisory Board	Create a Community Advisory Board composed of diverse CBOs in the bank's service areas.
4.4 Language Access & Outreach	Provide culturally appropriate and linguistically tailored services in the bank's assessment areas.

### 5. Community Development

5.1 Transformative Pre-Development & Gap Financing	Provide multi-year, flexible pre-development grants to developers and community development organizations that serve predominantly communities of color.
5.2 Value Preceding Lending	Provide lending products that bridge financing gaps in projects due to suppressed property values in historically redlined and underserved communities.

### 6. Climate Finance

6.1 Disaster Preparedness & Resilience Investments	Scale meaningful investments in disaster preparedness, recovery, and resilience in LMI and disadvantaged communities.
6.2 Climate Risk Disclosure & Governance	Manage climate-related financial risk while maintaining equitable access to capital for LMI and disadvantaged communities.

### 7. Consumer-Centered Products

7.1 Affordable Short-Term Loan	Provide safe, low-cost loans to reduce reliance on high-interest debt.
7.2 No Overdraft & Non-Sufficient Funds Account	Provide checking accounts with no fees or minimum balance requirements to increase access for LMI and communities of color that are disproportionately unbanked and underbanked.

# How to Read the Standards

Each standard is structured to include its purpose, recommendations, performance metrics, and desired outcomes. For each standard, we offer two tiers of performance metrics that reflect increasing levels of **time and resources** required to advance equitable banking practices. This approach recognizes that policies, practices, and programs that are **more** responsive to low-income communities and communities of color will have a greater impact on delivering equitable banking outcomes.

The first tier of performance metrics is **Commitment to Community-Centered Banking**. These metrics focus on banking practices moving beyond minimum CRA requirements, ensuring that community **informs** programs, policies, and practices. This includes **tracking community needs** and building internal capacity and infrastructure, while lowering barriers that limit access to resources for disinvested communities, tailoring products and services to community needs, and moving away from practices that are solely transactional or compliance-driven.

The second tier of performance metrics is **Leading for Equitable Banking**. These metrics focus on building on community-centered banking by positioning community groups as **co-creators and collaborators**. At this level, equitable banking approaches **shift power by ensuring communities are actively involved in the banking process and distribution of resources**. These practices allow banks to play a role in dismantling unjust systems and structures and driving long-term systems change.

Each standard also includes sections that outline the importance of the issue being addressed, the specific barriers or needs it responds to, tangible next steps, key questions to consider, and framing to support adoption and implementation of the standard.

## Why this Standard Matters:

This section provides qualitative and quantitative data gathered through community feedback and research to highlight why the standard is needed.

## Equity in Practice:

This section provides implementation tips for banks, including guidance on first steps to take to integrate the standard and questions banks should consider to ensure equity and community priorities remain central throughout the process of developing and implementing the standard.

<b>Standard Elements</b>	
<b>Purpose</b>	Identifies community needs and provides context for why the standard is important.
<b>Recommendation</b>	Focuses on the program, activity, or product for banks to implement to achieve the stated purpose.
<b>Performance Metrics</b>	Establishes measurable expectations for banks, separated into two tiers (Commitment to Community-Centered Banking & Leading for Equitable Banking), to track and evaluate progress towards equitable banking practices.
<b>Commitment to Community-Centered Banking</b>	Goes beyond CRA obligations to respond to community financial needs. Banks begin to assess and address barriers in access through targeted outreach to underserved communities and communities of color and organizations that serve these communities. Seeks and responds to community input, but not fully integrated into planning, systems, and approach.
<b>Leading for Equitable Banking</b>	Bank is a partner and co-creator with community members in local, underserved communities and communities of color; community priorities shape decisions on products and services. Prioritizes procedural and distributional equity with an aim to address racial and economic inequalities. Equity outcomes are measured, tracked, and reported.
<b>Outcome</b>	The intended impact and outcome of the standard.

# Roadmap for Adopting the Greenlined Banking Standards

Drawing on decades of Greenlining’s advocacy, research, and policy expertise, this guidance provides a roadmap for how banks can engage with communities to expand investment and access to resources in underserved communities and communities of color, as well as how Greenlining will partner with banks and communities to implement the standards.

Implementation of the Greenlined Banking Standards relies on three critical components designed to guide collaboration between Greenlining and participating banks. These components outline how banks can work towards meeting our **Leading for Equitable Banking** performance metrics and translate the standards into progress.

**Annual Data Request:** To begin implementation, the Greenlined Banking Standards will inform Greenlining’s annual data request to banks, with a focus on collecting data aligned with the recommendations and performance metrics outlined in the standards. This step establishes a baseline for measuring progress, monitoring impact, and identifying ongoing disparities.

**Fostering Partnerships:** Analysis of the data provided will help identify areas of growth and collaboration between Greenlining and bank partners. Through this process, community partners, Coalition members, and bank leadership will collaborate on strategies to successfully meet the Greenlined Banking Standards.

As partners, banks play a critical role in shaping how these standards are implemented – helping to co-design solutions, pilot strategies, and ensure products and practices reach the communities they are intended to serve. By working in partnership – banks, community organizations, advocates, and allies – we can advance solutions that respond to the real economic needs of underserved communities.

**Collaborative Working Group:** The Greenlined Banking Standards quarterly working group will provide a forum for banks to engage with Greenlining and community partners as they work towards implementing the standards. This will support ongoing dialogue, strengthen trust and accountability, and create space for banks and community groups to collaborate on strategies for implementation, as well as identify opportunities to co-create programs and products.

To ensure timely progress and momentum, Greenlining will work with banking partners to implement the performance metrics in our standards within a three to five year timeframe. While meeting the Greenlined Banking Standards is voluntary, we highly encourage banks to work as collaborators and partners to implement the standards to help fulfill CRA obligations, and intentionally carve out pathways for economic opportunity in communities that have been historically redlined and disinvested in.



## GREENLINED BANKING STANDARDS

# Small Business

Greenlining's standards on Small Business address persistent capital access gaps for Socially and Economically Disadvantaged small businesses that continue to limit market participation and local economic growth.

These standards outline practical strategies for banks to expand access to capital by strengthening partnerships with Community Development Financial Institutions, deploying Special Purpose Credit Programs, and integrating supplier diversity into core business operations.

## 1.1 Community Development Financial Institution Partnerships

<p><b>Purpose</b></p>	<p>Integrate CDFI partnerships into core business strategy to help close capital gaps and strengthen local economies.</p> <p>Sustained, long-term investment – paired with technical assistance and clear accountability – will enable the bank to expand credit access, reach underserved entrepreneurs, and support inclusive economic growth that benefits communities and drives institutional performance.</p>
<p><b>Recommendation</b></p>	<ul style="list-style-type: none"> <li>• Increase sustained philanthropic and balance-sheet investments in CDFIs (including grants, equity, and flexible, low-cost capital) to address chronic undercapitalization and expand lending to SEDI small businesses.</li> <li>• Align investments with local partners and pair capital with targeted technical assistance to support responsible growth and long-term sustainability.</li> </ul>
<p><b>Commitment to Community-Centered Banking</b></p>	<ul style="list-style-type: none"> <li>• Annually increase the number of mission-aligned CDFI partnerships by 10–15%.</li> <li>• Increase the level of sustained capital and technical assistance provided to those partners to expand lending capacity and reach to SEDI small businesses.</li> </ul>
<p><b>Leading for Equitable Banking</b></p>	<ul style="list-style-type: none"> <li>• Annually increase the number of mission-aligned CDFI partnerships by 10–15%.</li> <li>• Proportionally scale total capital and technical assistance to support meaningful growth in lending capacity, contributing toward a 30% total financing increase over five years.</li> </ul>
<p><b>Outcome</b></p>	<p>Expanded and sustained partnerships with CDFIs to increase the flow of capital to SEDI small businesses. This will improve access to credit and support for diverse entrepreneurs, while strengthening the long-term economic stability and resilience of their businesses.</p>

## Why This Standard Matters:

Community feedback expressed that CDFIs and CBOs are often the most trusted and effective financial partners for SEDI small business owners. Traditional banks have historically underserved these communities due to inflexible underwriting, limited local presence, and products that do not align with community needs. As a result, entrepreneurs and small businesses in these communities frequently turn to CDFIs and CBOs that offer culturally relevant support, flexible capital, and relationship-based lending grounded in local knowledge.

CDFIs play a critical role beyond deploying capital. They provide technical assistance, language-accessible services, and hands-on guidance to help small businesses navigate financing, stabilize operations, and scale sustainably. Greenlining Coalition members consistently identify these institutions as key entry points into the financial system for many diverse entrepreneurs. According to 2025 data from the Opportunity Finance Network,<sup>11</sup> CDFI clients are: 66% people of color, 85% LMI, 26% rural, and 48% women-identified.

Communities also emphasize that when banks invest in and collaborate meaningfully with CDFIs, capital reaches businesses that would otherwise be left out. These partnerships can facilitate more opportunities for procurement and supplier diversity, create lending pipelines, and help ensure economic benefits remain rooted in local communities.

