

United States Senate

WASHINGTON, DC 20510

August 3, 2017

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1275 First Street, NE
Washington, DC 20002

Dear Director Cordray:

We were pleased to see the recent announcement that the Consumer Financial Protection Bureau (CFPB) has taken initial steps towards implementing Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). We write to urge the CFPB to be expeditious in implementing these long-overdue transparency measures, which will finally shine a light on the barriers that women, minority, and other entrepreneurs face in accessing capital.

As you know, under Section 1071, financial institutions must collect and make available information regarding credit applications made by women- or minority-owned businesses and by small businesses. Small Business Administration analysis shows that firms run by women and minorities often start with just half the amount of capital as their white male counterparts.¹ This gap in startup capital puts minority- and women-owned small businesses at a severe disadvantage, impedes their chances of success, and increases their reliance on credit provided by lending institutions. Implementation of Section 1071 will provide much-needed transparency to the lending market, where public information regarding the treatment of women and minority entrepreneurs is inconsistent and largely incomplete.

Data collection and transparency are essential to government efforts to provide responsible oversight and design policies to assist disadvantaged Americans. For example, the Home Mortgage Disclosure Act has helped identify instances of systemic discrimination in the selling of home mortgages by making available mortgage data, and the Community Reinvestment Act has assisted in oversight of financial regulators over banks. Like these efforts, Section 1071 will shine a light on small business lending by identifying gaps in lending. This information will provide financial institutions with a roadmap for adjusting internal policies and give Congress the tools it needs to level the playing field for minority- and women-owned small businesses.

We ask that the CFPB complete its public comment and move with speed to finalize guidance under a definite timeline. In conducting your review for Section 1071, we urge you to provide clear guidance on what qualifies as a small business for the purposes of this law and what type of data the CFPB hopes to collect. In addition, while we believe data on small business lending should be open and accessible to the public, we recognize the CFPB must give proper consideration to privacy concerns of all stakeholders involved. Finally, we urge the CFPB to opt

¹ Robb, A., & Rafael, S. (2013). Access to Capital among Young Firms, Minority-owned Firms, Women-owned Firms, and High-tech Firms (p. 15) (United States, Small Business Administration, Office of Advocacy). Washington, D.C.: U.S. Small Business Administration.

on the side of greater inclusion, including of non-bank lenders, to ensure that there is a comprehensive account of actors offering financial services for small businesses.

Thank you again for your efforts on behalf of small businesses managed by women and minority entrepreneurs. When small businesses grow and succeed, we create more jobs and an economy that benefits all Americans, regardless of their personal and economic backgrounds.

Sincerely,



Cory A. Booker
United States Senator



Ron Wyden
United States Senator



Richard J. Durbin
United States Senator