

## Agency for Change Podcast: Randell Leach, CEO, Beneficial State Bank

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**Randell Leach:** 0:01

Lead with love. Start there, and then everything flows from that.

**Announcer:** 0:08

Welcome to Agency for Change, a podcast from KidGlov that brings you the stories of changemakers who are actively working to improve our communities. In every episode, we'll meet with people who are making a lasting impact in the places we call home.

**Lyn Wineman:** 0:32

Hey everyone, this is Lyn Wineman. Welcome to another episode of the Agency for Change podcast. So today I'm really excited to introduce you to my friend, Randell Leach. Randell is the visionary CEO of Beneficial State Bank. It's a certified fossil-free company and one of the highest-rated B Corps in the world and you know how we love B Corps at KidGlov. So Beneficial State Bank isn't just any bank, it's a powerhouse of good. They're dedicated to environmental sustainability, social justice and community support. Through their mission of beneficial banking, Randell and his team are leading the charge of transforming financial institutions and creating a movement where every action uplifts communities and protects our planet. Randell, I can't wait to talk to you today. Welcome to the podcast.

**Randell Leach:** 1:33

Hi Lyn, it's great to be here. Thanks for having me.

**Lyn Wineman:** 1:36

Absolutely. I'm so excited to hear more about Beneficial State Bank and I'd love to just have you start by telling us more.

**Randell Leach:** 1:46

Sure, thank you. So Beneficial State Bank. We're based in California. We serve the three West Coast states. We're quite a bit different than most financial institutions out there. We're really a purpose-driven company from top to bottom. So as one part of that, we're a B Corp. So it's part of our charter to be focused on the triple bottom line. So we focus on social equity, environmental resiliency and then community economic prosperity.

**Lyn Wineman: 2:19**

That's fantastic, Randell. I'm going to jump in and interrupt you right there, because I read in the intro that you're one of the highest rated B Corps in the world. What is your B Corps score? I'm dying to know.

**Randell Leach: 2:33**

Well, we're in the process of getting recertified right now, but our prior one, I want to say, was 159. Our whole business model is designed to serve the community right, and which is pretty unusual for a bank. So, you know, in addition to what we do for the B Corp side of things, we're a community development financial institution, so we commit to over 60% of our lending to be to low-income persons or to low-income communities. We've got a really strong environmental lending practice. We also have some different governance pieces that really factor into supporting the purpose of the institution. So, in addition to being B Corp, in addition to being a CDFI, our ownership structure, our capital stack we're basically owned by nonprofits. So Beneficial Estate Foundation owns the majority of the economics rights of the bank and they're governed in the public interest. So basically, our business model is that we provide banking services in communities where it's needed the most. We provide quality and fair products and give access to folks to services that they can't necessarily get elsewhere, and then the benefits of that roll back up economically through the bank to the holding company, to the nonprofit that serves the public interest. So we're trying to create this business model that creates more virtuous cycle.

**Lyn Wineman: 4:04**

Randell, that is all so impressive and I think not what people expect when they think of a bank, unfortunately, Right. But you're really, you know, making some waves here and I'm curious why would you say this work is so important for you, especially in today's economic and social climate?

**Randell Leach: 4:27**

Well, I think it's always been important. I think just that there's an increasing recognition of that there's so much more that a bank or a business can do for good right. I mean, the classic financial model is to focus on growth, maximize earnings, and then you know that's. You know, maximizing shareholder wealth is primacy. And so we took a very different approach. We learned from lots of great you know sort of predecessors and experiments in other industries and essentially we took a bank and hacked it for good right.

We said let's take the power of banking and instead of at every turn, at every dial, trying to maximize value for ourselves in a self-interest model, let's focus on a triple bottom line approach. And so just that simple philosophy switch allowed us to create different products and provide different access to folks, but the need for the community has been there all along. I mean it goes back to you know, banks have done some pretty horrible things along the way. I mean, if you go back to the redlining that people saw back in the you know 30s through the 60s, you know there's this predatory lending. There's all sorts of things that financial institutions have done that causes tremendous harm while they profit, and so it's time there's a different model.