## Equity in Practice:

Banks can develop stronger CDFI partnerships equitably by assessing how CDFI and CBO partnerships fit into their existing strategies, systems, and priorities. Banks should consider engaging local community based organizations to identify mission-aligned CDFIs in its footprint, understanding the multiple entry points a small business may have in the ecosystem (ranging from technical assistance providers, local and state supplier diversity programs, CDFIs and CBOs) and establish ways to support CDFIs through direct engagement (e.g. low-cost loans, equity investments, grants).

Additionally, strong partnerships between CDFIs and banks require alignment around one another's constraints and opportunities. We encourage banks to facilitate joint learning sessions on underwriting standards, risk tolerance, compliance and regulatory expectations.

## 1.2 Supplier Diversity

<b>Purpose</b>	<p>Advance equitable economic inclusion by embedding supplier diversity into core procurement practices. Create predictable opportunities for diverse suppliers and support supplier readiness to drive local jobs, strengthen regional economies, and generate lasting impact for underserved communities.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>• Allocate 20% of procurement spend to diverse suppliers within five years and require Tier 1 contractors to subcontract with SEDI small businesses.</li> <li>• Provide training, mentorship, and technical assistance to help diverse suppliers meet procurement and certification requirements.</li> <li>• Track and publicly report supplier diversity by SEDI ownership or control categories to support transparency and targeted improvement.</li> <li>• Facilitate structured networking opportunities that connect diverse suppliers with prime contractors and procurement officers.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<p>Launch a supplier accelerator designed to increase the number of procurement-ready SEDI suppliers by 10–15% annually, leveraging partnerships with networks like National Minority Supplier Development Council and Women’s Business Enterprise National Council to maximize outreach and supplier capacity-building.</p>
<b>Leading for Equitable Banking</b>	<p>Increase spending with diverse supplies by 4% annually as a share of total procurement and publish annual supplier diversity data disaggregated by SEDI ownership or control categories across the supply chain. Integrate equity goals into procurement evaluation criteria.</p>
<b>Outcome</b>	<p>Clear targets, strong support, and transparent reporting expand contracting for SEDI small businesses, strengthen supplier capacity, and drive long-term economic inclusion and local wealth creation.</p>

## **Why This Standard Matters:**

Underrepresented small businesses are routinely excluded from bank and corporate procurement despite being qualified to take these contracts on. Opaque processes, relationship-based contracting, and high compliance barriers have exacerbated this gap. Community feedback makes clear that the challenge is not the absence of supplier diversity programs, but their fragmentation, complexity, and limited reach – particularly for smaller and diverse suppliers.

Even when SEDI small businesses meet technical qualifications, they often struggle to access procurement opportunities due to unclear pathways, inconsistent requirements, and limited visibility into subcontracting opportunities. Another critical barrier is unstable revenue which prevents SEDI small businesses from hiring, scaling, and securing the working capital required for large contracts.

Large bank procurement spending remains heavily concentrated among long-standing vendors, with limited participation from small and diverse businesses, particularly beyond first-tier contracting.

Expanding supplier diversity addresses this gap by unlocking stable contracts for SEDI small businesses. This creates pathways for SEDI small businesses to grow and build wealth, while strengthening local economies. When banks intentionally extend opportunities through both direct and second-tier participation, procurement becomes a tool for advancing economic inclusion.

## **Equity in Practice:**

To equitably advance supplier diversity in a bank's procurement efforts, banks should align procurement, supplier diversity, and small business teams to ensure consistent implementation of these standards. Supplier diversity efforts are most effective when they are integrated into core procurement systems rather than treated as a standalone program.

Second-tier participation further expands opportunities for diverse suppliers, mentorship and technical assistance help build supplier capacity, and clear accountability mechanisms ensure that supplier diversity commitments translate into measurable outcomes.

### 1.3 Small Business Special Purpose Credit Program

<p><b>Purpose</b></p>	<p>Expand access to capital for SEDI small business owners.</p> <p>Historical disinvestment and biased credit standards have left many of these businesses underfunded. Intentionally designed, culturally-relevant <i>Special Purpose Credit Programs</i> can help SEDI small business owners start businesses, build financial stability, and generate wealth in underserved communities.</p>
<p><b>Recommendation</b></p>	<ul style="list-style-type: none"> <li>● Prioritize lending to SEDI small businesses with annual revenues under \$1 million.</li> <li>● Apply flexible credit standards, including credit scores of 550 or higher for loans over \$50,000, and no minimum requirement for smaller loans.</li> <li>● Incorporate alternative credit data and pair capital with free technical assistance (provided by the bank or local small business technical assistance providers) before and after lending to strengthen borrower readiness and improve repayment outcomes.</li> </ul>
<p><b>Commitment to Community-Centered Banking</b></p>	<ul style="list-style-type: none"> <li>● Design and implement a place-based SPCP targeting SEDI-owned small businesses, with a cumulative goal of \$100 million in loans over five years.</li> <li>● Aim to extend approximately 15% of the bank’s small business lending to SEDI small businesses.</li> <li>● Track progress annually with year-over-year benchmarks for loan origination and borrower support to ensure steady growth and continuous improvement.</li> </ul>
<p><b>Leading for Equitable Banking</b></p>	<ul style="list-style-type: none"> <li>● Design and implement a place-based SPCP in partnership with CBOs, embedding local priorities into outreach, underwriting, and reporting.</li> <li>● Ensure that at least 75% of borrowers meet community-identified criteria.</li> <li>● Publicly report outcomes annually to track impact and demonstrate progress towards expanding equitable access to capital for SEDI small businesses.</li> </ul>
<p><b>Outcome</b></p>	<p>By expanding access to flexible credit and pairing capital with culturally-relevant support, banks can help SEDI small businesses access capital, build wealth, and drive sustainable growth in local economies.</p>

## Why This Standard Matters:

Feedback from both banks and communities shows that many SEDI small business owners face persistent barriers to traditional credit – not because they lack viable business models, but due to historical disinvestment and systemic barriers. This includes factors such as limited credit histories, lower credit scores, and limited access to credit-building pathways.

Standard underwriting models often fail to consider alternative credit indicators, leaving many capable entrepreneurs sidelined despite alternative indicators that would demonstrate their ability to qualify for financing.

Greenlining Coalition members also report that even when capital is available, technical assistance ecosystems are fragile and unevenly resourced. This limits borrowers' ability to navigate credit processes and establish long-term relationships with banks. As a result, viable SEDI small businesses that could succeed with the right support remain disconnected from lenders.

SPCPs can help bridge this disconnect by targeting credit access gaps and pairing lending with the support SEDI-owned small businesses need to become bankable, without undermining safety or sustainability.

## Equity in Practice:

SPCPs should be grounded in clearly identified credit access gaps and informed by robust community engagement. This ensures programs address the systemic cost barriers that have historically limited access to capital for SEDI small business owners.

SPCPs are most effective when lending is paired with technical assistance that strengthens borrower readiness and reduces lender risk. The success of California's Investment & Innovation Program in expanding small business lending demonstrates this in action. By providing grants for technical assistance, Cal IIP enabled lenders including Greenlining partner, [Inclusive Action for the City](#), to increase annual small business lending by 15%, directly expanding access for underserved entrepreneurs.



## GREENLINED BANKING STANDARDS

# Home Lending

Greenlining's standards on home lending focus on expanding equitable access to homeownership for communities of color. Banks can help address persistent disparities in homeownership by offering targeted products that expand access to credit, including SPCPs.

## FINDINGS IN FOCUS

Homeownership is a key pathway to building wealth and stability, yet it remains inaccessible for most families of color in California.<sup>12</sup> To understand this disparity, The Greenlining Institute has analyzed California's annual home lending data reported under the federal Home Mortgage Disclosure Act since 2015.

**Greenlining's latest analysis** of 2024 home lending data shows that racial disparities in home lending continue to lock California's communities of color out of the housing market, perpetuating generational wealth gaps and exacerbating the housing crisis. Borrowers of color face higher interest rates, higher closing costs, and lower approval rates than white borrowers — meaning they are both less likely to become homeowners and more likely to pay more when they do.

**At the same time, nonbank mortgage companies increasingly dominate the California mortgage market and often offer higher-cost or subprime products to communities of color. In this environment, it is critical that banks meet the credit needs of the communities they serve by offering responsible alternative lending products that expand access to homeownership.**

## 2.1 Home Mortgage Special Purpose Credit Program

<b>Purpose</b>	Expand mortgage lending in low-income communities and communities of color through inclusive lending products, such as an SCPC.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Establish a <i>geography or people-based</i> program or product that incorporates alternative metrics for determining creditworthiness, tailored to underserved communities, including communities of color.</li> <li>● Incorporate program elements including: <ul style="list-style-type: none"> <li>▪ Homebuyer assistance (\$15,000 minimum) for down payments, closing costs, and rate reductions.</li> <li>▪ Alternative underwriting criteria with no minimum credit score requirement.</li> <li>▪ Required HUD-certified homeownership counseling for borrowers.</li> <li>▪ Partnership with CBOs led by underserved communities.</li> <li>▪ Suggested partnerships with local municipalities.</li> <li>▪ Commitments to responsible, proactive and flexible loan modification and loss mitigation practices that aim to keep borrowers in their homes during recession or economic downturn.</li> </ul> </li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Design and implement a <i>geography-based SPCP</i> dedicating 1% of the bank’s total California deposits to the program over five years.</li> <li>● Track progress annually to ensure steady growth, with year-over-year benchmarks for loan originations and borrower support.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Design and implement a <i>people-based SPCP</i> targeting underserved communities, including communities of color, dedicating 1% of the bank’s total California deposits to the program over five years.</li> <li>● Track progress annually to ensure steady growth, with year-over-year benchmarks for loan originations and borrower support.</li> </ul>
<b>Outcome</b>	Expanded equitable access to mortgage credit enables more LMI families of color to build generational wealth through homeownership. Increased access to homeownership for these communities will strengthen financial stability, promote community investment, and contribute to a more inclusive and equitable lending ecosystem.

