

Congress of the United States
Washington, DC 20515

April 22, 2020

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We write to you regarding the Paycheck Protection Program (PPP) established by Congress as a part of the Coronavirus Aid, Relief, and Economic Security (CARES Act). Because of the necessary shutdowns occurring around the country, small businesses throughout our nation have been shuttered and millions of Americans have lost their livelihoods.

The PPP serves the dual purpose of providing a necessary financial lifeline to small businesses without the capital to weather this crisis while also incentivizing these small businesses to maintain their payroll and preserve the jobs of their employees.

In practice, there have been difficulties disbursing the money efficiently. Because demand for the program has been so great, both private sector financial institutions and the Small Business Administration (SBA) suffered through technical problems and found themselves overwhelmed by the sheer volume of applications. As a result, large banks around the country limited access to PPP loans to existing customers.

For minority depository institutions (MDI) and community development financial institutions (CDFI), the rapid rollout and extreme demand for these loans has been particularly burdensome. MDIs and CDFIs are crucial cogs in our financial system because they help build wealth in low and moderate income communities and communities of color, and are particularly adept at

reaching underserved customers in neighborhoods often ignored by larger financial institutions. Because of their limited size, however, these banks typically lack the capital, personnel and the experience required to speedily build or implement the requisite technology platforms required to serve small business customers in need of a PPP loan, or other SBA programs.

Fintech companies, like those you run, specialize in building and scaling user-friendly technology in an abbreviated period of time. A number of you have already built such platforms, and others are in the process of doing so. Small businesses around the country are fighting to survive, and I applaud you all for working to build tools that will help them do so.

Given your comparative advantage in building scalable technology and the strengths of MDIs and CDFIs at reaching underserved communities and working with existing financial regulators, I believe partnerships between fintechs and MDI/CDFIs could be beneficial for both parties, and help expand the reach of financial services and government stimulus programs to those communities most affected by the crisis, and in greatest need of financial support.

Though PPP funds have temporarily expired, more funds are likely to be allocated this week. For the second tranche of money, we hope to see a greater number of MDI/CDFI-fintech partnerships and believe all institutions and small businesses would benefit from such an arrangement.

Please respond to this letter detailing the possibility of working with MDIs and CDFIs to expedite and streamline the PPP process for small business owners as well as on other ventures in the future.

Sincerely,



Gregory W. Meeks
Member of Congress



Bill Foster
Member of Congress



Al Green
Member of Congress



Emmanuel Cleaver
Member of Congress