Advocating for Responsible Small Business Financing in New York

Wednesday, October 16, 2019
Agenda

1. The Transparency Problem in Small Business Lending
2. Impact and Harm to New York Business Owners
3. How Your Organization Can Help
4. Q&A
Lack of Transparency in Small Business Lending

“I hear these stories constantly, about a small business in particular getting into a situation where they didn’t quite know what they signed up for, and then they walk into their community bank and say, ‘I’ve gotta get out of this deal, it’s killing me.’ And so, there are good actors and bad actors… That is the role of the regulators, not just at the federal level.”

- President Patrick Harker of the Federal Reserve Bank of Philadelphia, September 29, 2017
Lack of Transparency in Small Business Lending

- Disclosure laws do not apply to small business financing
  - Example: misleading alternative ‘rates’ provided, that are not APRs

- Without disclosure standards it is difficult for small businesses to make informed choices between financing options

- This can lead them to overpay for credit, fall into debt cycles, or permanently close
Impact on NY Small Business

Lavida Barkley
Coiled
Community Loan Fund
of the Capital Region
Make Your Voice Heard

- The New York State CDFI Coalition is taking a stand
- It is time for responsible lenders and advocates across New York to stand up against bad actors in industry and protect the interests of small businesses
Progress in 2019, Opportunity in 2020
NY Can Lead the Nation in Small Lending Transparency

Some critical disclosure elements needed for small business lenders include:

- APR
- Financing Amount
- Payment Amount & Frequency
- Term
- Prepayment Charges
Advocating for Transparency
How to Get Involved

- Join our NY policy calls: every other Thursday, 2:00pm ET
- Collect stories from small businesses impacted by predatory lending
- Share webinar recording with your network
- Sign on to the Small Business Borrowers’ Bill of Rights

To join our calls, submit stories, or sign on to the Rights, email us at:

kim@borrowersbillofrights.org
Questions?
(please submit via group chat)

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