## Why This Standard Matters:

Racial disparities in credit scores reflect the lasting effects<sup>13</sup> of historical and systemic inequities, including redlining, housing segregation, employment discrimination, and other systemic barriers. As a result, communities of color are denied<sup>14</sup> credit at higher rates. In California, approximately 19.7% of communities of color have credit scores classified as subprime.

National research shows that Black homebuyers are 1.7 times more likely<sup>15</sup> to be denied a mortgage than other borrowers, limiting opportunities to build wealth, financial security, and intergenerational stability.

Targeted programs intended to increase homeownership for borrowers of color enable banks to address the historical and ongoing effects of redlining and other systemic inequities. From 2022 to 2024, SPCPs helped reduce borrowing costs by \$82 million<sup>16</sup> for more than 57,282 consumers and helped generate \$17.2 billion in economic activity as part of Fannie Mae and Freddie Mac's Equitable Housing Finance Plans.

## Equity in Practice:

To ensure mortgage SPCPs deliver equitable outcomes, program design should include identifying the communities the program is intended to benefit, engaging in intentional community outreach, and input from target communities. The program should target communities<sup>17</sup> that would otherwise be denied credit or receive less favorable terms.

Examples of potential target communities include:

- Minority residents of LMI or formally redlined census tracts
- Residents of majority-Black, Latine, or AAPI census tracts
- Consumers with limited English proficiency
- Residents living on tribal lands

Effective community outreach and engagement strategies can include partnering with CBOs and HUD-certified housing counseling agencies to reach their customer base, contracting with ethnic media outlets, partnering with municipalities, and conducting widespread marketing via online advertising.

Additionally, the SPCP should integrate alternative data – such as rent payment history, utility bill payments, childcare payments, gig economy income, insurance payments, and other financial obligations – to provide a more holistic assessment of a borrower's creditworthiness.

By embracing these inclusive underwriting practices, the SPCP acknowledges and addresses the systemic barriers that have historically excluded communities of color from building wealth through homeownership.



Photo Credit: JJ Harris

## GREENLINED BANKING STANDARDS

# Equity-Centered Practices

“Standards are effective when equity is treated as an operational responsibility with accountability, timelines, and transparency, rather than a standalone initiative or values statement.”

— Jose Pecho, Chairman,  
SF Filipino American Chamber of Commerce

Greenlining’s standards on Equity-Centered Practices ensure that equitable practices are operationalized across the bank.

Embedding equity into core banking practices helps banks decrease workplace disparities, while enabling them to better respond to and serve low-income communities and communities of color.

<b>3.1 Equity-Centered Leadership Strategy</b>	
<b>Purpose</b>	<p>Embed DEI values – equity, fairness, access, and inclusion – into core operations to ensure these values guide decision-making, resource allocation, and organizational culture.</p> <p>This approach shifts DEI from a standalone initiative to an operational strategy that informs how banks set priorities, manage risk, and evaluate outcomes.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Evaluate business goals and internal systems to identify and remove structural barriers to opportunity.</li> <li>● Establish measurable goals to reduce racial and economic disparities.</li> <li>● Integrate equity considerations into bank-wide performance goals.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Conduct biannual employee surveys to assess equity in recruitment, hiring, retention, advancement and professional development, reporting structures, and resolution of internal complaints.</li> <li>● Publish survey findings and identify corrective actions annually, integrating feedback into operational improvements.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Conduct annual reviews of practices, policies, and programs, treating race, gender, and pay disparities as operational risks in compliance with California’s Fair Employment and Housing Act.</li> <li>● Require department heads to submit annual Equity Impact Statements assessing disparate impacts across race, gender, and socioeconomic status in compliance with FEHA.</li> <li>● Establish a cross-functional Leadership Council to address disparities and report to the executive leadership and the board of directors.</li> </ul>
<b>Outcome</b>	<p>Tangible year-to-year reduction in pay, promotion, and representation gaps across all bank departments.</p> <p>This will support the bank in improving workplace equity, employee retention, and institutional accountability.</p>

**Why This Standard Matters:**

“Diversity, equity, and inclusion policies and programs help organizations comply with civil rights laws by ensuring that all people are on an equal footing in the workplace and in educational and medical settings. Organizations that roll back these efforts risk violating anti-discrimination laws if unfair barriers persist.”

— [The Leadership Conference on Civil and Human Rights](#)

Without accountability structures and intentional integration across risk, compliance, human resources, lending, procurement, and executive leadership, equity priorities are often sidelined when competing pressures arise.

Research indicates banks that prioritize DEI have a competitive advantage<sup>18</sup> over their peers, including higher customer and employee satisfaction, and stronger overall performance.

Workforce data also shows that employees want their organizations to prioritize DEI. According to the 2025 Littler Survey<sup>19</sup> of nearly 350 C-suite executives, 76% of companies maintained or increased their DEI commitments in response to employee expectations for sustained engagement. A 2025 national survey<sup>20</sup> found that a majority of Americans, particularly women and people of color, reported tangible career benefits from DEI initiatives, including more inclusive workplace, fairer promotions opportunities, and greater leadership diversity.

Together, these findings underscore that equity-centered strategies strengthen organizational culture and advancement pathways.

Institutions that fail to operationalize these commitments risk eroding trust internally and externally, weakening employee morale, and undermining long-term performance and stability.

## Equity in Practice:

Banks should start the process of embedding equity-centered leadership strategies by understanding how existing processes do or do not promote equitable hiring, advancement, and representation within the bank.

Questions to ask include:

- Does the bank have measurable goals for equitable hiring, advancement, and representation?
- Which demographics tend to be excluded from these opportunities?

When [developing strategies](#),<sup>21</sup> banks should seek inputs and perspectives from sources with diverse skill sets, qualifications, and experiences to ensure new strategies do not reinforce existing biases and equity gaps.

Greenlining partners at PolicyLink and Beneficial State Foundation offer standards on [Leadership and Board Skills](#) and [Employee satisfaction, wellbeing, and belonging](#). These resources emphasize the importance of prioritizing education, training, and employee wellbeing to facilitate better leadership, compliance, retention, and growth outcomes for the bank.

In addition, strong **governance practices** are crucial to ensure strategies are structured, documented, and able to withstand scrutiny. Banks should consult diverse experts in the field to confirm the bank's practices, policies, and programs are legally viable. This approach requires engaging critically with current laws and regulations, rather than structuring equity strategies in reaction to anti-DEI political pressure.

## 3.2 Equity-Centered Infrastructure

<b>Purpose</b>	Ensure equity initiatives are supported by the necessary internal staff capacity and resources required for sustained implementation and measurable outcomes.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>• Allocate staffing and operational resources to develop and sustain internal infrastructure to actualize DEI goals.</li> <li>• Ensure the bank’s board and leadership prioritize and are held accountable to the successful implementation, actualization, and ongoing execution of equity initiatives.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>• Prioritize recruiting and hiring leaders at all levels of the bank with diverse backgrounds, skills, and qualifications.</li> <li>• This includes leaders that have experience engaging with and supporting CBOs and stakeholders from LMI and underserved communities.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>• Prioritize 15% of the bank’s operating budget to fund internal staffing capacity, prioritizing positions that operationalize strategy such as C-suite leaders and operating committee staff.</li> <li>• Mandate that at least 25% of positions on the bank’s board, leadership, and management teams will be held by individuals that will support implementation, actualization, and ongoing execution of equity initiatives.</li> <li>• Annually report percentage of operating budget allocated for equity-centered infrastructure and number of positions at each level recruited internally or externally to execute equity goals.</li> </ul>
<b>Outcome</b>	Dedicated leadership, staffing, and operational resources ensure equity priorities are embedded across the bank rather than confined to individual departments.

## Why This Standard Matters:

Without designated leadership, defined responsibility, and measurable accountability, equity priorities are vulnerable to shifting political pressures and competing business demands.

Research shows that organizations often struggle to translate DEI aspirations<sup>22</sup> into sustained progress when leadership is not clearly accountable and the infrastructure to support cross-functional implementation is lacking. Only 47% of organizations reported having the systems required to advance equity goals, even though far more report having strong DEI aspirations.

Historically, responsibility for advancing DEI initiatives has been concentrated among Human Resources, Talent Acquisition, or Community Reinvestment teams that are already tasked with maintaining regulatory compliance and external engagement. This compartmentalization confines equity to discrete departments rather than embedding it across risk management, product development, lending, procurement, and executive decision-making.

When equity work is siloed, it becomes supplemental rather than strategic. By assigning dedicated leadership roles, establishing cross-functional integration, and setting measurable goals, banks can ensure that equity commitments yield tangible equity outcomes, both internally and externally.

