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FEDERAL RESERVE BOARD AGREES TO SCHAKOWSKY PROPOSAL TO ASSIST SMALL BUSINESS GAIN GREATER ACCESS TO CREDIT AND CAPITAL

WASHINGTON, D.C. -- U.S. Representative Jan Schakowsky (D-IL) today announced that the Federal Reserve Board agreed to pursue her concerns to assist small businesses gain greater access to credit and capital.

The new proposal expected to be issued by the Federal Reserve Board would allow banks involved in consolidation to voluntarily collect and report information on small business loan applications and approvals. Data could be collected on the amount of each loan, and the race, income, gender and census tract of each applicant. Current regulation prohibits the collection of this information.

At this time, banks collect the same data on consumers applying for mortgage loans. This has led to a substantial increase in mortgage loans to under-served communities.

During Banking Committee hearings on HR 10, the Financial Services Act, Schakowsky had expressed concerns about the impact of financial modernization on small businesses.

Schakowsky said, "During his testimony before the House Banking Committee last month, Federal Reserve Chairman Alan Greenspan acknowledged the need to monitor the impact of consolidation on small business lending. I am pleased that the Federal Reserve Board has taken this important first step that will help us accomplish this goal and will be working to further expand this proposal to include required reporting by all banks."

Schakowsky is attempting to offer an amendment to HR 10, the Financial Services Act, to require the Department of Treasury to study the effect of this bill on small business and farm lending and suggest legislative and regulatory changes as necessary to aid small business and farm lending. The amendment must be made in order by the House Rules Committee.

HR 10 is schedule to be on the House floor later this week.