

Mr. Russell Vought  
Acting Director  
Consumer Financial Protection Bureau  
1700 G St NW  
Washington, DC 20552

July 18, 2025

***Re: Small Business Lending Under the Equal Credit Opportunity Act (Regulation B); Extension of Compliance Dates, Docket No. CFPB–2025–0017 or RIN 3170–AB40***

Dear Acting Director Vought:

Americans for Financial Reform Education Fund, HEAL Food Alliance, Main Street Alliance, and National Family Farm Coalition respectfully urge the Consumer Financial Protection Bureau (CFPB) to withdraw the proposed interim final rule on Small Business Lending Under the Equal Credit Opportunity Act (Regulation B); Extension of Compliance Dates.<sup>1</sup> The CFPB should not delay the implementation, data collection, or disclosure of small business and farm lending data.

The banking and lending industry’s aggressive regulatory lobbying and litigation has already delayed the implementation of 1071 for fifteen years. Section 1071 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act amended the landmark Equal Credit Opportunity Act civil rights statute and required the CFPB to collect data essential to “facilitate enforcement of fair lending laws and enable communities and governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.”<sup>2</sup>

Small businesses and farms are engines for economic growth, job creation, and household wealth building for families and for communities. Small businesses generate job growth and innovation and support 30 million families whose income and wealth is tied to the small businesses they own.<sup>3</sup> Just under half of all workers are employed by small business.<sup>4</sup> But small businesses and farms owned by women and people of color have faced historic, and persistent inequitable access to financing and credit related to structural racial wealth inequality, patterns of disparate treatment and outcomes, and lending discrimination that have undermined economic activity, job creation, and wealth building for far too many and for far too long.

***Small business and farm loan data transparency is critically needed:*** Today, there is no comprehensive, publicly available data set that covers small business or farm lending. Congress and banking regulators have long recognized the need for publicly available small business and farm loan

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<sup>1</sup> Consumer Financial Protection Bureau. [Small Business Lending Under the Equal Credit Opportunity Act \(Regulation B\); Extension of Compliance Dates](#). Interim Final Rule. Docket No. CFPB–2025–0017 or RIN 3170–AB40. 90 Fed. Reg. 116. June 18, 2025 at 25874 et seq.

<sup>2</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act. [Pub. L. 111-203](#). July 21, 2010 at §1071; 15 USC §1691c-2(a).

<sup>3</sup> Farrell, Diana, Chris Wheat, and Chi Mac. JPMorgan Chase Institute. [“Small Business Owner Race, Liquidity and Survival.”](#) July 2020 at 4.

<sup>4</sup> de Zeeuw, Mels. Federal Reserve Bank of Atlanta. [“Small Business Credit Survey: Report on Minority-Owned Firms.”](#) December 2019 at iii.

data. The Congress considered including small business lending data in HMDA,<sup>5</sup> and in 1995 the Community Reinvestment Act regulations jointly authored by the Federal Reserve, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation began requiring banks to collect and disclose aggregate small business and farm loan originations by census tract.<sup>6</sup> This data was modestly helpful, but far from sufficiently granular to allow communities, businesses and farms, or regulators to understand and address gaps in access to credit. Section 1071 was adopted in order to remedy this problem.

Small businesses and farms are important engines for economic growth and household wealth building,<sup>7</sup> but inequitable access to small business and farm credit has impeded the ability of women and people of color to establish, maintain, and grow small businesses and farms.<sup>8</sup> This contributes to the racial wealth gap, costs communities of color billions of dollars in economic activity each year, and suppresses entrepreneurship which would otherwise be a source of growth and vitality for the economy as a whole.

