



Common Good Finance Corporation
creating common good banks™, democratic economics for a sustainable world



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Business Plan
Executive Summary

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Common Good Finance (CGF) will create the first ever common good bank, a new kind of community savings bank, designed expressly for economic justice, sustainability and strong local economies, independent of the dollar. Once the first common good bank exists, any community anywhere can start one in a matter of days, using cell phone and internet technology, with no red tape and no need for a bank building. With a dozen innovative features, this is not just another bank with a social mission. This is a social mission with a bank.

What Makes Common Good Banks Different

By regulation, mutual banks and credit unions must retain most of their profits. Ordinary stock banks pay their profits to investors, as dividends. Common good bank profits will go to a Community Fund to advance the common good.

Common good banks will lend exclusively to socially and environmentally responsible borrowers and will focus on investment in locally-owned businesses, including small business startups and cooperative initiatives. Depositors in each community will guide their bank's investment priorities and community contributions democratically. A no-fee local credit/debit card will save local businesses thousands of dollars. An integrated local currency credit system will increase local economic security.

Participating merchants can volunteer a percentage rebate on their transactions with other depositors of the bank. Half the rebate goes to the customer, half to the Community Fund. In exchange, the bank will advertise the merchant's rebate on the radio, in print and 24/7 on the internet.

Investments in common good banks are intended to deliver a planned inflation-rate return on resale, working more like a high-interest one-month certificate of deposit (CD) than like typical bank stock. Inflation has averaged about 6% annually over the past thirty years. Depositors will be able to buy even a few dollars-worth of stock, to become an owner of the bank. Voting is one vote per person, not one vote per share.

The bank's combination of competitive rates with an unbeatable focus on benefit to the community and the greater good will make it a very strong competitor in the financial services market. All of the bank's organizational procedures, business plans and operational procedures will be freely available to everyone. With a separate nonprofit sponsor dedicated to promoting the model and helping communities start common good banks, these banks could spread quickly. Common good bank projects are already underway in five states.

A Proven Core Business Model

Most of these innovations will be handled by a separate Depositors Association – a covenant among the depositors, authorizing the bank to facilitate those cooperative features. The core business model of the bank itself will be that of an ordinary community savings bank, a model that has been well tested, sound, and highly successful for decades (at least for those banks that have

maintained ethical lending practices). Common good banks will be insured by the Federal Deposit Insurance Corporation (FDIC) and will offer typical community savings bank services. Most of the bank's functionality will initially be outsourced to Connecticut Online Computer Center.

Market and Marketing

The first common good bank will be established as a state-chartered, stock-based bank with a physical office in Western Massachusetts. The bank's structure as a distributed network of Community Divisions will allow it to flourish everywhere regardless of the office location. Community Divisions are already being organized in a dozen communities around the United States.

The nonprofit sector is fundamentally aligned with the bank's mission. Nonprofits can also expect sizeable financial benefit from the bank's distributed profits and merchant rebates. Several nonprofits are already promoting the bank to their constituents. Presentations to nonprofits, religious institutions and business clubs, posters, word of mouth (by voice and email), and other low-cost venues will be the core of the bank's initial publicity. That publicity is already underway.

Staff

Common Good Finance President William Spademan leads a team of 25 organizers in 14 states and many partnering organizations, who will carry the project through its "Charter" phase funded by donations. The bank will start with five full-time staff members. Our future CEO has 28 years of banking experience – recently as Chief Operating Officer of a mid-size community savings bank. Chief Lending Officer Lynnette Colin is currently Branch Manager of the Hope Credit Union in New Orleans. Three customer service people (combined tellers and account managers, not yet selected) will round out the initial team. An active 12-member board of directors will ensure the soundness of the bank and uphold its mission to advance the greater good of all.

Timeline and Funding

past 6 years **Planning.** Our nonprofit sponsor raised about \$100,000 to fund six years of planning.
3-6 months **Charter.** Next we must raise \$1.5 million through a private offering, to cover the bank's organizational costs through opening, in order to secure a state charter. Concurrently, we will sign up 4,000 future depositors.
12 months **Prepare to Open.** Once the bank receives a charter, the bank itself will offer stock, to raise an additional \$5 million from stock sales to 3,300 of those 4,000 signed-up depositors (averaging \$1,500 per depositor). Concurrently we will line up \$21 million in loans (so that the bank can operate profitably from day one), hire and train staff, customize software, acquire and set up equipment and office space and prepare for an opening celebration.

Social Impact

Even from a purely economic perspective, the potential social impact of this project is phenomenal. As discussed in detail elsewhere*, each dollar invested today in a hypothetical private offering could produce a total five-year social return of \$1.2 million in loan funds and \$1.1 million in grants.

* For More Information

Find much more information online at commongoodbank.com, including a complete business plan and financial appendices.