**Lyn Wineman: 5:46**

Wow, Randell, I love everything about what you've said so far and it seems like it's in so much alignment with your mission statement, which is to practice beneficial banking, and I read on your website it's to practice beneficial banking in harmony with nature, to help more people and help people more. Very clever. Tell us about what that involves.

**Randell Leach: 6:12**

Well, you know, there's quite a bit to it really, you know, but I, for me, I think two of the biggest parts of it are equitable access and then a quality product. Right? So you know, as I referenced a minute ago, redlining, that economic wealth is sort of, you know, unfairly distributed, as the opportunity to generate wealth are unfairly distributed in the economy and society. So a big part of what we do is to commit to providing equitable access to low-income persons and community and so to try and look for those barriers for them and break down those barriers so that they can get the research they need to build a company or to do things that they need to do for their family and go buy a truck for work or what have you. So that access piece really is a pillar, and then it's quality product too right.

So many times there's different financial institutions that will provide product to low income communities or low income persons, but they're doing so in a harmful way. They're really trying to maximize the interest rate that they charge them, or trying to maximize the fees or get them hooked on overdraft fees or something like that. That isn't really fair to the end user, and so the end user doesn't necessarily have that bargaining power, and so we want to be able to have a fair product in the market that is easy for them to access, that it's actually going to be sort of nourishing to them, that's going to be helpful for them, that's going to be of good value to them again, versus the model of just extracting as much profit from a community that we can.

**Lyn Wineman: 7:45**

Yeah, Randell, one thing I got when KidGlov became a B Corp and we really leaned into having a purpose. I had some people say why are you doing this? Is this good for business? Does it hurt business? You have really leaned into this. The whole bank, as you said, has been hacked to fit a purpose model Like how do you see this as a force for business?

**Randell Leach: 8:11**

Well, I, you know, I think you know, in the B Corp community especially, the concept of you know businesses as a force for good has really been proven out. There's now thousands and thousands of B Corps out there, you know. That's what we think too is that you know banking can, can be used for community benefit Right, and community interest, not self-interest. I think that there's a couple of different ways to sort of look at this. Is that we think we can deliver, you know, great sort of banking service, all banks trying to sort of compete on that. We've got to have really strong technology to be able to deliver financial services today. But it really comes down to like well, you know what's your actual reason for being, what are you actually trying to do? And so our mission and our value set really do resonate with people and that's why people come to bank with us really. And so for us there is, yes, there's this sort of competitive differentiation and I think initially that really did set us apart. But hopefully what we're seeing now is there are more folks that are sort of embracing this kind of approach and I think it's really scalable.

I think part of what happens is once you sort of realize that, look, we can be a high performance bank and go do good. We don't have to go do those bad things. That's really where it starts to kick in, and so, if you look at what some of our competitors are doing, I mean, if they just stop doing some of the negative, predatory or bad things in the community, that'd be a huge win, right? I mean not only for the community, but they know how to run banks. They could be very successful doing that, and so it really is just a choice, I think, for them to sort of choose that path, choose that business model. But I think, personally, what we have found too, though, is when you get staff, you get people, you get executives that step into this model and realize, wait a minute, I can go do good and go profit at the same time. Why wouldn't I go do both?

**Lyn Wineman:** 10:05

Right, the two are not mutually exclusive.

**Randell Leach:** 10:10

Right, it's sort of this false, kind of this mindset that I think people have sort of bought into and I think some of it actually goes back to an older concept of like people would go generate their wealth and at the later stages of life then they would go get back and it's like, well, why do bad things in the beginning and give back some later, why not just do good things now, and then you get the benefit of both doing the good things and you know, and making a good living at the same time, and you get the benefit of that over the entire course of your life. I think once people realize that that's possible, it's like why would you choose anything different? It's fantastic, so there's no going back once you pass through that threshold.

**Lyn Wineman:** 10:50

I love that and you know what? Something you said earlier really struck me I've heard it from a lot of other B Corp leaders in that right now this is your competitive advantage, but you actually hope more people will jump on board, more banks will jump on board and do the same thing, which I think is true of a lot of B Corps. We all, like you know, standing out, but it'd be better if more people took on more purposeful orientations. So I think that's fantastic.