Studies have repeatedly found that Black, Latine, and Asian small business owners had lower access to capital, are charged higher interest rates, receive lower loan amounts, and have higher loan rejection rates than comparably creditworthy white small business owners.<sup>9</sup> More than half of Black-owned and Latine-owned businesses that needed financing did not apply for loans because they did not think they would be approved, according to a 2018 SBA survey, and “even the most credit-worthy minority borrowers anticipated being denied credit.”<sup>10</sup> The 2022 Federal Reserve Survey of Consumer Finances found that white families were one-third more likely to hold business equity than Black or Latine families (16.0 percent, 11.0 percent, and 9.8 percent, respectively) and that white-owned businesses were two and a half times more valuable than those owned by Black and Latine families (\$105,000, \$42,000, and \$40,000, respectively).<sup>11</sup>

Despite all these challenges, the number of small businesses owned by people of color has grown steadily and about twice as fast as the number of white-owned firms.<sup>12</sup> By 2019, there were 1.1 million small businesses owned by Black, Latine, and Asian families.<sup>13</sup> But continued inequitable access to credit and financing makes it more difficult for businesses owned by people of color to sustain, reinvest, and expand their businesses.

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<sup>5</sup> Fishbein, Allen and Ren Essene. Joint Center for Housing Studies. Harvard University. “[Home Mortgage Disclosure Act at Thirty-Five: Past History, Current Issues](#).” Working Paper No. MF10-7. August 2010 at 12

<sup>6</sup> 12 CFR §345.42(a).

<sup>7</sup> de Zeeuw, Mels G. and Victor E. da Motta. Federal Reserve Bank of San Francisco. “[Minority-owned enterprises and access to capital from Community Development Financial Institutions](#).” *Community Development Innovation Review*. May 19, 2021 at iii.

<sup>8</sup> Liu, Sifan and Joseph Parilla. Brookings Institute. “[Businesses Owned by Women and Minorities have Grown. Will COVID-19 Undo That?](#)” April 14, 2020.

<sup>9</sup> de Zeeuw and da Motta (2021) at 6 to 7.

<sup>10</sup> Robb, Alicia. Robb Consulting for the U.S. Small Business Administration. “[Financing Patterns and Credit Market Experiences: A Comparison by Race and Ethnicity for U.S. Employer Firms](#).” February 2018 at 35 and 36.

<sup>11</sup> Federal Reserve Board (FRB). Survey of Consumer Finances 2022. [Business equity by race and ethnicity](#). Accessed July 2025.

<sup>12</sup> Robb (2018) at 12.

<sup>13</sup> de Zeeuw (2019) at iii.

Women also face persistently higher barriers to accessing credit than men, one of the motivations for the Equal Credit Opportunity Act.<sup>14</sup> In 2024, women owned nearly 40 percent of small businesses but captured only 6 percent of the small business revenue.<sup>15</sup> Women owned small businesses were more likely to have applied for credit, more likely to report having difficulty accessing credit, and more likely to get rejected for loans than men-owned firms, according to a 2024 Federal Reserve survey.<sup>16</sup>

Black, Latine, Indigenous, Asian, and women farmers have also faced longstanding barriers to accessing farm credit and discrimination accessing farm credit on equitable terms.<sup>17</sup> Small farmers face substantial and similar barriers to credit on fair and equitable terms as small businesses, especially during economic crises.<sup>18</sup> Since 2019, three quarters of all farm loans have carried variable interest rates, meaning that the cost of repayment is likely to rise, putting more pressure on smaller farmers to cash-flow their operations.<sup>19</sup> The 1071 data collection includes loan pricing data to assess the availability of affordable farm credit.

The need for the Section 1071 data has only grown and the interim final rule's delay will harm communities, small businesses and farms, and Main Street and rural economies. Communities and small business and farm advocates need the data disclosure to evaluate the credit markets essentially for the first time and further delay only extends the market opacity that has constrained equitable and fair credit allocation for everyone.

***Interim final rule inflates costs and underestimates benefits:*** The interim final rule overestimates the costs and dismisses the critical benefits of the collection and publication of the small business and farm lending data. The interim final rule states that it has relied on information “obtained from industry, other regulatory agencies, and publicly available sources” to assess the costs of the regulation.<sup>20</sup> Overreliance on industry cost estimates will inherently distort and overhype the costs of Section 1071 implementation. The CFPB considered these costs with due deliberation in the lengthy process of developing the 2023 final rule and found that the benefits of justice and market transparency far outweighed the compliance costs to industry.

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<sup>14</sup> Fishbein, Allen J. and Patrick Woodall. Consumer Federation of America. [“Women are Prime Targets for Subprime Lending.”](#) December 2006.

