PAYCHECK PROTECTION PROGRAM: BARRIERS AND OPPORTUNITIES FOR CHANGE
UNC CAPSTONE FALL 2020

What is the Paycheck Protection Program?
In April 2020, Congress approved the Paycheck Protection Program (PPP), an emergency capital relief fund for small businesses to maintain payroll throughout pandemic-induced slowdown in economic activity.

Our Client
Self Help Credit Union is an authorized PPP lender. Our objectives were to analyze the PPP’s effectiveness in reaching truly small businesses and businesses owned by people of color, and craft recommendations to improve the PPP.

$530B
The amount of money allocated by approved lenders during the first two months of the PPP

4.5M
The amount of firms that received a PPP loan during the first two months of the program

BARRIERS FACING SMALL BUSINESSES

Preexisting Relationships
Many banks prioritized applicants who had preexisting relationships with, preventing many unbanked or new customers from receiving loans.

Nearly three-fourths of small business owners had trouble understanding PPP requirements

Restrictive Legislation
The PPP was designed on a first-come, first-serve basis, excluding hard-hit businesses and burdening lenders.

95% of Black business owners did not have a pre-existing relationship with a lender pre-pandemic

Eligibility Confusion
Eligibility standards were vague, confusing lenders, sole proprietors and small businesses about qualifications.

1 in 4 highly-impacted firms were denied emergency PPP funding

POLICY RECOMMENDATIONS

1. Incentivize lenders to reach out to new clients
2. Provide more application support to potential borrowers
3. Adjust requirements to prevent large, stable businesses from receiving loans
4. Set aside funds for truly small businesses & businesses owned by people of color
5. Prioritize Community Development Financial Institutions
6. Loosen forgiveness requirements

Citations
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