So I'm curious too. Obviously, I have a lot of familiarity with banking KidGlov works with a number of financial institutions but I don't hear many people talking about prioritizing green lending and sustainable practices. Can you share more about what that looks like?

**Randell Leach:** 11:39

Often reminded of a quote, and I'm trying to remember the author, but you know it's the economy is a wholly owned subsidiary of the environment, right? I mean, all of our communities, all of our businesses operate within the environment and we can't lose sight of that. And so, you know, what we've all seen is that you know there was historically a classic way to develop, you know, for develop wealth or for companies, is to go sort of exploit the commons, right, if take something that's a common good and monetize it for themselves and then externalize the cost back to the community. And so there's quite a bit of business models that did that and it created tremendous harm, not just to the environment but to communities and socially as well. We're now at a juncture where, look, we are facing climate change,

there are environmental crises in pretty much every community, of varying levels, and it looks different in different communities, and there are some that are much more vulnerable than others. So we choose to invest in the community, right, and so things are going to be environmentally restorative, that help from environmental resiliency, that provide good jobs, that provide good value, and they're really good economic decisions, right? I mean not just for us, but for our clients and for the community as a whole.

We've got some models where we've worked with farmers where they've had this huge expense, for example, of taking, you know, cow manure that was contaminating their rivers and streams and having to pay to haul it away at a huge cost. And these small organic farms are having a hard time shouldering this cost. We went in and we helped them build, together with some of their neighboring farms, these facilities, for example, that would go capture the manure and, as it would off gas, you would basically ignite it and that would generate power for thousands of homes and turn that cost into a revenue model. So you can have both the environmental benefit as well as an economic benefit for the farmers. And so we look for opportunities like that. Or in solar, whether it's residential or commercial, we do small hydro. There's lots of different things that we'll do from an environmental investment perspective that there's plenty of great investment opportunity for it and it really does matter for communities.

**Lyn Wineman: 14:18**

I love that you helped come up with that solution, and you know what else, being a farm girl from Nebraska, I am very comfortable talking about cow manure. I did not think it would come up in a podcast with the CEO of Beneficial State Bank, so you've just made my day in that topic. So alright, Randell, you talk a lot about being a community bank and I think that example you just gave kind of speaks to your love of community. But I'm curious too how does this being a community bank weave into all of this?

In terms of on the environmental side and specifically just overall, like what does it mean to you to be a community bank?

**Randell Leach: 15:00**

Well, I mean maybe there's a bridge here too, right is because you know, I really don't think, and we don't think, that you can separate sort of businesses operated and where sort of waste sites happened or there were populations that were taken advantage of. Pollution attracts the low-income communities, right, and so there are issues there where it is absolutely intertwined. So we serve the West Coast, so our model isn't to sort of be physically in every community. We'd love to be, um, because you know we love to be in front of people and those direct personal relationships make the difference, um, but what we really do is we work with stakeholders from a variety of communities. So we have a very large set of relationships in the non-profit sector. You know that's a big part of our client base folks, folks that deposit with us. We've got advocacy folks that are involved in advocacy or in community development. They're part of our client base and we really build relationships with them to figure out how we can better serve different communities across the West Coast.

So we try and show up in as many communities as we can, but we recognize that communities are really, you know, multifaceted. I mean that's what, that's what makes them so amazing, and so part of what we do is we aren't just like a pure play where we try and just do consumer lending or we just do small business lending or just do, you know, environmental, solar finance or something like that. So part

of our model is to be able to do a bit of everything, and so that we because there is intersectionality with all of this, and so part of what we actually do at the end of the day is we're a social intermediary right. We try and actually bring partners together in the different communities, whether they're neighbors or from different parts of the region, and so we're actually trying to build more of a regional scale institution that can help connect communities so that they can strengthen and prosper. So we're trying to be additive and be a resource to these communities, and so for us, that means that we need to continue to scale, to be able to provide more services, to be a better service to the community.