## Equity in Practice:

Banks should start the process of building the staffing infrastructure required to execute equity-centered strategies by assessing existing staff capacity and potential gaps.

Questions to ask include:

- Do we have staffing capacity in management, leadership, and the board that can hold the bank accountable to implementing fair, accessible, inclusive policies and practices?
- Which spaces and communities are we engaging or not engaging with to ensure staff are able to help the bank meet equity goals related to structural fairness and opportunity?

Following [guidance from the California Bar](#) for private sector employers, banks should ensure that staff at all levels have access to new and expanded resources to prioritize and implement the bank's DEI plan, in addition to confirming that all leadership share the same commitment to DEI principles and objectives.

Banks should establish senior-level positions to lead DEI efforts if they do not exist already. This can include roles for chief diversity officer or director of DEI who will contribute to the bank's strategic initiatives and decision-making. These roles should collaborate with staff and spearhead efforts to advance DEI, not rely solely on existing staff with other primary responsibilities.

Beyond senior-level DEI leaders, banks must also compensate employee resource group participants and other staff who contribute to DEI efforts outside of their stated job responsibilities.

### 3.3 Staff, Leadership, & Board Diversity

<b>Purpose</b>	Ensure banks can meet the needs of the communities they serve by building staff and leadership that reflect those communities and bring the knowledge and perspective needed to serve them effectively.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Implement comprehensive, transparent, and equity-centered strategies for recruitment, hiring, and promotion.</li> <li>● Establish partnerships to expand recruitment, collect and analyze data to identify disparities, and create standardized processes and criteria for advancement into leadership positions.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Partner with CBOs and institutions that serve communities of color and other underrepresented groups to conduct targeted outreach to applicants with diverse backgrounds, skills, and qualifications.</li> <li>● Adopt fair chance hiring and inclusive application practices, including the removal of unnecessary degree or credential requirements and other barriers.</li> <li>● Assess, track, and implement transparent promotion criteria and internal mentorship or sponsorship programs to improve advancement opportunities.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Collect and publish disaggregated workforce data and take corrective action to reduce disparities between bank representation and the California labor force, in compliance with the California Fair Employment and Housing Act.</li> <li>● Track internal mobility and promotion rates by demographic group to ensure equitable advancement across all demographic groups</li> <li>● Audit and report board diversity annually, aiming to strengthen diversity in leadership.</li> </ul>
<b>Outcome</b>	<p>Ensure the bank’s workforce and leadership reflect the demographics of the communities they operate in.</p> <p>This will support the bank in building institutional legitimacy and trust, aligning with civil rights and equal opportunity laws, and enabling the bank to better serve their communities.</p>

“Over the last two decades, it has become painfully apparent that diversity, including gender and ethnic, at the Bank Board of Directors as well as senior management level makes a significant difference in how Banks serve an increasingly diverse business and resident customer community. As a former [Bank Board Member], I saw first hand the benefits and impact of my presence on the Board as well as diversity at the executive management level. Small business lending to and investment in diverse communities was higher and had more impact than the industry average. Innovative and entrepreneurial approaches to small business lending to Latino and Black businesses were enthusiastically explored and implemented. And at the end of the day, the Bank was rewarded with excellent financial and portfolio as well as stock price performance.”

— Roberto Barragan, Executive Director  
ICON CDC, San Fernando Valley

### **Why This Standard Matters:**

Banks have an obligation to comply with equal employment opportunity laws and ensure hiring, retention, and advancement practices are accessible and equitable. Despite this obligation, the financial services sector remains one of the least diverse industries, dominated by white male leadership and lacking pathways for underrepresented groups.

Greenlining’s [reporting on racial and gender diversity](#) data at the largest banks in California, with a particular focus on bank board diversity, demonstrates persistent disparities between bank leadership and the communities they serve.

According to Greenlining Coalition members, these disparities contribute to longstanding challenges in trust, access, and responsiveness to community needs. Studies have also found that banks with more diverse leadership structures are more likely to invest in underserved communities.

Real-life experiences show that Black, Latine, and Spanish-speaking customers are disproportionately turned away compared to their white counterparts when attempting to access banking information at bank branches throughout California. A study by the Roosevelt Institute also highlights that banks in low-income communities and communities of color are far more likely to turn people away<sup>23</sup> than banks in white neighborhoods.

When a bank lacks diversity and representation within its own ranks, decisions on hiring and retaining diverse employees are likely to ignore the realities underrepresented demographics face. In addition, a less diverse leadership and workforce are less likely to prioritize DEI efforts throughout the bank. This ultimately impacts decisions that affect the communities they serve.

Bank board data from the 12 Federal Reserve Banks<sup>24</sup> showed “more diverse bank boards were more likely to invest in underserved and predominantly minority communities.” To support equitable economic inclusion and opportunity, it is critical that banks not only mirror the markets they serve, but intentionally recruit, retain, and provide opportunities for upward mobility for all communities, particularly those that have been historically excluded.

**“We share the Greenlining Institute’s emphasis on equity-centered banking—where community priorities shape decisions and measurable outcomes drive accountability. What matters most is that banks deliver measurable progress for low- and moderate-income communities. When banks reflect the diversity of the communities they serve, trust grows—and that trust leads to stronger relationships, expanded access to credit, and long-term economic opportunity.”**

— Jesse Van Tol, CEO  
National Community Reinvestment Coalition



*Rawan Elhalaby, Director of Economic Equity at The Greenlining Institute providing testimony on the importance of Diversity, Equity, and Inclusion in banking at the House Financial Services Subcommittee on DEI*

## **Equity in Practice:**

Banks should implement recruitment, hiring, and promotion practices that expand opportunity rather than reinforce traditional gatekeeping.

Guidance on DEI programs is available from the [California Attorney General](#); civil rights attorneys such as the [Lawyers Committee for Civil Rights](#) and [Public Counsel](#); and non-profit organizations including [The Leadership Conference on Civil Rights](#) and [Urban and Racial Equity](#)).

Banks should consult these resources, which have informed our Staff, Leadership & Board Diversity Standard, to diversify recruitment pools, improve retention, and standardize promotion processes to ensure candidate pools reflect merit rather than qualifications based on pedigrees, wealth, and social mobility.

While banks are not obligated to submit workforce demographic data to regulatory agencies, they can improve data transparency and public trust by responding to data requests by community members and organizations focusing on racial and economic justice in banking.



## GREENLINED BANKING STANDARDS

# Community Engagement

Greenlining's standards on Community Engagement ensure that bank practices are grounded in the input and lived experiences of communities that have been historically underserved.

Effective community engagement strengthens accountability, improves program design, and helps banks more accurately meet the credit needs of the communities they serve.

<b>4.1 CRA Staff Capacity</b>	
<b>Purpose</b>	Strengthen banks' ability to carry out Community Reinvestment Act activities by ensuring sufficient staffing dedicated to community engagement and reinvestment.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Maintain adequate internal staffing capacity to carry out community engagement and reinvestment activities.</li> <li>● Hire regional CRA officers in all service areas to build and maintain relationships with local stakeholders.</li> <li>● Recruit staff with cultural competence and language fluency that reflects the communities they serve.</li> <li>● Invest in local CBOs to implement community reinvestment activity by providing grant dollars for capacity building and local relationship building.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Hire a VP of CRA or CRA compliance.</li> <li>● Hire at least one CRA Officer per service region, depending on population size.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Direct 5% of community reinvestment funding toward capacity-building grants for local CBOs to implement community reinvestment activities.</li> <li>● Establish relationships with at least five new California-based CBO partners that the bank has not supported in the past.</li> <li>● Prioritize partnerships with CBOs led by communities of color that focus on the community reinvestment goals outlined in the Greenlined Banking Standards, such as people of color-led community development, housing, and small business support.</li> </ul>
<b>Outcome</b>	The bank has the staffing capacity, skills, and commitment necessary to conduct successful community engagement and reinvestment in LMI and historically underserved communities.

## Why This Standard Matters:

CRA staff at many banks operate with limited capacity while managing large geographic areas with significant community needs. Teams often consist of only one or two staff members responsible for overseeing extensive reinvestment activities.

This limited capacity hinders banks' ability to build meaningful relationships with communities and respond to emerging community needs. This disproportionately harms communities of color and other historically underserved communities that have faced insufficient community reinvestment for decades.

Expanding CRA staffing capacity allows banks to strengthen partnerships, identify effective community investments, and improve their ability to meet reinvestment goals.

## Equity in Practice:

Banks should begin by evaluating whether their CRA teams have sufficient staffing, cultural competency, and language fluency to engage effectively with the communities they serve.

The bank should consider whether there are enough CRA staff to intentionally engage a wide range of CBOs, and how expanding the capacity of the CRA team can help the bank meet its CRA goals.

A bank should also consider how it can implement its community reinvestment activity directly through CBOs by investing in the capacity of these on-the-ground organizations to serve their communities' economic needs.

