

**Remarks of**  
**Thomas J. Curry**  
**Comptroller of the Currency**  
**before the**  
**2015 State Small Business Credit Initiative Conference**  
**May 12, 2015**

Good morning and welcome to Constitution Center. This is the second year that the Office of the Comptroller of the Currency is hosting the annual SSBCI conference, and I'd like to welcome all of you, newcomers, as well as those who joined us last year.

The two things I find most intriguing about the State Small Business Credit Initiative, referred to as SSBCI, is that it was designed to leverage private capital, and it gave the states the flexibility to reinvigorate existing state small-business credit programs or to develop new ones. This has allowed you, as state program administrators, the flexibility to be creative and devise approaches that best meet local needs. And this approach has brought success; your programs have deployed over \$1 billion in funding for small businesses.

This conference is a great opportunity to share experiences and explore new ways to expand small business lending. I understand this is the largest attendance yet for this gathering, and I'm sure you have a lot to discuss.

For those of you who are not familiar with the Office of the Comptroller of the Currency, the OCC is the primary regulator and supervisor of national banks and federal savings associations. The OCC supervises over 1,600 financial institutions with collective assets of \$10.9 trillion or 71 percent of all the banking assets in the United

States. Approximately 1,400 of these institutions are community banks with assets under \$1 billion and community banks are the most active participants in the SSBCI.

The OCC is an independent bureau of the Department of the Treasury, and we work closely with Treasury to advance common policy objectives. Currently, we are collaborating with Treasury to help broaden banks' awareness of the SSBCI program. Soon after the Small Business Jobs Act creating SSBCI was enacted, the OCC developed a publication for bankers that identified the various opportunities the legislation presented to spur small business lending, including the SSBCI. We continued our efforts to expand awareness about this dynamic program with a 2013 report explaining how banks could participate in the SSBCI and providing case studies to illustrate how banks are successfully partnering with the agencies you represent to make loans to small businesses. The OCC and the FDIC also developed "Frequently Asked Questions," that are posted in the Small Business Resource Directory on the Community Affairs page of the OCC's Web site, [occ.gov](http://occ.gov).

Understandably, some banks have voiced concern about how regulators would view loans made under programs, such as SSBCI, that otherwise might not meet the bank's standard underwriting guidelines. The OCC has emphasized in our guidance that as long as a bank's actions reflected a prudent, comprehensive review of a borrower's financial condition, generally, the bank would not be subject to supervisory criticism for participating in an SSBCI program. The OCC also expects banks to ensure that their participation in the SSBCI or other federal small business programs is consistent with, and supports, their institution's overall strategic goals and objectives.

The OCC has been working with our colleagues at the Treasury Department to encourage participation in the SSBCI by partnering with some of you in conducting banker outreach and training. Our examiners speak to their banks about small business and community development finance opportunities in the course of their supervisory activities. We also have a cadre of Community Affairs Officers who have participated in a number of banker outreach events sponsored by SSBCI program administrators. David Black, a member of the OCC's Community Affairs team, will be participating in this conference, and I would encourage you to speak to David about any ideas you have for how our Community Affairs team can assist you.

Another way that the OCC supports banks' involvement in small business programs is through our supervision of banks' performance under the Community Reinvestment Act. CRA, which was enacted in 1977, directed the financial institution regulators to periodically evaluate how well a bank or thrift meets the credit needs of its community and assign a rating that reflects the institution's performance. A bank's CRA rating is important both as a matter of public reputation and for a variety of business reasons. A bank's record of CRA performance is considered as part of the corporate application process, so CRA ratings can affect banks that want to grow and expand their footprint. The SSBCI Frequently Asked Questions that I mentioned earlier include a discussion about how a bank's or thrift's SSBCI loans can be considered when examiners evaluate the bank's CRA performance.

We also are continuing to enhance our CRA guidance regarding bank participation in small business finance programs. We had been hearing from bankers that the current guidance in the CRA Questions and Answers was deterring some types of

economic development activity. One particular concern was that our current CRA guidance may inhibit banks from providing financing to Community Development Financial Institutions and other financial intermediaries that assist start-up businesses.

To address these concerns, in September 2014, the bank regulatory agencies proposed changes to the CRA guidance with respect to how we consider economic development when assessing certain small business loans and investments. The proposed changes would add more detail and provide additional examples of activities that “promote economic development.” The proposal also would add loans to or investments in CDFIs that finance small businesses or small farms to the list of activities that are presumed to support economic development. It is our goal that, once finalized, this CRA guidance will encourage banks to engage in more economic development activities that strengthen small businesses.

Banks can also receive CRA consideration under the Service Test for providing small businesses with technical assistance on financial matters. At times, a bank may not initially be able to approve a loan for a small business applicant. Nonetheless, a bank can receive CRA consideration for providing technical assistance directly to a small business owner or for providing financial support to a partner that will help the small business owner improve business operations to become more bankable. Instead of simply saying “No,” a bank can help a small business owner improve the chances of getting to “Yes.” After receiving technical assistance, the small business owner can be referred back to the bank, or to a financial intermediary, such as a CDFI, or to another bank that is participating in SSBCI for financing.

Last week was National Small Business Week, and I want to take this opportunity to recognize the crucial role that small businesses play in creating jobs and stimulating the health of our economy. Small businesses rely heavily on large and regional financial institutions for their credit needs, but community banks also play a very significant role in providing small business credit. Even though community banks hold just 8 percent of the assets of the banking industry, according to the Independent Community Bankers Association smaller community banks with less than \$1 billion in assets made one-third of outstanding bank loans to small businesses. Mid-size community banks with less than \$10 billion in assets made another 18 percent of outstanding bank loans to small businesses. Moreover, several Federal Reserve banks recently conducted a joint survey of small business credit, and they found that approval rates at small regional or community banks were significantly higher, particularly for growing small business firms, than approval rates at larger banks. Throughout the country, community banks help small businesses thrive by offering personalized service and credit products tailored to their customers' needs, and these smaller institutions have been important partners in the success of your SSBCI programs.

CDFIs also are important players in underserved markets and often target market segments that banking institutions may not be able to serve. Frequently, CDFIs have strong business relationships with banks. Small business customers benefit when a bank refers them to a CDFI for a loan, or when a CDFI helps a small business owner improve its operations and creditworthiness. In turn, that may enable a bank to approve a loan to that business. I'm very pleased to see that the SSBCI programs are working so successfully with community banks and CDFIs

In closing, I want to applaud your continuing efforts to develop your states' SSBCI programs. The SSBCI program has been particularly effective because it focuses on results. SSBCI has supported over 12,000 transactions and for every \$1 in federal funding, \$7.40 has been generated in private lending or investment. Because the funding stays with your programs, these amounts will continue to grow and be recycled to support more transactions in the months and years to come.

I wish everyone success in your discussions over the next two days. Thank you for inviting me to join you today, and I hope you have a great conference