

July 2, 2025

The Honorable Russell Vought  
Acting Director  
U.S. Consumer Financial Protection Bureau (CFPB)  
1700 G St NW  
Washington, DC 20552

*RE: RIN 3170-AB40 - Small Business Lending Under the Equal Credit Opportunity Act (Regulation B);  
Extension of Compliance Dates*

Dear Acting Director Vought:

As a representative and advocate on behalf of America's 34 million small businesses, Small Business Majority writes to provide comments in response to the U.S. Consumer Financial Protection Bureau's (CFPB) interim final rule that further delays compliance dates for Section 1071 of the Dodd-Frank Act as established in the Bureau's 2023 Small Business Lending Rule and modified by the 2024 interim final rule. Small Business Majority strongly opposes the interim final rule as it will further delay the collection of critical small business lending data that is integral to improving access to capital for underserved small businesses nationwide.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enable us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest, most under-resourced businesses.

### **Financing gaps are prominent among minority- and women-owned small businesses**

While small businesses represent the pillars of local communities and our national economy, accounting for 99% of all U.S. businesses and roughly 44% of the nation's economic activity, many small enterprises continue to face significant barriers to accessing the responsible and affordable capital necessary for growth.<sup>1</sup> These barriers, including inadequate credit history, limited access to established banking relationships, and a legacy of systemic discrimination in the lending industry, continue to disproportionately impact women- and minority-owned businesses in their pursuit of responsible financing. According to data from the 2024 Small Business Credit Survey, white-owned small businesses were over 20% more likely to be fully approved for the financing they sought than Black-owned businesses.<sup>2</sup> While 56% of white-owned businesses received the full amount requested, only 35% of Black-owned, 38% of Asian-owned, and 39% of Hispanic-owned businesses were fully approved. Furthermore, national polling conducted by Small Business Majority found that while roughly 19% of small business owners overall obtained less capital than they sought, that number is higher among AAPI (36%), Black (31%) and Latino (26%) small business owners.<sup>3</sup>

<sup>1</sup> "Frequently Asked Questions About Small Business, 2024." U.S. Small Business Administration Office of Advocacy. July 23, 2024.  
<https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>

<sup>2</sup> "2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey." Fed Small Business. March 27, 2025.  
<https://www.fedsmallbusiness.org/reports/survey/2025/2025-report-on-employer-firms>

<sup>3</sup> "Small businesses struggling to access capital, harming their financial recovery." Small Business Majority. February 17, 2021.  
<https://smallbusinessmajority.org/our-research/access-capital/small-businesses-struggling-access-capital-harming-their-financial-recovery>

These small business financing gaps are also prominent in Small Business Administration (SBA) approved loans, including the 7(a) and 504 programs.<sup>4</sup> In FY24, white-owned small businesses accounted for over 45% of all 7(a) loans and nearly 60% of 504 loans, while their Black-owned counterparts accounted for just 7.2% of 7(a) loans and 3.2% of 504 loans. These disparities are also apparent across other demographics, including gender. Small businesses that were more than 50% owned by a woman accounted for just 21% of 7(a) loans and 15% of 504 loans while male-owned businesses accounted for nearly 70% of 7(a) loans and 64% of 504 loans, a stark contrast when considering that over 43% of small businesses in the U.S. are women-owned.<sup>5</sup>

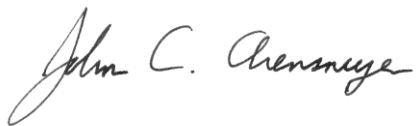
### **When 1071 requirements are not implemented, small business owners pay the price**

Regulations brought forth by the Dodd-Frank Act, otherwise known as Section 1071, were promulgated to address these same challenges that millions of entrepreneurs continue to face. Inequitable lending standards and practices are commonplace because there is no universal dataset revealing the unique contextual barriers that stand in the way of the pursuit of the American Dream, which is business ownership. While third-party data sources confirm that small business lending is inequitable, the government must also collect and report this data to legitimize the debate and recommend policy reforms for individuals that are of minority descent. Small Business Majority has long championed and praised the efforts to date that would require 1071 to become fully implemented, requiring data collection on small business lending pertaining to a business owner's race and gender, which would paint a full picture of who receives financing and who does not.

While banks maintain standards in lending and underwriting decision-making, some of these factors may impact business owners differently. Without the data, those differences will not be known, and thus lenders' practices and policies cannot be altered. That is why any delay in implementing 1071's data standards will result in maintaining the status quo where small businesses receive capital at different rates based on their demographics. If the primary complaint is that these requirements are burdensome, we believe that policymakers must come together on a strategy that both minimizes the burden of data collection on the business owner and the lender, while also ensuring that the data can be collected, protected, and made public upon review to industry, government, and advocacy stakeholders so that the policy environment can be improved upon. Without the implementation of these critical transparency requirements, small business owners will continue to suffer barriers to success. A delay in requiring that data be collected and studied is a delay in ensuring that every small business has the right to thrive and obtain capital that is responsibly underwritten.

Should you have any questions or would like to discuss our comments further, please contact our Government Affairs Director, Alexis D'Amato, at [adamato@smallbusinessmajority.org](mailto:adamato@smallbusinessmajority.org) or (202) 967-0995.

Sincerely,



John Arensmeyer  
Founder & CEO  
Small Business Majority

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<sup>4</sup> "7(a) & 504 Summary Report." U.S. Small Business Administration. June 30, 2025. <https://careports.sba.gov/#/views/7a504Summary/Report>

<sup>5</sup> "Small Business Statistics in 2024." National Association of Women Business Owners. March 6, 2024. <https://nawbo.org/expert-reviews/blog/small-business-statistics/>