**“Our community values consistent, face-to-face engagement and leadership that shows up in the communities banks serve, like regular in-person interaction, local decision-making authority, and accountability structures that reflect community input. Equity efforts are most effective when relationships are built through ongoing, on-the-ground engagement, not just policies or statements.”**

— Jose Pecho, Chairman  
SF Filipino American Chamber of Commerce

## 4.2 Data Collection & Analysis

<b>Purpose</b>	Ensure banks can identify and address inequities in how they serve communities by collecting and analyzing demographic data across products, services, and reinvestment activities.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>• Establish and maintain internal systems and infrastructure, including necessary software and staff capacity, for collecting and analyzing disaggregated data for applicants and recipients of community reinvestment programs.</li> <li>• Use this data to assess the impact of the bank’s community reinvestment activities and targeted programs for communities.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>• Respond to annual Greenlined Banking Standards data requests.</li> <li>• Collect and publish data on community reinvestment activity annually.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>• Create processes for collecting demographic data that cover all legally permissible attributes of systematically excluded groups from all product applications and client intake forms.</li> <li>• Dedicate staff to analyzing community reinvestment and racial data collection, and develop annual plans to address gaps.</li> </ul>
<b>Outcome</b>	Improved transparency and data analysis enables the bank to more accurately assess the impact of community reinvestment activities and identify opportunities for improvement.

## Why This Standard Matters:

Transparency and accountability are essential for banks, communities, and advocates to assess whether programs tailored for communities of color and other underserved communities sufficiently meet their needs.

Trust is built when communities can clearly see how banks are meeting their credit needs – not just in regulatory exams, but through ongoing, public accountability. When decisions are not grounded in community input, banks risk investing in programs that miss the mark and fail to serve the communities they are intended to reach.

For the past 30 years, Greenlining’s data requests have been essential to identifying the utility of products and services across the banking sector among underserved communities. Through transparent data collection, banks can build stronger and more productive relationships with community-serving institutions by assessing and adapting programs based on community feedback.

Beneficial State Foundation’s [Equitable Bank Standards](#) informed these standards and offers additional guidance on collecting race-specific data.

## Equity in Practice:

Banks should embed ongoing evaluation and public transparency into their community engagement and reinvestment strategies to assess their impact over time.

In addition to responding to Greenlining’s requests for data on the metrics outlined in this publication, banks should consider collecting and evaluating their performance in meeting the needs of underserved communities across all of their business lines.

### 4.3 Community Advisory Board

<b>Purpose</b>	Provide structured opportunities for communities to provide input and perspective to inform the development and implementation of community-centered products and services.
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>• Create a Community Advisory Board composed of diverse CBOs in the bank's service areas to review and assess the bank's progress towards meeting community reinvestment goals.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>• Ensure a diverse composition of the CAB that reflects the geography and demographic of the bank's service areas and clientele, as well as underrepresented, historically redlined groups and trusted representatives of CBOs, such as those in the Greenlining Coalition.</li> <li>• Require participation from executive leadership in CAB meetings.</li> <li>• Hold quarterly meetings with regular feedback loops between the bank and CAB members.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>• Document CAB feedback and recommendations, a plan for how the bank will implement the recommendations, and actions taken by the bank.</li> <li>• Implement CAB feedback on a quarterly basis.</li> </ul>
<b>Outcome</b>	Strengthen communication between banks and communities through the CAB, enabling communities to provide input on how the bank meets community reinvestment goals, including the Greenlined Banking standards, as well as support the bank in identifying emerging community needs.

## Why This Standard Matters:

CABs provide communities with a direct channel for communicating community priorities and evaluating the bank’s progress on the development and implementation of community-centered products and services.

Communities rely on CABs to make their voices heard, and banks should rely on these formations to stay on track in meeting their community reinvestment goals.

Greenlining Coalition members that have historically served on CABs emphasize the value the CAB delivered to their communities in several instances, including: advising on bank branch locations, recommending outreach strategies for products and services, advising on community reinvestment priorities, and the implementation of community benefit agreements to ensure banks meet their commitments.

**“From my experience participating on community advisory boards for financial institutions, the input of advisory members who represented communities of color were integral to crafting programs that intentionally meet the community’s needs.”**

— Darlene Mar, Council of Asian American Business Associations of California  
Greenlining Coalition Member

## Equity in Practice:

To maximize its value and effectiveness, the CAB should reflect the diversity of the communities the bank serves, including representatives from historically redlined neighborhoods and underserved populations. This can be accomplished through direct outreach to CBOs serving communities within the bank’s service areas. Additionally, banks should ensure the application to participate is accessible to community members with few barriers to ensure applicants with a wide range of experiences are considered.

To ensure that feedback from the CAB is successfully implemented, the bank must establish consistent feedback loops between the CAB and bank staff. This will build trust between banks and communities, and ultimately increase the effectiveness of bank programs.

## 4.4 Language Access & Outreach

<b>Purpose</b>	<p>Ensure the bank can provide equal and fair access to products and services for Limited English Proficient borrowers at every step of a customer’s experience.</p> <p>This includes outreach, branch materials, loan officers, and online call-services.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>• Provide culturally-relevant and linguistically tailored services to meet the needs of the bank’s customers and the neighborhoods within their service areas.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>• Offer all materials, applications, and underwriting services in-language for LEP borrowers.</li> <li>• Ensure customer-facing staff and loan officers are fluent in the languages spoken by the bank’s customer groups.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>• Provide training to staff, from CEO to tellers, on providing culturally-relevant customer service.</li> <li>• Engage with and contract at least five ethnic media outlets to support community outreach on grants, products, and services offered by the bank.</li> </ul>
<b>Outcome</b>	<p>The bank can more adequately and equitably serve the communities the bank operates in by improving language access and outreach for LEP borrowers, ensuring fair access to the bank’s products and services.</p>

## Why This Standard Matters:

Approximately 25 million people in the United States are considered LEP, yet many face barriers to accessing financial services, despite this demographic being considered one of the demographics most prepared<sup>25</sup> to buy a home.

After the 2008 housing crisis, immigrants faced higher rates of foreclosure,<sup>26</sup> which can be partly attributed to language barriers that prevented homeowners from getting help.<sup>27</sup> In a study by the Roosevelt Institute, 37% of Spanish-speaking visitors were turned away<sup>28</sup> during their visit at a California bank, compared to 15% of English speakers. The Urban Institute has also found that limited English skills are linked to lower<sup>29</sup> homeownership rates, depriving LEP communities of the wealth-building opportunities provided through homeownership and access to small business capital.

Greenlining Coalition members emphasize the importance of [ethnic media outlets](#) in reaching underserved communities, especially LEP individuals. Media outlets owned by and serving specific communities of color are essential, trusted sources of information for the communities they represent and serve, offering banks an opportunity to reach these populations more effectively than through mainstream media outlets.

## Equity in Practice:

In evaluating its approach to language access, the bank should assess whether it has a full understanding of the ethnic communities and languages spoken within each service area, rather than focusing only on the most commonly spoken languages.

The bank should also consider whether in-language services are available for all major languages spoken within each service area, and whether the bank staff and systems are equipped to serve a client who speaks a language they have not previously encountered.

Finally, the bank should assess whether it is actively partnering with ethnic media outlets that can reach a customer base the bank may not otherwise be able to access.



## GREENLINED BANKING STANDARDS

# Community Development

Greenlining's standards on Community Development focus on addressing persistent financing gaps for community-based organizations and developers serving communities of color. These gaps are the result of years of disinvestment and underresourcing in communities of color.

Applying these standards will create channels for financing projects in underinvested neighborhoods that deliver material benefits in low-income communities and communities of color.

## KEY CONTEXT

While federal banking regulators have proposed to rescind guidance under the 2023 CRA rules, Greenlining supports the updated and expanded definition of CRA eligible Community Development activities that encouraged proactive and innovative investments in under-resourced communities. This guidance made progress towards meeting community development financing needs in low-to-moderate income (LMI) communities by including 11 additional eligible community development activities, such as disaster resiliency and affordable housing, and included 12 factors to assess the impact and responsiveness of all community development efforts within these communities.

