



Jason Richardson – Director of Research

An overview of the available PPP program loan data

LENDING DISCRIMINATION WITHIN THE PAYCHECK PROTECTION PROGRAM

About NCRC

The National Community Reinvestment Coalition and its grassroots member organizations create opportunities for people to build wealth. Its [members](#) include community reinvestment organizations; community development corporations; local and state government agencies; faith-based institutions; community organizing and civil rights groups; minority and women-owned business associations, as well as local and social service providers from across the nation.

Programs & Services

- Agenda-setting research, training, insight
- Renovate and build affordable homes for low- and moderate-income families
- Counseling for home buyers and owners
- Business-building expertise for entrepreneurs
- Train and support housing counselors
- Test and challenge discrimination in financial services and housing
- Convene and facilitate agreements between financial institutions and community networks to increase lending, investments and philanthropy in neighborhoods that need it
- Represent members before Congress and federal regulatory agencies
- Routinely cited by journalists, economists and scholars focused on banking, housing, urban renewal, rural development and civil rights.

Housekeeping

Code

Our code of conduct applies to all gatherings.

www.ncrc.org/code/

Questions

Submit questions by clicking the Q&A button at the bottom of your Zoom screen.

We'll answer as many as we can during the conversation and in follow-up materials.

Essential links / tags

www.ncrc.org/

Tag @ncrc

Tag #TreasureCRA and #JustEconomy

Overview

- The PPP is a lending program that provides money, in a potential grant format, to small businesses to help them weather the economic effects of the pandemic.
- Most of the loan needs to be allocated for employee salaries and then the remainder can be used for other business expenses like rent and loan payments.

Research Efforts

- NCRC has analyzed data on 4.8 million PPP loans release by the Treasury Department after the administration at first refused to release any data.
- We have also performed 63 tests of PPP lenders to ascertain if there are signs of discrimination in the loan process.

PPP Loan Data

- 661k loans were reported for \$150k or more and 4.2m loans were made for less than this amount.
- Top Five Lenders (**percent with demographic data**)
 - Bank of America 335k loans (9%)
 - JPMorgan Chase 270k loans (12%)
 - Wells Fargo 186k loans (9%)
 - Celtic Bank Corporation 149k loans (5%)
 - Cross River Bank Corporation 134k loans (7%)

Problems with this data

- Just 23% of PPP loans include any demographic data.
- Few lenders collected any at all, so any analysis is highly skewed and probably not representative.
- For loans over \$150k they did not release the exact loan amount.
- For loan under \$150k, they did not release a precise business location.

Demographic Data

- Among the 1.1 million loans that collected demographic data;
 - 25% were made to a woman-owned business
 - 21% were made to a minority-owned business
- These loans are highly concentrated among the small number of lenders that consistently collected such data.

PPP Testing

- We conducted 63 fair lending matched-pair audit tests of financial institutions in Washington, DC, and found a difference of treatment in 27 out of 63 (43%).
- 13 of the 17 institutions tested demonstrated a difference in how minority testers were treated.

PPP Testing

- Bank employees informed White testers that they would qualify for a loan at a significantly higher rate than Black testers.
- Black males were told that they qualified at a significantly higher rate than White females.
- None of the Black female testers were encouraged to apply.

PPP Testing - Example

- When the Black tester called, they were told before receiving any information about products they would need to come into the bank in person.
- **“She told me that since I was not a current customer that she would have to physically identify me. She offered to make [an] appointment for me to come through the drive through so she could identify me and view my state issued ID or driver’s license.”**
- The White tester was given specific information about a line of credit and secured loan including interest rates, fees and approval times.



Contact me with questions about the data and analysis that we provide to members of NCRC or about our work.

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Become A Member

www.ncrc.org/membership

We're a network of local and national nonprofits,
government and educational institutions.

Together, we lead the movement for a #JustEconomy.

For upcoming training and events from NCRC, visit:

www.ncrc.org/events