

Green Banker

By JUDITH HASSON



Peter Liu started his career in chemical engineering. But he moved on, parlaying his interest in environmental issues into founding what he believes is the first “green” bank in the United States.

It sounds like a real stretch to go from a job with a big oil company to starting a bank that specializes in making loans for environmentally sustainable construction projects. But Liu had a good idea at a great time.

He founded the New Resource Bank in San Francisco in November 2006 with \$24.7 million in assets. It has been growing since then. It now has \$170 million in assets and more than 1,500 customers, individuals and companies.

“I think the focus in the world on the climate change issue raised green consciousness,” Liu says. “We have become the preferred bank for green businesses because we understand it.”

In the past, environmental consciousness was a social issue, not a business one. Today, he says, it means saving energy and represents good business.

“People are realizing that green makes sense economically and creates new jobs. The old mischaracterizations have gone away,” he says.

In April 2009, the New Resource Bank won the U.S. Environment Protection Agency’s Honor for Outstanding Achievement in recognition of its impact.

It is unusual to start a niche bank, says Mark Tenhundfeld, senior vice president in the Office of Regulatory Policy at the American Bankers Association in Washington, D.C.

But, Tenhundfeld adds, “Banks are realizing there are a lot of opportunities to be the solutions to the problems that our economy is having and our environment is having.”

Liu, 42, immigrated with his family to the United States from Taiwan when he was 12 years old.

After high school, he earned an engineering degree from the University of California at Berkeley and started his career at oil giant Chevron.

“When I first got out of college, I wanted to get a job with the biggest company that paid me the most,” he says.

But over time, his passion for the environment grew, as he saw that refineries in Japan, for example, were far cleaner than the ones on the U.S. Gulf Coast.

“While Chevron and many of these companies



Peter Liu

Founder and vice chairman, New Resource Bank, San Francisco.

IMMIGRATED FROM: Taiwan.
AIMED TO: Work with the biggest company that paid him the most, when he was fresh out of college.

have great people, it’s often hard to turn around a big ship. It needs government leadership or entrepreneurial innovation,” Liu says.

After a stop at Princeton University where he received a master’s degree in public policy, he spent time working for two financial institutions—Credit Suisse and Chase Manhattan. Then he had the idea for a green bank.

It took Liu and his partners more than a year to make it through the regulatory system, get backing from the Federal Deposit

Insurance Corporation and find investors to get the bank off the ground. His partners include a wide array of investors—including Bob Epstein, founder of computer software company Sybase, and Mitch Kapor of Lotus Development.

Epstein says that he and Liu started by exploring whether a commercial and chartered bank could support green businesses and consumers.

“Businesses that pay attention to environmental performance do better than businesses that don’t. That seems to be the case in every industry,” says Epstein, founder of E2, a firm that helps governments and companies develop green policies.

There is no shortage of green projects seeking financing, especially in California. The bank is financing a housing development in Martinez, California. It has provided loans to City CarShare, a business involving sharing rental cars for short periods, and to construct commuter drop-off points connected to the public transportation systems in Berkeley and Oakland. It provides capital to help sustainable food producers and renewable-energy entrepreneurs to grow their businesses.

Environmental protection is not the bank’s only interest. It also launched itself as a bank that makes a variety of loans available to anyone in the community. When a person applies for a loan, the bank makes two offers—one for a traditional loan and one that is discounted for green construction.

Its loans are creative. For instance, the bank introduced a new solar financial program that helps homeowners finance solar energy projects with no down payment. It also provides a discount on loans for green projects in the commercial real estate or multiunit residential sectors.

“It’s becoming something where a blend of good options for the consumer work just as well as conventional ones, but it also is much more sustainable,” Liu says.

With his early success, Liu has plans to expand his green bank to other parts of the United States.

“We don’t intend to be everything to everyone. We are looking to go to communities where the belief is that sustainability can be a real market option,” Liu says.



Judith Hasson is a special correspondent with America.gov. Marie Zisa contributed to this article.

For more information:

Peter Liu

<http://www.time.com/time/magazine/article/0,9171,1604882,00.html>

EPA 2009 Environmental Awards

<http://www.epa.gov/region09/awards/09/#business>