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Banks play a critical role in supporting California's economy and the communities they serve.

Whether you go down to the branch and visit with your local banker at the teller line or conduct your financial transactions at the click of your smart phone, the financial system grows more complex by the day. But at its core, banks stay true to their roots of safeguarding customer deposits and making loans. These services help our economy run by facilitating millions of daily financial transactions from things as simple as buying your morning cup of coffee. Banks are also there to support you when you don't have enough money saved to buy your first home or that dream car you always wanted. And when you're ready to grow your small business by hiring more staff or buying a piece of new machinery, banks stand ready to help. Whether you're the employee working for a small business or the owner of that business, banks help you save for your retirement through a variety of retirement savings options.

And it doesn't stop there. Banks and their dedicated employees are deeply committed to their communities and they show that through their charitable giving and volunteerism, whether it's helping restore a town after a natural disaster to working in the kitchen at a local, non-profit shelter. Speaking of bank employees, the industry employs thousands of hard-working Californians, offers competitive salaries and benefits, and is a field that fosters many opportunities for growth.

To underscore the commitment of banks doing business in California, the California Bankers Association retained Beacon Economics to conduct an impact study that identifies the important economic impact made by banks. We are proud to share that information with you.

FOOTNOTES

¹ Induced effects refer to spending by businesses and employees that support additional jobs.

² U.S. Bureau of Labor Statistics

2018 Commercial Bank Operations

\$67 Billion

Economic impact of banks doing business in California on the state's economic output: **\$39.6 billion** in direct output and **\$27.2 billion** in additional outputs.

100,000

Workers **employed directly by California banks** in 2018 according to the U.S. Bureau of Labor Statistics.

261,030

Total employment supported by the banking industry in the state. Through indirect and induced effects, banks also supported an **additional 161,000 jobs**.¹

\$20 Billion

California's banks generated more than **\$10 billion** of labor income directly and an additional **\$10 billion** of labor income through indirect and induced effects.

\$2.8 Billion

Annual **state and local tax revenues** generated through income, sales, and property taxes by bank operations.

Helping Dreams Come True

Lending is an integral part of banking and helps drive California's economy by providing important direct and indirect support for other sectors. As deposits increase, banks are able to originate more loans, further contributing to economic growth.

In the fourth quarter of 2018, California's commercial banking sector **generated \$548 billion in loans, a \$46 billion increase from a year earlier**, the Federal Deposit Insurance Corporation reported.

Real estate loans by commercial banks in California totaled **\$360 billion** in the fourth quarter of 2018, accounting for nearly 66% of all loans and a **\$27.6 billion** increase from a year earlier.

Commercial and industrial lending was the second-largest category of loans for commercial banks in California, with a volume of **\$103 billion** in the fourth quarter of 2018.

Loans to individuals totaled **\$27 billion** in the fourth quarter of 2018, a **\$2.4 billion** increase from a year earlier.

Farm lending totaled **\$6.7 billion** in the fourth quarter of 2018, a **\$227 million** increase from a year earlier.

Higher Average Wage

In addition to the above quantifiable effects on the economic impact on the state, California's commercial banks contribute to the state's economy in more indirect ways.

➔ In 2018, the average wage at a California commercial bank was about **\$30,000 higher than the statewide average** across all other industries.²