**Lyn Wineman:** 17:20

That's fantastic. I've never heard of anyone describe a bank in that way, Randell, and I kind of think you have what a lot of people would think is a dream job. You know, I mean leading a financial institution that's focused on purpose and community. I'm curious how did you personally get into this line of work?

**Randell Leach:** 17:41

Well, I didn't plan on it, that's for sure. I kind of view myself as the accidental CEO, if you will. I started with a conventional bank and I was really intrigued by finance and then, as I learned the business of banking, sort of the economic power of it all, but over time I became disenfranchised from what I saw personally and I had sort of my separate personal life where, you know, I love to go out in nature, you know I love to do things in the community and I just didn't see finance and these sort of bigger banks that I was working with really actually helping do anything that was aligning with my values, and I felt disenchanted. And so I actually left to do a startup that was going to help sort of low-income people, people that are learning how to do basic personal finance. And when I did that, I originally thought it was going to help sort of low-income people, people that are learning how to do basic personal finance. And when I did that I originally thought it was going to be the entrepreneurship piece that you know that's why I was doing this. But once I really got to sit down with people and really started to help them in just a real personal way, that's really what sparked me.

And then I sought to say, well, wait a minute. If I really want to help people with, you know, in the with financial tools, what about what I'm seeing on the environmental side, where there's all this environmental degradation, how can we use profit or how can we use the power of banking to help change course there? I had that sort of epiphany it was embarrassing, you know, over 20 years ago and I couldn't find anybody that was doing the work until I stumbled across a little bank in the Pacific Northwest that was experimenting with it, and so I joined them as a way like all right, well, let's experiment together and let's see if we can build this out. And, lo and behold, that became the predecessor to what is now Beneficial State Bank.

In 2010, we merged with the amazing co-founders of Tom Steyer and Kat Taylor, and it similarly started a bank down in Oakland that was really building out the sort of economic justice arm of this. So we combined the two institutions and have been growing it ever since. So yeah, it's definitely been. You know, my dream job.

Didn't even know how to dream it way back when, but I'm incredibly grateful for the opportunity all along the way.

**Lyn Wineman:** 20:11

I love hearing a story when somebody like discovered they had a passion for something for you the environment and purpose and I think a lot of people have a passion for environment and purpose and that maybe five or 10 years ago it might have been way more difficult to find an organization that outwardly spoke of these things right, and today you can go find thousands of B Corps, organizations like Beneficial State Bank, where you can do your profession but also do it in an organization that's focused on good, and I mean, I think that's something that's really going right in the world right now. So I'm gonna hold on to that for a bit.

**Randell Leach: 20:57**

Absolutely. And so there's this surge of energy that comes from collaborating with people from all different disciplines and these different businesses that have true passion for making the world better, and they sort of. I think there's this like, yeah, we're going to be okay economically, but we need to take care of each other along the way, and it's really incredibly powerful. It isn't just, you know, one plus one. It's definitely an exponential in terms of the energy that's sort of released into the innovation and making communities better.

**Lyn Wineman: 21:33**

I love that. So, Randell, what's on the horizon for Beneficial State Bank? You've done so much already. What's next?

**Randell Leach: 21:41**

We're just getting started. Honestly, we're in a great spot. We're actually going through this year a first step in our sort of next phase of our strategic plan. We're upgrading our entire technology stack this year so that we can scale up for the next decade plus and do so more effectively. So better products and services for the community and for our staff too. And what I'm really excited for, though, is that we're really on this path to really clearly define what our mission outcome goals that we really want to achieve strategically over the next decade.

So we've got a lot of great indicators out there right now about you know whether it's the B Corp scores, or which, I think, is one of the best frameworks that exists out there. We have a lot of other ones that we partner with and participate with, but part of what we're really looking to do is help set our own targets, for where can we truly add the most value? Where we best allocate our resources? Where do we provide the most lift to communities? Where can we provide the greatest access to people and just put all of our investment resources to that productive use. So that means also being disciplined in what we don't do too. So this next phase I'm super excited for because we're scaling. We're about a billion and eight in assets now. We've got capital and liquidity to grow this triple in size in the next three to five years.

Not just in terms of balance sheet, but in terms of outcomes and how we can really be of service to the community.