## 5.1 Transformative Pre-Development & Gap Financing

<p><b>Purpose</b></p>	<p>Stabilize and strengthen community development pipelines in under-resourced communities by investing in CBO and community developer capacity and funding early- and late-stage projects.</p> <p>Address conventional capital gaps by creating channels for lending in markets that have been underinvested.</p>
<p><b>Recommendation</b></p>	<ul style="list-style-type: none"> <li>● Provide multi-year, flexible pre-development grants or investments to small community developers and CBOs serving communities of color with under \$10 million in annual operating revenue at the following levels for each organization:             <ul style="list-style-type: none"> <li>▪ \$100,000-\$200,000 every two years in unrestricted capacity-building grants to fund project staffing, training, and resourcing.</li> <li>▪ \$30,000-\$50,000 annually per project to fund technical subcontractors in site control, design development, or capital stacking (e.g. architects, owner representatives, and grant-writers).</li> <li>▪ \$750,000-\$2 million in grants or project-related investments (in tandem with local municipalities or CDFIs) to move fully entitled, near construction projects into implementation.</li> </ul> </li> <li>● Prioritize groups advancing:             <ul style="list-style-type: none"> <li>▪ Community Land Trusts and shared equity models</li> <li>▪ Essential community infrastructure such as community centers and mobility improvements</li> <li>▪ Climate resilience and disaster preparedness infrastructure</li> <li>▪ Affordable housing projects for extremely low-income populations</li> </ul> </li> </ul>
<p><b>Commitment to Community-Centered Banking</b></p>	<ul style="list-style-type: none"> <li>● Prioritize investments towards funding small, community developers and CBOs with under \$10 million in annual operating revenue and three to five years of experience.</li> <li>● Prioritize investments towards capacity-building, early-stage and near-construction project phases, and number of projects advanced or completed due to this capital; include additional capital secured.</li> </ul>
<p><b>Leading for Equitable Banking</b></p>	<ul style="list-style-type: none"> <li>● Track and disclose percentage of funded projects that directly serve communities of color, low-income neighborhoods, or other priority populations as defined by the program criteria.</li> <li>● Disclose the number of CBOs and community developers serving communities of color, disaggregated by race or ethnicity.</li> <li>● Increase lending activity after seed investment: 10% year-over-year increase in financing dollars moving through neighborhoods.</li> </ul>
<p><b>Outcome</b></p>	<p>Improved funding channels in markets that have been under-resourced and under-developed.</p> <p>Community developers and CBOs serving communities of color have expanded funding capacity to drive development and infrastructure projects forward.</p>

## Why This Standard Matters:

CBOs often face significant barriers to securing early-stage financing, particularly in underinvested neighborhoods where development risk is perceived to be higher due to historical disinvestment. This can significantly delay or prevent community development projects from moving forward where they are often needed most.

These communities would benefit from the tiered funding approaches outlined above to build the capacity of CBOs that are focused on addressing the negative effects of redlining, including food deserts, more severe climate-related impacts, limited mobility and transportation options, and limited access to job opportunities and schools.

Greenlining Coalition member Faith and Community Empowerment's story below demonstrates the impact of pre-development dollars and how, in some cases, pre-development funding can act as a catalyst, supporting CBO's access to consultants, education, resources, and partnerships to build the infrastructure needed to package their projects and transition them into early stages of development.

## Equity in Practice:

Banks should evaluate their community development strategies to ensure investments are impactful and responsive to the needs of LMI and communities of color. Funded projects should be equitable in process, development, and deployment of resources.

Key considerations include:

**Community Engagement:** Identify best practices for community engagement to further understand, support, and address community development needs such as those highlighted in our **community engagement standards**. Ensure that communities have a decision-making role and that community representatives and experts are included in decisionmaking throughout the process.

**Program Development:** Consider whether the program or policy generates burdens (including displacement and increased costs), either directly or indirectly, on vulnerable populations, identifying ways to address and mitigate them.

**Product Delivery:** Consider the mechanisms banks will use to ensure benefits are delivered to underserved populations (e.g. provide jobs, provide extra financial resources or investments), referencing the 2023 CRA guidelines on "impact and responsiveness factors"<sup>30</sup> to encourage banks to establish metrics and benchmarks that assess their impact.

## CASE STUDY

# Community in Focus

## Faith and Community Empowerment (FACE) C2 Leadership Program

### Los Angeles, CA

The [C2 Leadership Institute](#) is a transformative professional leadership program targeting faith leaders, ministers, lay leaders, and community nonprofit leaders interested in community development. The program empowers and awakens leaders to new possibilities and sustainability for their ministries and services by strengthening church and community partnerships through engagement and advocacy. Over the course of the Institute, each fellow launches or strengthens a community development initiative and is mentored by funders, government officials, media, faith leaders, and community development experts.

Through **capacity-building grants supported by financial institutions**, FACE addresses a critical and often invisible gap in the development ecosystem: the stage prior to formal project development. Many leaders have vision, but lack awareness of funding sources, understanding of capital needs, and the technical skills required to package projects for investment. Without early support, projects stall before they ever reach a bank's pipeline.

“We're unleashing this whole slew of resources and energy by leveraging what's already there and the people who are also receiving services. It's a win for them. It's a win for all the partners. It's a win for the community and the entity that's helping to make that happen because of a training like the C2 Leadership Institute”

— Hyepin Im, CEO & Founder



C2 Leadership Institute Cohort 2018

Photo Credit: Faith and Community Empowerment

Capacity-building grants fund outreach, education, consulting, technical assistance, and localized mentorship. FACE is able to help fellows build partnerships, navigate funding and political landscapes, understand what to ask for, and develop the tools needed to show up prepared in meetings with funders and partners. By investing in pre-development dollars and “hand-holding” support, **fellows increased their capacity by an average of 200%**, positioning projects in affordable housing, community gardens, financial literacy, homeownership, small business development, arts, and other services and education to move from vision to viable investment opportunities.



*C2 Leadership Institute Pitch Competition Winner George Selman  
Photo Credit: Faith and Community Empowerment*

5.2 Value Preceding Lending	
<b>Purpose</b>	<p>Support community-serving projects in historically underinvested and undervalued neighborhoods by expanding lending models beyond traditional appraisal-based financing.</p> <p>Conventional appraisal methods frequently underestimate the catalytic potential of community-serving projects in these neighborhoods due to historical disinvestment that has led to suppressed property values.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Develop a lending product that incorporates cost-to-complete and future community value in underwriting decisions. The product should include: <ul style="list-style-type: none"> <li>▪ Loan-to-value ratios up to 95% or appraisal waivers supported by community value and de-risking models</li> <li>▪ Channeling CRA-qualified capital into blended financing (with CDFIs, public funds, and loan guarantees)</li> <li>▪ Flexible interest-only or revenue-based repayment structures</li> </ul> </li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Allocate 15% of community development lending to capital stacks and risk-sharing models in historically redlined communities with LTVs over standard thresholds due to depressed appraisals in disinvested neighborhoods, Persistent Poverty Counties, Native Land Areas or Tribal territories, and areas with low community development financing.</li> <li>● Track and report total number of loans, investments granted, and community impact.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Allocate 25% of community development lending and investments to capital stacks and risk-sharing models in historically redlined communities by documented future community value and cost-to-complete, supporting disinvested neighborhoods, as described above.</li> <li>● Track and report loans and investments granted and community impact, including use of alternative valuation underwriting, such as: <ul style="list-style-type: none"> <li>▪ LTV exceptions granted</li> <li>▪ Justifications based on future community value or capital stack composition</li> <li>▪ Presence of public, philanthropic, or CDFI partners to mitigate loan risk</li> </ul> </li> <li>● Report total number of loans and investments granted including dollar amount, type of organization and project, and impact of the community-serving project.</li> </ul>
<b>Outcome</b>	<p>Projects that otherwise would not have moved forward due to appraisal-based loan denial are able to move forward. The completion of these projects leads to a measurable increase in affordable housing, cultural anchors, and community-owned assets in previously disinvested areas, as well as greater wealth retention and equity in communities of color that have faced historical disinvestment.</p>

## Why This Standard Matters:

Community projects in historically disinvested neighborhoods often receive low appraisals due to nearby properties lacking comparable high-value developments. This suppresses the future appraised value, making it difficult or impossible to secure adequate financing, even for high-impact, community-serving projects.

Conventional lending practices, tied tightly to these appraisals, reinforce disinvestment rather than help reverse it. Greenlining the Block partner Little Manila Rising's story underscores this systemic issue, showing the ways that tools like appraisals and LTV are rooted in financial inequalities, continuing to reinforce patterns of disinvestment established by redlining.

## Equity in Practice:

As banks work with organizations and developers who are attempting to implement community-serving projects in formerly redlined communities, it is critical to understand the following systemic issues:

- Depressed neighborhood values due to redlining result in depressed appraisals requiring cost to complete and long-term community value, not limited by appraisal-based lending models.
- The bank's role in **mitigating wealth leakage** in CBOs and organizations serving communities of color needing "transformative financing" structures, requiring banks to have strong localized partnerships to remedy any risk concerns.
- Recognize the communities' proximity to issues versus financing large developers and corporations that can cause more harm through displacement, gentrification, and segregation.

Making equity real requires banks to make exceptions on loan-to-value to facilitate projects that would otherwise not be financially supported and to build public partnerships to facilitate blended financing structures. This approach will require banks' willingness to finance more complex deals and build awareness and education to understand how their bank can increase investments through these partnerships.

Lastly, developing mutually beneficial relationships with community organizations is essential to help establish rapport, build long-term trust, and accountability. This approach helps identify financing barriers that exclude communities from economic development, and work as co-collaborators to identify solutions to address their financing barriers.

## CASE STUDY

# Community in Focus

## Little Manila Rising's (LMR) Rehabilitation Project

### Stockton, California

[Little Manila Rising](#) was formed to disrupt cultural erasure and preserve the cultural richness of the Little Manila community in South Stockton – a neighborhood shaped by decades of redlining, freeway construction, and public policies that extracted value rather than invested in it. Like many formerly redlined communities, South Stockton bears the physical and economic scars of historical marginalization: environmental pollution from highways that cut through the neighborhood, underinvestment in infrastructure, and suppressed property values that continue to shape access to capital today.

“To the north of the crosstown freeway you’ll see investment in that community, and to the south you’ll see real neglect. Our history is on the wrong side of the freeway”

— Dillon Delvo, Executive Director & Co-Founder

In 2024, LMR moved to acquire and rehabilitate its building into a climate resilience and cultural community hub. The total cost to complete the project was \$6.6 million. However, when the property was appraised, its value came in at approximately \$2.4 million, around \$4.2 million below the project’s cost.