<sup>15</sup> Wells Fargo. [“2025 Report: The Impact of Women-Owned Businesses.”](#) 2025 at 13.

<sup>16</sup> Federal Reserve Banks. [“2024 Chartbook on Firms by Gender of Ownership.”](#) 2024 at 13, 24, and 32.

<sup>17</sup> de Sam Lazaro. Fred an Simeon Lancaster. [“Historically denied ‘pivotal’ loans, Black farmers still struggle to get support.”](#) *PBS Newshour*. December 7, 2021; Rosenberg, Nathan. [“How USDA distorted data to conceal decades of discrimination against Black farmers.”](#) *The Counter*. June 26, 2019; Matin, Michel. [“USDA awards Native Americans millions in discrimination suit.”](#) *NPR*. October 21, 2010; LaFraniere, Sharon. [“U.S. opens spigot after farmers claim discrimination.”](#) *New York Times*. April 25, 2013; U.S. Department of Justice and U.S. Department of Agriculture. [Press release]. [“USDA notice to women and Hispanic farmers and ranchers: Compensation for claims of discrimination.”](#) July 7, 2011; Robinson, Jessica. [“Women, Hispanic farmers say discrimination continues in settlement.”](#) *Boise Public Radio*. November 13, 2012.

<sup>18</sup> Farm Aid, Food & Water Watch, National Family Farm Coalition, Rural Advancement Foundation Intl.-USA. [“Don’t Bank on It: Farmers Face Significant Barriers to Credit During Economic Downturn.”](#) March 2011.

<sup>19</sup> Federal Reserve Bank of Kansas City. National Survey of Terms of Lending to Farmers. [Table 6. Share of Non-Real Estate Bank Loans with a Floating Interest Rate.](#) 2021 3<sup>rd</sup> Quarter. Smialek, Jeanna. [“Fed shifts to inflation battle, winding down pandemic support.”](#) *New York Times*. December 15, 2021.

<sup>20</sup> [90 Fed. Reg. 116](#) at 25877.

Even the cost estimate that the CFPB uses for the interim final rule, which is undoubtedly inflated by industry hand-wringing, suggests that the costs are very modest. The CFPB estimates an annualized cost to industry would be \$119 million.<sup>21</sup> This figure might seem like a large regulatory cost, but spread across the entirety of the industry, it would represent a very, very tiny expenditure. To provide a sense of scale, according to the Federal Deposit Insurance Corporation's Quarterly Banking Profile, insured depository institutions reaped \$330.0 billion in income before taxes and extraordinary expenses in 2024, meaning that the \$119 million annualized cost would amount to 4 one-hundredths of a percent of income (0.04 percent).<sup>22</sup> In fact depository banks are only some of the firms that make small business and farm loans covered by this rule, so the actual cost as a share of revenue is certain to be far lower.

These small compliance costs are more than offset by the benefits of Section 1071. The public data will provide an enormously more comprehensive and granular assessment of the demand for small business and farm credit than is currently available. This is critical for stakeholders to evaluate unmet credit needs and communities and populations that are underserved. That includes community, small business, and farm advocacy groups and local governments that benefit from knowing where there are credit gaps and where to focus their efforts to improve access to credit to underserved communities and populations.

Lenders looking for new business opportunities also stand to benefit from the rule. The unmet credit needs the data will show represent an untapped market of potential customers for lenders that are currently hidden in plain sight because of the total absence of small business and farm loan data. The mortgage lending industry opposed HMDA, but the application data from the HMDA pointed to untapped geographic and demographic customer bases that could become a new source of business and revenue and lending did increase to underserved areas and populations with the advent of application data.<sup>23</sup> The interim final rule does not recognize that the market transparency provides a public benefit to the lending industry that will generate real financial benefits — benefits that will partially offset compliance costs.

Finally, the 1071 disclosure is essential to confront patterns of lending bias, redlining, and discrimination and to enforce federal civil rights fair lending statutes. Suggesting that this benefit is merely qualitative — as the interim final rule does — immorally diminishes the costs of discriminatory treatment and the benefits of justice, and it ignores the law. The Equal Credit Opportunity Act (ECOA) outlaws lending discrimination on the basis of race, color, religion, national origin, sex, marital status, or age.<sup>24</sup> Congress designed Section 1071 to give the CFPB the necessary data and tools to enforce ECOA in the realm of small business and farm lending. The CFPB has a statutory obligation and mission to enforce fair lending laws and delaying the implementation of Section 1071 intentionally makes it more difficult to perform that mission. Enforcing civil rights laws is not a qualitative benefit, it is a requirement of law and a moral imperative.