**Lyn Wineman: 23:17**

I love that you're looking at the outcomes, because I really think there's nothing easier to measure than growth, sales and profit right. So easy to measure those things and it's harder sometimes to measure the more purposeful outcomes and the things you're doing for the environment and the community. So I really love that you're leaning into that and you know along those lines. I'm really curious, Randell, do you have any insights or advice for our listeners who might be interested in promoting financial wellness or promoting sustainability in their own communities?

**Randell Leach:** 23:57

Well, there's so many different ways to get engaged. I think we both referenced sort of the power of B Corps and so if folks are not involved in that community, absolutely encourage you.

**Lyn Wineman:** 24:09

It's a great one to get going with. Yeah.

**Randell Leach:** 24:12

Yeah, the framework for you know ESGU. It's incredibly powerful and it's also a great community of change makers For financial services, I, you know, just encourage folks to learn more about what their banks not just do, but the things that they do that probably don't want them to do. There's a lot of things that banks do that are really exploitative financially, so I think there's just a lot of opportunity in that to identify what your bank is doing, especially what your bank is doing with your money. They're investing it with some intent and they might be doing something that is misaligned with your values.

**Lyn Wineman:** 24:56

Really great point.

**Randell Leach:** 24:58

What you're actually trying to achieve, either in your personal life, your business or the nonprofits that you support, and so it's really more about, I think, looking for partners that can help align with what your true purpose is.

**Lyn Wineman:** 25:12

Great advice. That's great advice, so, Randell, for our listeners who would like to learn more, how can they find out more about Beneficial State Bank?

**Randell Leach:** 25:21

Well, obviously, come to [BeneficialStateBank.com](https://BeneficialStateBank.com), our website. Feel free to visit us. We're active in the B Corp community as well, but, yeah, we'd love to have a chance to talk to people that are, you know, values aligned, that are out trying to make the world a better place.

**Lyn Wineman:** 25:41



And I'm going to put in a link to your B Corp score too, because I've never seen one that high. I have to tell you, KidGlov just recertified in the 90s and I was super excited because that was a good improvement for us. So 150. Oof, that's amazing. So, Randell, I'm going to ask you the next question. We've done over 200 episodes of this podcast. We've asked it on every single one. Absolutely my favorite question. Could you give us a few of your own words of wisdom to inspire our listeners?

**Randell Leach: 26:12**

Well, I sense that you're going to ask that one. I'm not a huge one for quotes. I'm sure my team has probably got some bingo cards of things I say all the time, but the one I just go back to all the time and it's more for me personally. Right is lead with love, and just start there and then everything flows from that.

**Lyn Wineman: 26:38**

Randell, I've talked to a lot of bankers on this podcast and not a single one of them has given us a quote with the word love in it, so that's fantastic. Thank you for that. Randell, as we wrap up this fantastic conversation today, what is the most important thing you would like our listeners to remember about the work that you're doing?

**Randell Leach: 26:59**

Well, I think, whether you're a consumer, individual or you're doing it on behalf of a business, is that you're an incredibly powerful part of the financial system. It may not seem like that when you're tied into a large institution where you don't get the recognition or attention or think you've got big dollars or something like that. All your activity actually helps, you know, goes to like all your deposits go into investments for lending activity. So you actually have a very powerful vote here. You can vote with your dollars, you know, with your wallet, with your banking activity, with your spending. All of that matters, and so my ask for everybody is just you know, really try and align all your partners with your value set, and whether my ask for everybody is just you know, really try and align all your partners with your value set, and whether it's us or somebody else, you know you've got a purpose in your life. You deserve to have your partner supporting it.

**Lyn Wineman: 27:56**

That's fantastic. What a great way to end, Randell. I fully believe the world needs more people like you, more institutions like Beneficial State Bank. Thank you so much for joining us today.

**Randell Leach: 28:09**

Thank you, Lyn, thank you for having me.

**Announcer: 28:13**

We hope you enjoyed today's Agency for Change podcast. To hear all our interviews with those who are making a positive change in our communities or to nominate a changemaker you'd love to hear from.

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