Founder, Dillon Delvo standing in the Little Manila historic site in South Stockton  
Photo Credit: James Sobredo



Building design of the revitalized Little Manila community space expected to be completed in early 2027  
Photo Credit: Design by WMB Architects

## KEY CONTEXT

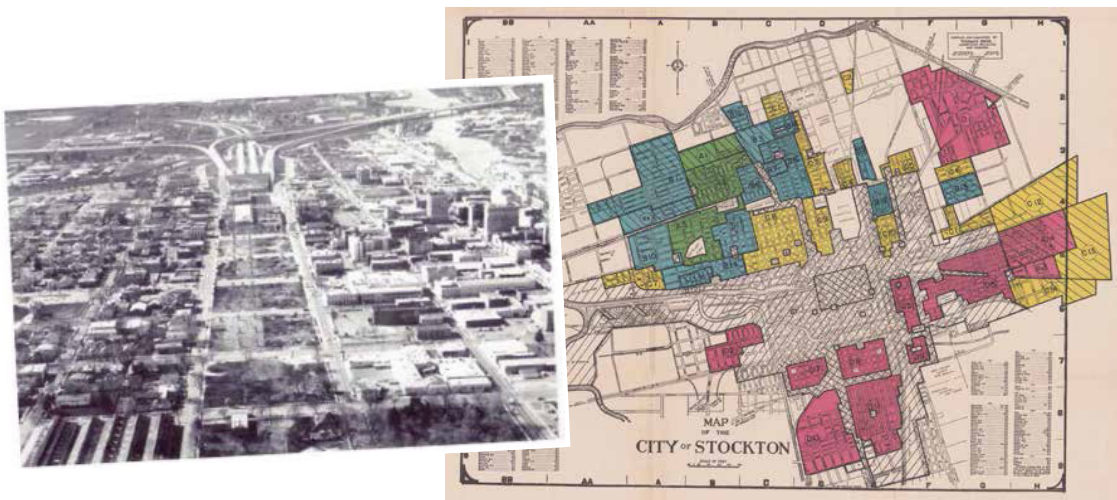
Wealth leakage occurs when communities invest time, labor, and capital into rebuilding their neighborhoods, yet the financial system fails to recognize or finance that value. Because lending decisions are tied to appraised value, and appraisals rely on historically suppressed comparables, communities of color are forced to absorb higher costs, secure more complex capital stacks, or accept unfavorable financing terms simply to build what other neighborhoods can finance with ease.

This gap was not a reflection of the building’s potential, demand for services, or the strength of community vision. Because banks lend based on appraised value, the suppressed valuation severely constrained LMR’s loan-to-value ratio (70-80% of appraisal), limiting access to traditional financing contributing to **wealth leakage**. To move forward, the organization had to assemble a complex capital stack of grants, CDFI loans, and mission-driven funds, while navigating barriers that required specialized capacity and partnerships that projects in higher-value neighborhoods do not face.

While LMR ultimately assembled the capital stack needed to move forward, the journey revealed a deeper structural issue: persistent redlining does not just limit past opportunity, it actively suppresses present-day asset values, restricting economic mobility and slowing community-led development.

Projects like LMR’s demonstrate both the resilience of community-led development and the urgent need for value-preceding financing that invests before the market “catches up.”

South Stockton does not lack vision or leadership. It lacks a financial system willing to see and fund its full value.



*Redlining maps of Stockton, showing the Little Manila community split by the crosstown freeway.  
Photo Credit: Unknown*



## GREENLINED BANKING STANDARDS

# Climate Finance

Greenlining's standards on Climate Finance call on banks to proactively address climate-related financial risk while scaling investments in disaster preparedness, resilience, and recovery for communities most vulnerable to climate impacts, as described in the [CA Department of Health's](#) mapping of health vulnerability indicators.

Together, these standards highlight that climate investments can simultaneously protect community assets and bank balance sheets when they are transparent, grounded in community needs, and aligned with CRA-eligible activities.

## 6.1 Disaster Preparedness & Resilience Investments

<p><b>Purpose</b></p>	<p>Expand access to climate preparedness and resilience investments in communities most impacted by environmental harm.</p> <p>Climate change disproportionately impacts LMI and disadvantaged communities, which often face higher exposure to pollution, climate risk, and infrastructure vulnerabilities. Banks must play a proactive, leadership role in directing capital toward projects that reduce these risks and strengthen community resilience.</p>
<p><b>Recommendation</b></p>	<ul style="list-style-type: none"> <li>• Ensure the bank’s community development efforts include investments to promote disaster recovery, preparedness, and resilience, and wealth-building in LMI and disadvantaged communities.</li> </ul>
<p><b>Commitment to Community-Centered Banking</b></p>	<ul style="list-style-type: none"> <li>• Publicly disclose “sustainability” investments (including disaster preparedness and resilience) annually.</li> <li>• Include a breakdown of sustainability investments by project type (e.g. clean energy, green infrastructure, building retrofits, nature-based solutions, emergency preparedness, or disaster recovery) and details on how community partnerships informed these investments.</li> </ul>
<p><b>Leading for Equitable Banking</b></p>	<ul style="list-style-type: none"> <li>• Target a minimum of 20% for “sustainability” investments as a percentage of total assets.</li> <li>• Target minimum of 25% of sustainability investments to benefit LMI and disadvantaged communities.</li> </ul>
<p><b>Outcome</b></p>	<p>Banks increase investments to support communities in preparing for and recovering from natural disasters.</p> <p>Communities have access to dedicated sources of capital specifically to meet resilience-related infrastructure and program needs.</p>

## **Why This Standard Matters:**

LMI and disadvantaged communities, many of which were formerly redlined, are disproportionately more likely to be adversely impacted by natural disasters, while also continuing to face barriers to investments that can improve resilience and adaptation.<sup>31</sup> Although bank investments in sustainability have increased over the years, they remain insufficient to meet the level of the climate crisis,<sup>32</sup> as well as unevenly distributed and often disconnected from on-the-ground community priorities. Investments frequently fail to target long-term resilience strategies such as clean energy and building retrofits, while also not providing enough scale to meaningfully bolster disaster-preparedness.

Banks have a critical role to play in closing these investment gaps by creating markets for resilience and using CRA-eligible activities<sup>33</sup> to both protect community assets and the bank's own exposure to climate risk.

The 2023 CRA regulation that has since been rescinded offered banks a strong framework for bolstering these kinds of investments under the definition of “disaster preparedness and weather resiliency,” which outlined potential investment activities that banks can still refer to today.

## **Equity in Practice:**

Banks should consider their community development portfolio and make strategic efforts to direct investments towards resilience and disaster preparedness, especially those that facilitate opportunities for wealth-building in LMI and disadvantaged communities.

In addition, establishing practices for disclosing more detailed information regarding these investments, including by project type, will help promote accountability and opportunities for feedback from the public and other stakeholders. Setting clear, measurable targets and goals for resilience and disaster preparedness investments in LMI and disadvantaged communities will help the bank be more effective in meeting this urgent need.

## 6.2 Climate Risk Disclosure & Governance

<b>Purpose</b>	<p>Ensure banks proactively manage climate-related financial risk in a manner that strengthens institutional safety and soundness without “bluelining” LMI and disadvantaged communities out of access to capital.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Develop and implement a climate risk strategy that includes: <ul style="list-style-type: none"> <li>▪ Reviewing investment and lending portfolios to assess both physical and transition risk;</li> <li>▪ Establishing internal governance structures; and</li> <li>▪ Publicly disclosing emissions and transition plans in ways that demonstrate alignment with fair housing and CRA responsibilities.</li> </ul> </li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Assign a board committee to focus on climate oversight.</li> <li>● Elect board members with environmental or climate expertise.</li> <li>● Establish an executive-level position to oversee risks and opportunities (e.g. Chief Sustainability Officer).</li> <li>● Include climate risk into institutional credit, market, and operational risk frameworks.</li> <li>● Publicly disclose short, medium, and long term climate risks and opportunities.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Establish a public net-zero commitment, ideally with benchmarks to reach by 2030 and 2050.</li> <li>● Publicly disclose Scope 1–3 emissions, including financed emissions, annually.</li> <li>● Develop and publicly disclose a plan to address high-emitting sectors and targeted reductions in each scope.</li> <li>● Implement climate risk assessment that includes analysis of impacts on LMI and disadvantaged communities.</li> </ul>
<b>Outcome</b>	<p>Banks are better prepared to withstand the impacts of climate change – both physically and financially – as markets, technology and regulations change, while also ensuring LMI and disadvantaged communities are not inadvertently excluded or “bluelined” and continue to benefit from fair access to capital.</p>

## Why This Standard Matters:

Climate-driven physical and transition risk<sup>34</sup> increasingly threaten the stability of the financial system and the well-being of LMI and disadvantaged communities. However, recent weakening of federal and global climate disclosure requirements has created gaps in transparency, even as the State of California moved forward with more robust standards.<sup>35</sup>

This patchwork of governance and disclosure frameworks increases the risk that banks may unintentionally “[blue-line](#)” communities, meaning that banks withdraw capital and services on the basis of climate risk, leaving both communities and banks vulnerable. There is, therefore, a strong need for the public to have greater clarity into how banks assess and manage climate risk while meeting fair housing and CRA obligations.

