

March 21, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

The Electronic Transactions Association (ETA) and its members applauds Congress for their recent actions to protect the American people from the spread of the coronavirus (COVID-19) and mitigate its direct and indirect economic effects. ETA supports the *Coronavirus Aid Relief and Economic Security Act*. This relief legislation will provide targeted relief and deliver invaluable support where it is needed – to American small businesses.

ETA has over 500 member companies, representing the complete payments technology ecosystem. Its membership includes financial institutions, payments processors, merchant acquirers and payments sales organizations, FinTechs, technology companies, security companies, software developers and hundreds of other organizations in the business of powering digital commerce online and across the world.

Small businesses, including many ETA members, are the backbone of the American economy, creating more than 60% of net new jobs and employing approximately half of the workforce in the private sector. Although the need to curtail – and in some cases suspend – many aspects of a business to conduct commerce to reduce the spread of COVID-19 is unprecedented, it's also necessary. As a result, businesses of all sizes across the nation and across most every industry are experiencing a significant drop in revenue.

In a recent study¹ conducted by CardFlight, a payments solution software company, when the United States recorded its first COVID-19 death, announced extensive travel restrictions, and approved widespread testing — overall small business sales were down 4.3% (week-over-week comparison of March 9–15 and March 2–8, 2020). The total number of transactions (for any payment amount) were down even further at 20.5%.

Without revenue, many businesses are unable to pay their employees or meet other fixed financial obligations such as rent, insurance, and debt payments. Although this may be a temporary event for some, much of the economic stimulus will be forgone before these small businesses are able to benefit. The need for the federal government to provide meaningful support to small businesses while they navigate this time of lost income caused by this pandemic is crucial.

It is critical Congress takes step to support America's small businesses during this period.

¹ CardFlight. *CardFlight Small Business Impact Report*. (2020).

Specifically, we call on Congress to consider enacting the following proposals.

1) Direct stimulus or zero-interest loans to small businesses. ETA members can be useful in relating the payments.

- ETA supports Sec. 1102 and 1109 of the *Coronavirus Aid Relief and Economic Security Act*. This would allow the Treasury Department and the Small Business Administration (SBA) to let FinTechs and a broader range of banks offer “small business interruption loans” under Section 7(a) of the Small Business Act.
- ETA recommends the Treasury Department expeditiously onboards these lenders. In doing so, they will be able to disperse the much-needed capital in a quick and secure manner.

2) SBA

- The Immediate Disaster Assistance Program (IDAP)

The SBA has authority with the IDAP, to authorize emergency working capital loans up to \$25,000, but that program has been underutilized in the past and cannot today scale to meet the national need without support from the private sector. SBA should activate IDAP without delay and waive burdensome paperwork heavy application criteria and processes.

- Waive restrictions on the Emergency Injury Disaster Loan (EIDL) program for longer-term recovery

Congress should allow the private sector to use data and technology to increase the SBA’s underwriting speed and ability, disperse funds and manage what could be an unprecedented emergency loan book. Congress should authorize existing SBA 7(a) partners and their bank servicing and technology partners under the Bank Service Company Act to facilitate, refer, and underwrite small businesses, disperse funds, service, and manage the book on behalf of the SBA for IDAP and EIDL on behalf of SBA. Lastly, Congress must waive the “credit elsewhere provision” so the SBA is not required to find that the applicant is unable to obtain credit elsewhere.

3) Support for two programs at the Federal Reserve System

- A Pool Vehicle for Small Businesses

The Federal Reserve should set up a unique securitization program, similar to the Straight-A Funding program did for the Federal Family Education Loan Program. This will allow small business borrowers who are located in underserved communities access the capital they need during this pandemic. ETA recommends setting up a similar facility for small businesses during the COVID-19 pandemic. Establishing a similar program now will help stabilize the economy and unfreeze credit during these uncertain times.

- Commercial Paper Funding Facility (CPFF)

The CPFF would support the flow of credit to businesses and provide loans and loan guarantees that can be accessed by businesses with more than 500 employees to address disruptions created

by COVID-19. Additionally, banking regulators, including the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, should temporarily suspend and review

requirements such as the Liquidity Coverage Ratio and provide flexibility in their supervisory expectations for banks extending credit to businesses.

Taken together, these steps, in addition to the other actions will ensure that businesses across all sectors have increased liquidity and access to necessary financing to help them weather the temporary loss in revenue caused by this pandemic.

Thank you all for your leadership. We look forward to continuing to work with you to help our nation as we confront this challenge together. To learn more about what the payments industry is doing to help with COVID-19, ETA has created a resources page that can be access [here](#).

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association

