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CBAI Urges the CFPB to Carefully Craft Small Business Data Collection Requirements to Minimize the Regulatory Burden on Community Banks

On December 11, 2020, CBAI responded to a request for comments by the Consumer Financial Protection Bureau (CFPB) regarding their proposals for small business data collection and reporting. This rulemaking will implement the last major section of the Dodd-Frank Act (Section 1071) which concerns applications for loans by small businesses and minority- and women-owned businesses. CBAI highlighted the importance to the economy and the exemplary performance of community banks in small business lending and urged the Bureau to aggressively use its authority to exempt community banks from harmful and unnecessary regulatory requirements.

CBAI made specific recommendations which included the following:

- Apply Section 1071 rulemaking to all types of financial institutions, including credit unions, Farm Credit System lenders, and Industrial Loan Companies.
- Apply Section 1071 rulemaking to nontraditional financing products, particularly when delivered through nontraditional lenders.
- If a size-based financial institution exemption threshold is selected, \$1 billion in assets should be exceeded for three calendar year-ends (not including assets at year-end 2020) before the data collection and reporting is required.
- Businesses which exceed \$1 million in annual revenues should be exempt from this rulemaking.
- There should be no requirement for verifying the level of minority- or women-ownership of a business or to confirm the status of a minority individual.
- The Bureau should only include the "mandatory" data points for collection and reporting and not repeat the mistakes it made in HMDA rulemaking by adding a number of "discretionary" data points.
- The Bureau should robustly protect the privacy interests of small businesses, minority- and women-owned businesses, and related individuals.
- The rule should be phased-in over three years for community banks.

CBAI looks forward to working with the Bureau in Section 1071 rulemaking to minimize the regulatory burden on community banks.

[Read CBAI's Comment Letter to the CFPB »](#)

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