## Equity in Practice:

To find this careful balance between managing climate-related financial risk with obligations to meet community needs, banks should implement climate risk governance and disclosure frameworks within their institution, and emphasize connections to fair housing and CRA goals and objectives. Ideally the bank will embed climate risk oversight at the executive level, as well as enterprise-wide management and use public reporting and transition plans to promote public transparency, accountability, and trust-building, especially with LMI and disadvantaged communities.



## GREENLINED BANKING STANDARDS

# Consumer-Centered Products

Greenlining's standards for Consumer-Centered Products focus on ensuring consumers – particularly those with low-incomes – can access affordable financial products that help build financial stability, while reducing over-reliance on predatory products that perpetuate debt cycles.

## 7.1 Affordable Short-Term Loans

<b>Purpose</b>	<p>Provide safe, low-cost, small-dollar short-term loan products to help meet immediate financial needs without trapping low-income families in cycles of debt.</p> <p>Access to affordable short-term credit can reduce reliance on payday lenders and other high-cost products that disproportionately target financially vulnerable communities.</p>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>● Implement a one time fee based repayment model for small dollar loans of \$1,000 or less, with fees capped at 12% or less.</li> </ul>
<b>Commitment to Community-Centered Banking</b>	<ul style="list-style-type: none"> <li>● Offer a low-cost, fee-based loan product with flexible underwriting standards, including the use of alternative data for credit and cash flow-based underwriting.</li> <li>● Eliminate missed payment fees and prepayment penalties for this loan product.</li> </ul>
<b>Leading for Equitable Banking</b>	<ul style="list-style-type: none"> <li>● Prioritize access for underserved borrowers in historically redlined neighborhoods, bank deserts, and borrowers whose incomes are below 80% of area median income.</li> <li>● Report total number of loans and loan amounts disaggregated by race, ethnicity, and gender.</li> </ul>
<b>Outcome</b>	<p>Increased availability of affordable loans and reduced reliance on predatory, high-interest loans, leading to decreased debt in low-income communities and communities of color.</p>

### Why This Standard Matters:

Affordability remains a primary concern as more communities of color and low-income households face growing obstacles to covering essential costs, including rent, food, utilities, and healthcare.

In California, reductions in federal funding for healthcare, childcare, and food assistance have exacerbated racial poverty gaps,<sup>36</sup> impacting Black and Latine families at 10 percentage points higher than their white counterparts. As a result, families rely on costly debt,<sup>37</sup> such as payday loans, credit cards, or Buy Now Pay Later credit options. According to the Federal Reserve Bank of New York, Americans owe \$1.21 trillion in aggregate credit card debt,<sup>38</sup> with credit card interest rates averaging out to nearly 23% annually.<sup>39</sup>

In May 2020, [joint guidance](#) from the federal regulatory agencies encouraged banks to provide low-cost, flexible underwriting for small-dollar loans, which led to six banks<sup>40</sup> implementing small-dollar loan options while maintaining relatively low fees and interest rates.

Data from California's Small Dollar Loan Pilot Program 2024 report,<sup>41</sup> showed that the majority of applicants required funds between \$300-999, further underscoring the need for access to small-dollar loans.

When banks offer affordable alternatives, they can reduce reliance on predatory lending while providing more stable and accessible credit options.

### **Equity in Practice:**

While underwriting costs for small-dollar products remain a concern for banks, it is imperative for banks to critically consider their CRA obligation to the needs of low-income communities, while also referencing [interagency guidance](#) to integrate innovative and tech-friendly improvements to lower the cost of small-dollar loans.

When providing such products, the bank should avoid exclusively using automated decision-making systems or algorithms that may replicate or amplify racial disparities.<sup>42</sup> Underwriting for affordable short-term loans, should include human oversight and necessary checks for equitable decision-making. The bank should also incorporate a transparent appeals process for consumers to dispute potential discrimination from such technology.

Additionally the bank should consider incorporating alternative data<sup>43</sup> points in its underwriting practices for small-dollar loan products that can facilitate broader access to credit.

The bank should also ensure financial products are sustainable, meaning they are non-extractive, accessible, and affordable. Financial products that base lending decisions on profitability versus community need, risk recreating business models that rely on community financial extraction rather than regenerative financial well-being.

As noted by the CFPB, depository institutions have used revenue from credit card interest on debt as a main revenue and drive for profits.<sup>44</sup> In order to disrupt this extractive cycle, equity in practice calls on banks to center regenerative finance, to ensure communities' long-term financial health, well-being, and resilience.

## 7.2 Overdraft & NSF Free Account

<p><b>Purpose</b></p>	<p>Ensure banks support financial stability and inclusion by eliminating overdraft and non-sufficient funds fees that disproportionately burden low-income communities and communities of color and drive households out of the banking system.</p> <p>The CFPB has shown that these fees hit low-income Latine and Black borrowers the hardest, who pay an average of \$225 in these fees per year.</p>
<p><b>Recommendation</b></p>	<ul style="list-style-type: none"> <li>• Provide a fee-free account that eliminates overdraft and non-sufficient fund fees, helping to reduce unnecessary and burdensome fees on consumers.</li> </ul>
<p><b>Commitment to Community-Centered Banking</b></p>	<ul style="list-style-type: none"> <li>• Implement a checking account with zero fees and no balance minimums, aligning features with BankOn certified checking accounts.</li> </ul>
<p><b>Leading for Equitable Banking</b></p>	<ul style="list-style-type: none"> <li>• Ensure transparency across all checking accounts by publicly disclosing account fees on the bank’s website.</li> <li>• Provide account information in multiple languages.</li> <li>• Accept the use of ITINs and alternative government-issued identification (e.g., municipal or consular IDs) for account opening.</li> </ul>
<p><b>Outcome</b></p>	<p>Increased savings for low-income households and families of color, in addition to increased financial security, reducing closed accounts and decreasing rates of unbanked households of color.</p>

## Why This Standard Matters:

The [CFPB Overdraft rule](#) rescinded<sup>45</sup> by the Trump administration in early 2025 addressed the impact of overdraft fees on low-income consumers, who pay an average of \$225 each year in fees. Penalizing low-income families already experiencing financial hardship only exacerbates financial instability, making it nearly impossible to access and or maintain a checking account. In addition to low-income households, Black and Latine consumers are disproportionately affected by these extractive banking practices. These practices push consumers out of banking, and contribute to the unbanked and underbanked crisis.<sup>46</sup>

Low-income communities and communities of color need access to safe, affordable, and accessible checking accounts. This is not only a financial necessity, but also contributes to other markers for financial health and well-being, such as helping to secure rental housing, start a business, or purchase a home.

## Equity in Practice:

To advance equitable access, banks must move beyond product availability and examine whether policies promote inclusion or perpetuate exclusion. Many institutions have already opted into [Bank On-certified accounts](#), establishing a baseline commitment to access and affordability. This standard builds on that foundation by calling for deeper operational alignment with equity goals.

This requires a critical review of overdraft, non-sufficient funds, and minimum balance policies to assess whether they disproportionately burden low-income households and communities of color. Fee structures and balance requirements that appear neutral can, in practice, increase costs, destabilize accounts, and push customers out of the mainstream banking system.

Equity-centered banking also demands ongoing monitoring. Institutions should systematically identify barriers to opening, maintaining, and safely using accounts — and track how those barriers affect underbanked and unbanked populations, particularly elderly, disabled, immigrant, and non-English speaking populations.

Without intentional assessment and accountability, inequities remain invisible and therefore unaddressed. Advancing affordable, accessible checking accounts is not simply about product availability, but also ensuring that terms, practices, and oversight align with the goal of financial inclusion rather than financial extraction.

# Conclusion

The Greenlined Banking Standards were developed in response to a widening racial wealth gap and persistent racial inequities in access to financial services and wealth-building opportunities, as well as the reality that critical enforcement mechanisms that once advanced equity are being systematically dismantled, including the CRA. Without strong, race-conscious oversight, these trends risk further concentrating wealth and power and accelerating resource extraction from low-income communities and communities of color.

Greenlining has seen the positive impacts of intentional commitments to community reinvestment from banks through community benefit agreements and community plans. But in this political and regulatory moment, communities that have historically been underserved by banks need more than commitments – they need ongoing partnership and commitment to specific, community-informed metrics that meet community needs before the dismantling of federal protections does further, irreparable harm.

**Call to Action:** We call on banks to adopt the Greenlined Banking Standards and respond to the political and regulatory climate with principled, decisive actions as leaders in equitable banking.

These standards are a resource for banks that understand the role they must play in shaping a stronger, more equitable economy. They offer a clear framework for action and a pathway to deeper partnership with communities, with Greenlining serving as a bridge to connect banks with community partners and align investments with community needs. This is not only in the best interests of historically underserved communities, but will benefit all economic stakeholders – including banks themselves.

When it comes to instituting transformative community development financing, accessible lending products, equitable systems and strategies, bold investments in climate resilience and more, we encourage banks to use these standards as the benchmark for community reinvestment that keeps equity at the center.

# Endnotes

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