

Date

Bank Official Name

Bank Name

Address

**Subject:**

Dear Bank Official Name:

The Federal Deposit Insurance Corporation (“FDIC”) is preparing to conduct a second round of the nationally-representative Small Business Lending Survey (SBLs). The survey is administered by the U.S. Census Bureau (“Census”) and will survey banks in the field in 2022 (SBLs 2022). As part of this effort, we selected a small number of banks, including yours, to participate in a pre-test of the survey instrument. In particular, we are conducting this **testing phase** to identify how the data collection can be improved or simplified to remove any barriers for large U.S. banks to complete the survey. The testing phase of the survey instrument will begin in December 2020 and continue through May 2021.

The FDIC is reaching out to you to help facilitate the arrangement of meetings with the appropriate staff at your bank to help us refine the questions that will be asked in the 2022 survey. We hope to conduct two meetings with your staff. The first meeting will be to determine the appropriate bank staff to provide the feedback on the survey questionnaire. The second meeting will implement the actual testing of the draft instrument. The Census will guarantee the confidentiality of any feedback provided, which will aid the FDIC in drafting the final questionnaire to be fielded in 2022.

Our desired timeframe for your bank is December 2020 for the leadership pre-meeting and January 2021 for the testing with your bank’s staff. The attached Appendix provides more detail on the content of each meeting and the time required.

A primary focus of this testing phase is to determine how the survey instrument can be improved for large banks to provide responses to quantitative questions. The first round of the survey, SBLs 2016, had a high overall response rate (60 percent) by banks with over \$10 billion in assets. However, these banks often did not answer individual questions related to their volume of small business lending. This lack of data meant that large banks were excluded from some of the FDIC’s analysis. Using the 2016 survey results, FDIC economists were able to document that, using typical measures, small business lending by banks with \$1 billion to \$10 billion in assets is understated by approximately 23 percent of their total industry lending for commercial and industrial purposes.<sup>1</sup> A similar determination could not be made for larger banks due to the insufficient number of question-specific responses from these banks.

In addition to insights on how to improve the questions on lending volume, we are also seeking feedback on new survey topics. In particular, SBLs 2022 will also ask new questions regarding banks’ responses to:

- The coronavirus pandemic;
- Participation in the Small Business Administration’s (SBA) Paycheck Protection Program (PPP);

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<sup>1</sup> See “Measurement of Small Business Lending Using Call Reports: Further Insights From the Small Business Lending Survey” (Report No. 2020-04): <https://www.fdic.gov/bank/analytical/cfr/staff-studies/2020-04.pdf>.

- General SBA participation;
- Usage and development of financial technology (FinTech); and
- Who small business loan decision-makers are within banks, and where loan decisions are made.

We are specifically approaching your bank to participate in testing because of its small business lending volumes and participation in some or all of the above activities. With your help, we hope to improve the survey questions and determine the best points of contact specifically for large organizations. With these improvements, our goal is to increase the participation of large banks in the SBLS 2022 collection to better understand small business credit extended by the entire banking industry.

This testing phase is approved by the Office of Management and Budget (OMB) with the OMB approval number, 0607-0725. Without this approval, the FDIC via the Census could not conduct this information collection. We note, however, that your bank's decision to participate is **voluntary**, and any insights provided is confidential.

For questions related to this testing initiative, please contact Aryn Hernandez at TELEPHONE NUMBER or at [aryn.hernandez@Census.gov](mailto:aryn.hernandez@Census.gov).

We thank you for your consideration and for any future assistance that your bank may provide to the FDIC Small Business Lending Survey.

Sincerely,

Diane Ellis or Art Murton

CC:

## **Appendix Meeting Details**

Given the current coronavirus pandemic, all meetings will be conducted via telephone or a virtual meeting as allowed (e.g., Skype for Business). Interviews will be conducted by staff from the Data Collection Methodology and Research Branch at the U.S. Census, and staff from the FDIC will be present to observe.

### **Meeting 1 – Identification of Appropriate Bank Staff**

Description: A pre-testing meeting with bank leadership to ensure that the appropriate bank staff are identified to participate in the actual survey testing.

Timeframe: 1 hour

### **Meeting 2 – Testing of Survey Questions**

Description: A testing interview where bank staff will be walked through the proposed survey questions and asked about their understanding of:

- The survey questions' intent
- The flow of the questionnaire, and
- Your bank's ability to retrieve the data requested

The information collected is not considered a survey response by the bank, but rather information to help the Census and the FDIC improve the SBLs. Changes to the final survey questionnaire used in the SBLs 2022 collection may be implemented after our conversations with your bank and other testing banks.

Shortly before the interview, bank staff will be emailed the draft questions and, when possible, Census staff will also share content onscreen of the same draft questions via Skype.

Timeframe: 1 hour