

# PRESS RELEASE

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**FOR IMMEDIATE RELEASE:**

## **The Wealth Creation Clinic Studies Presidio Bank's Impact on the San Francisco Bay Area Community**

San Francisco, CA and Cambridge, MA, September 19, 2013: The Wealth Creation Clinic at MIT's Department of Urban Studies and Planning (DUSP) released a comprehensive study titled ***"Enhancing the Local Impact of Community Banks"***, utilizing a San Francisco Bay Area business bank, Presidio Bank, as a model. Conducted by the Wealth Creation Clinic, which is sponsored by the Ford Foundation, the study traces the ways in which local community banks can have positive economic impact in their local communities.

"In the wake of bad press about banks, this research shows how community banks can be a positive force in their local communities. Community banks, specifically, are an integral part of society's infrastructure and fundamental to fueling our local economies." said Dr. Amy Glasmeier, head of the Wealth Creation Clinic and DUSP Professor. The Clinic often works with organizations operating in low-income and rural areas, many of which are trying to establish pro-community financial institutions that enhance local wealth creation potential. Surprisingly, there are few model case studies to inform others of the value of these institutions. "In Presidio Bank, which received a rare "Outstanding" Community Reinvestment Act rating, we saw an opportunity to model how community banking can be done, and hope to apply the lessons learned in other types of regions, including low-income and rural areas."

Some key highlights from the study included:

- **Community Banks Can Compete as Strategic "Locavestors":** This study illustrates some ways in which community banks can act as positive catalysts and agents for community development while sustaining their own business. Presidio Bank's business model and strategy focuses on locally-owned, small-to-medium sized businesses as clients. Competing with the scaling cost advantage of large banks offering "commodity-like" or "vanilla" consumer products, and competing with credit unions for patronage from values-conscious consumers who prefer an explicitly co-operatively owned and local financial institution, Presidio Bank's "locavestor" approach strategically targets a market space potentially less buffeted by these competitive pressures. **The study's findings and recommendations suggest that small banks are able to use their local knowledge and the strength of their community ties to not only enhance the quality of their local communities and regional economies, but to compete with large, out-of-market banks.**

- **Supply Chain:** Banks can leverage the power of their supply chain to benefit local communities. Presidio Bank frequently uses locally-owned and headquartered vendors for many of its procurement needs. The study recommends expanding this to contracting with CRA-qualified businesses based in low-income/underserved census tracts to further enhance its impact economic activity in neighborhoods where it is most needed.
- **Strategic Partnerships:** Presidio Bank works with Community Development Financial Institutions (CDFIs) and other nonprofits to support lower-return community loan fund endeavors, microfinance entities, and other activities which benefit the under-banked and disadvantaged. The study recommends expanding this to place it at the forefront of private-sector community development efforts by supporting organizations that document the informal credit and social lending circle activities that are often more common among immigrant and low-income communities.
- **Internal Processes:** Although Presidio Bank tracks the majority of its community efforts, by setting up more in depth tracking processes it can better trace the impact of community development efforts, especially as the company grows. For example, by quantifying the dollar value of employee time spent volunteering in different capacities, the bank can better trace the impact of such efforts as well as increase the internal value and awareness allocated to such activities.
- **Regulatory and Industry Association Implications:** Bank regulators and independent banking associations may be able to do far more to formally credit and recognize the important role that community banks play in enhancing local economic and wealth generation. The study offers a variety of suggestions, from leveraging the power of naming a 'locally made' branding badge for "locavesting" banks, to giving CRA credit for using qualified suppliers and contractors, to better differentiating CRA ratings.

The study illuminates some of the challenges and opportunities for community banks in the wake of the recent Great Recession. For the full case study go to: [www.PresidioBank.com](http://www.PresidioBank.com)

### **About the Wealth Creation Clinic at MIT's Department of Urban Studies and Planning**

The Wealth Creation Clinic provides community-based development practitioners with access to the skills and knowledge of economic development practitioners working in business and commercial settings within academia (faculty and students), and provides a venue for training future practitioners. The Clinic is based on a pragmatic approach that emphasizes skill development (of both the student and client) and service provision in support of wealth creation and livelihood generation activities. The Clinic is housed in MIT's Department of Urban Studies and Planning (DUSP) and sponsored by the Ford Foundation. Since its founding 80 years ago, DUSP has consistently been rated the premier planning school in the world. Home to the largest urban planning faculty in the United States and enjoying the advantage of operating within the context of MIT's culture of innovation and interdisciplinary knowledge creation, DUSP applies advanced analysis and design to understand and solve pressing urban and environmental problems. To this end, the department fosters a culture of learning by doing, while also supporting the development of influential theories in the areas of urban planning and design; housing, community and economic development; and environmental policymaking. More information is available at <http://dusp.mit.edu>.

### **About Presidio Bank**

Presidio Bank provides business banking services to small and mid-size businesses, including professional service firms, real estate developers and investors, and not-for-profit organizations, and to their owners who desire personalized, responsive service with access to local decision makers. Presidio Bank offers clients the resources of a large bank combined with the personalized services of a neighborhood bank. Presidio Bank is headquartered in San Francisco, California and currently operates four banking offices in San Francisco, Walnut Creek, San Rafael and Palo Alto. More information is available at [www.presidiobank.com](http://www.presidiobank.com). Presidio Bank is a member of FDIC and an Equal Housing Lender.

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