

America's Large Banks Helped Stabilize the Economy and Distribute PPP Loans Where They Were Needed Most

▶ **Large banks underwrote about 1.7 million Paycheck Protection Program loans.¹**

- They also responded quickly to the needs of the American economy. Data from a sample of BPI members collected in April demonstrated that 2020 Q1 large bank lending to small and large businesses increased by 12.7%, or almost 51% on an annualized basis.²

▶ **More PPP loans were disbursed to areas that experienced the highest economic disruption as a result of the pandemic.**

- There was a strong correlation (55.1%) between PPP loans per small-business employee disbursed by large banks and lower visits to the workplace in that locality.³
- States served by more large banks received more PPP loans per small-business employee.⁴

▶ **BPI members served the smallest businesses through the PPP.**

Data analyzed in May demonstrates:⁵

- The average loan size was \$115,000 (smaller than the program average of \$130,000);
- 64% of loans were for amounts under \$50,000;
- 51% of all loans went to businesses with fewer than five employees;
- 75% of all loans went to businesses with fewer than 10 employees; and
- 98% of loans went to businesses with fewer than 100 employees.

▶ **And they helped channel PPP credit into neighborhoods with high minority populations.**

- A neighborhood with a high percent minority population received about 37% more PPP funds per small business establishment relative to an otherwise comparable zip code with a low percent minority population.⁶
- A neighborhood with a high percent minority population that is made up completely of Opportunity Zones would get 50% more PPP dollars per small business than an area with a low percent minority population and no Opportunity Zones.

▶ **Large banks handled PPP funds responsibly, while alleged PPP scammers turned to FinTechs.**

In the bulk of the fraud cases analyzed, the allegedly fraudulent loan came from an internet bank or FinTech.⁷ The analysis, which corroborates reports from Bloomberg and the Project on Government Oversight (POGO), found that:

- The 14 large banks on the SBA's list of top 15 PPP lenders (which additionally includes one FinTech-related lender) originated approximately 75,000 loans of at least \$350,000 in size, of which just 10 are allegedly fraudulent; and
- The percentage of allegedly fraudulent loans among the PPP loans of the major internet banks and FinTech lenders is nearly 48 times the percentage among the PPP loans of these 14 large banks.

▶ **Americans agree that banks helped stabilize the economy.**

According to a survey conducted by [Morning Consult](#):

- 75% of respondents that expressed an opinion say during the coronavirus pandemic banks have been helpful to the stability of the U.S. economy.
- 79% of respondents say their bank has met their banking needs during the coronavirus pandemic.

KEY FACTS



1.7 MILLION

PPP loans were underwritten by large banks, totaling more than \$188.5 billion.



Large banks distributed PPP funds to areas that needed it most

There was a strong correlation between PPP loans per small-business employee disbursed by large banks and lower visits to the workplace in that locality.



Alleged PPP scammers steered clear of large banks

The percentage of allegedly fraudulent PPP loans among internet banks and FinTech lenders is nearly 48 times the percentage among the PPP loans of the 14 large banks on the SBA's list of top 15 lenders.



75%

of respondents that expressed an opinion say during the coronavirus pandemic banks have been helpful to the stability of the U.S. economy, according to a survey conducted by Morning Consult.



79%

of respondents say their bank has met their banking needs during the coronavirus pandemic, according to a survey conducted by Morning Consult.

Sources:

¹ <https://bpi.com/neighborhood-demographics-and-the-allocation-of-paycheck-protection-program-funds>
² <https://bpi.com/american-banks-have-increased-lending-to-american-businesses-by-400-billion-during-the-crisis-so-far>
³ <https://bpi.com/following-the-money-trail-the-geographic-distribution-of-ppp-loans>
⁴ <https://bpi.com/using-loan-level-data-to-assess-the-ppps-effectiveness>
⁵ <https://bpi.com/largest-banks-have-served-smallest-businesses-through-paycheck-protection-program>
⁶ <https://bpi.com/neighborhood-demographics-and-the-allocation-of-paycheck-protection-program-funds>
⁷ <https://bpi.com/alleged-ppp-scammers-steered-clear-of-large-banks-an-analysis-of-the-doj-reported-cases-to-date>