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<sup>21</sup> [90 Fed. Reg. 116](#) at 25878.

<sup>22</sup> Federal Deposit Insurance Corporation. Q4 Quarterly Banking Profile 2024. [Q4 2024 QBP Quarterly Income](#). February 2025.

<sup>23</sup> Fishbein and Essene (2010) at 12 and 27.

<sup>24</sup> 15 USC §1691(a).

Lending bias represents an opportunity cost for every prospective entrepreneur and farmer that cannot access credit, build or expand their business or operation, and reinvest in their own and their families' futures. Those costs are real, financial costs that accrue to those communities and populations — Black, Latine, Native, Asian, women, new immigrants, and many others — that are discriminated against and underserved by the financial system, and they cut off a source of growth that would benefit participants across the whole economy. Those forgone benefits are real financial costs. For example, Citibank estimates that providing more equitable lending to Black businesses would have generated an additional \$13 trillion over the past two decades and supported more than 6 million jobs a year.<sup>25</sup> Based on this estimate the annual cost of small business lending bias *just* to Black entrepreneurs would be \$650 billion a year — an order of magnitude greater than the CFPB estimate of the costs of implementing the rule.

***Justice delayed is justice denied:*** Communities, small businesses, and farms have already waited 15 years for the publication of this critical data and the CFPB must not delay the implementation of Section 1071 one moment longer. The proposed interim final rule would delay the publication of this statutorily mandated data until 2028, even though the interim final rule acknowledges that the “benefits primarily begin with the publication of the data.”<sup>26</sup> Delaying the data publication another three years wrongly denies the public information that Dodd Frank mandated be collected and shared.

The 15-year delay that has already been allowed is in sharp contrast to the much shorter time it took to implement, collect data, and make publicly available home lending data under the 1975 Home Mortgage Disclosure Act (HMDA). Section 1071 was based on the very successful HMDA, which collects similar data on home mortgage lending that has been critical to enforce fair lending law and assess the credit needs of communities.<sup>27</sup> For decades, communities, local elected officials, academics, regulators, reporters, and organizations have used HMDA data to evaluate credit availability and whether lenders were providing mortgage credit and home financing to “qualified applicants on reasonable terms and conditions.”<sup>28</sup>

Although HMDA data covers a far larger market (there are far more home mortgage loan applications and originations than for small business and farm loans) and was implemented decades before the internet, the data was collected and became available to the public within a few years of when the law was enacted. In 1989, the *Atlanta Journal Constitution* won a Pulitzer Prize for investigative reporting based on its analysis of the 1981 to 1986 HMDA data that demonstrated that banks made five times more home loans to white loan applicants than to Black applicants even when controlling for income.<sup>29</sup> This groundbreaking and award-winning HMDA analysis was followed by decades of local governments, federal regulators, lenders, and community groups and advocates using HMDA data to evaluate demand for and availability of credit that has been critical to enforce civil rights laws and assess community development needs.

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<sup>25</sup> Peterson, Dana M. and Catherine L. Mann. Citibank Global Perspectives & Solutions. “[Closing the Racial Inequality Gaps](#).” September 2020 at 7.

<sup>26</sup> [90 Fed. Reg. 116](#) at 25879.

<sup>27</sup> [Home Mortgage Disclosure Act](#). Pub. L. 94-200. December 31, 1975.

<sup>28</sup> HMDA §302(b).

<sup>29</sup> Dedman, Bill. “[The color of money](#).” *Atlanta Journal Constitution*. Five-part series May 1988.

The same kind of access to transparent market data is overdue for small business and farm lending. The CFPB should withdraw the interim final rule and begin publishing the Section 1071 data. Fifteen years of delay is already too much.

Sincerely,

Americans for Financial Reform Education Fund  
HEAL Food Alliance  
Main Street Alliance  
National Family Farm Coalition