

Member Call | 5.13.2020

Agenda

- **Welcome & Introductions** - Richard Hunt, CBA
- **Consumer Spending Trends with Special Guest, Tom Brooks of Visa**
Head of Super Regional & Regional Accounts
- **Update on Economic Impact Payments** – Dan Smith, CBA
 - Timeline
 - Check Cashing
 - Trends
- **Paycheck Protection Program** – David Pommerehn, CBA
 - 75/25 Rule
 - Loan Forgiveness
 - Trends & Analysis
- **HEROES Act / Phase 4 Stimulus Package** – Sam Whitfield, CBA
- **Regulatory Updates** – Stephen Congdon, CBA
- **Q&A**
- **Closing Remarks** – Richard Hunt, CBA

U.S. Consumer Payment Trends

Tom Brooks
Head of Super Regional & Regional Accounts
May 13, 2020

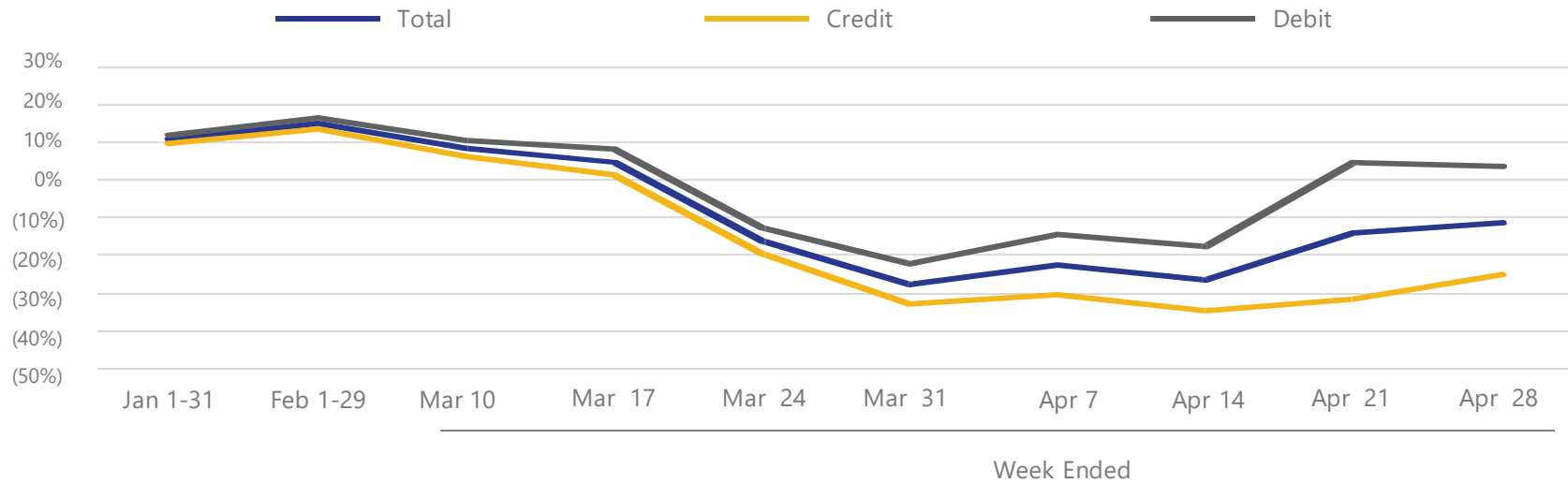
VISA



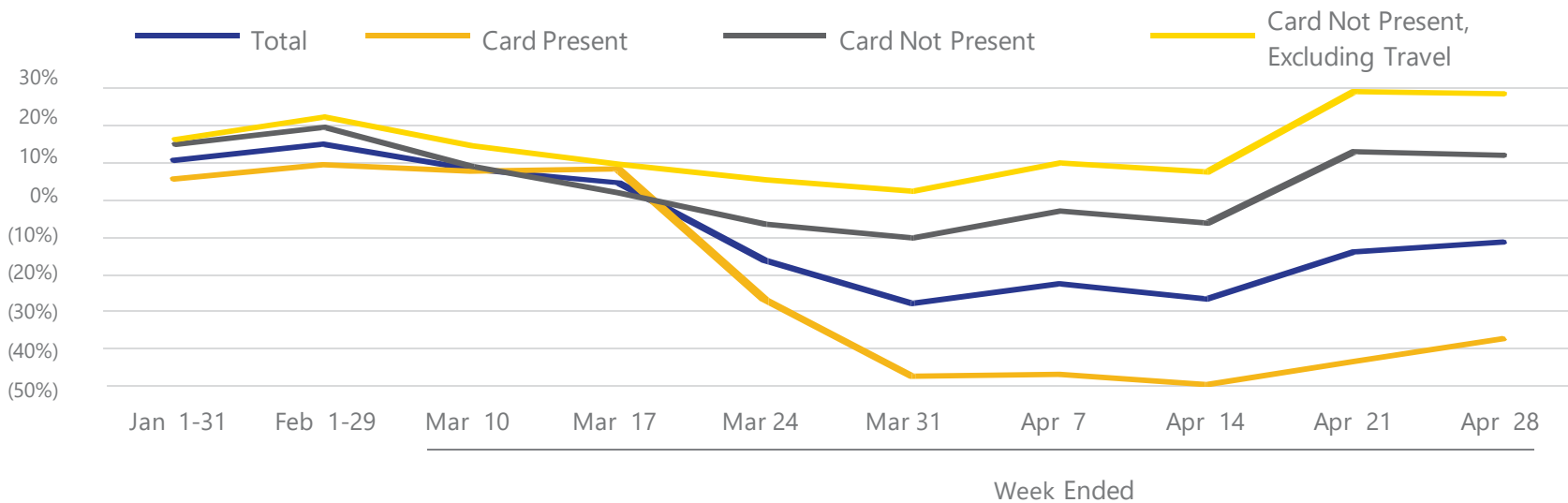
U.S. Consumer Payment Trends

U.S. Payments Volume Growth

By Account Type



By Transaction Type

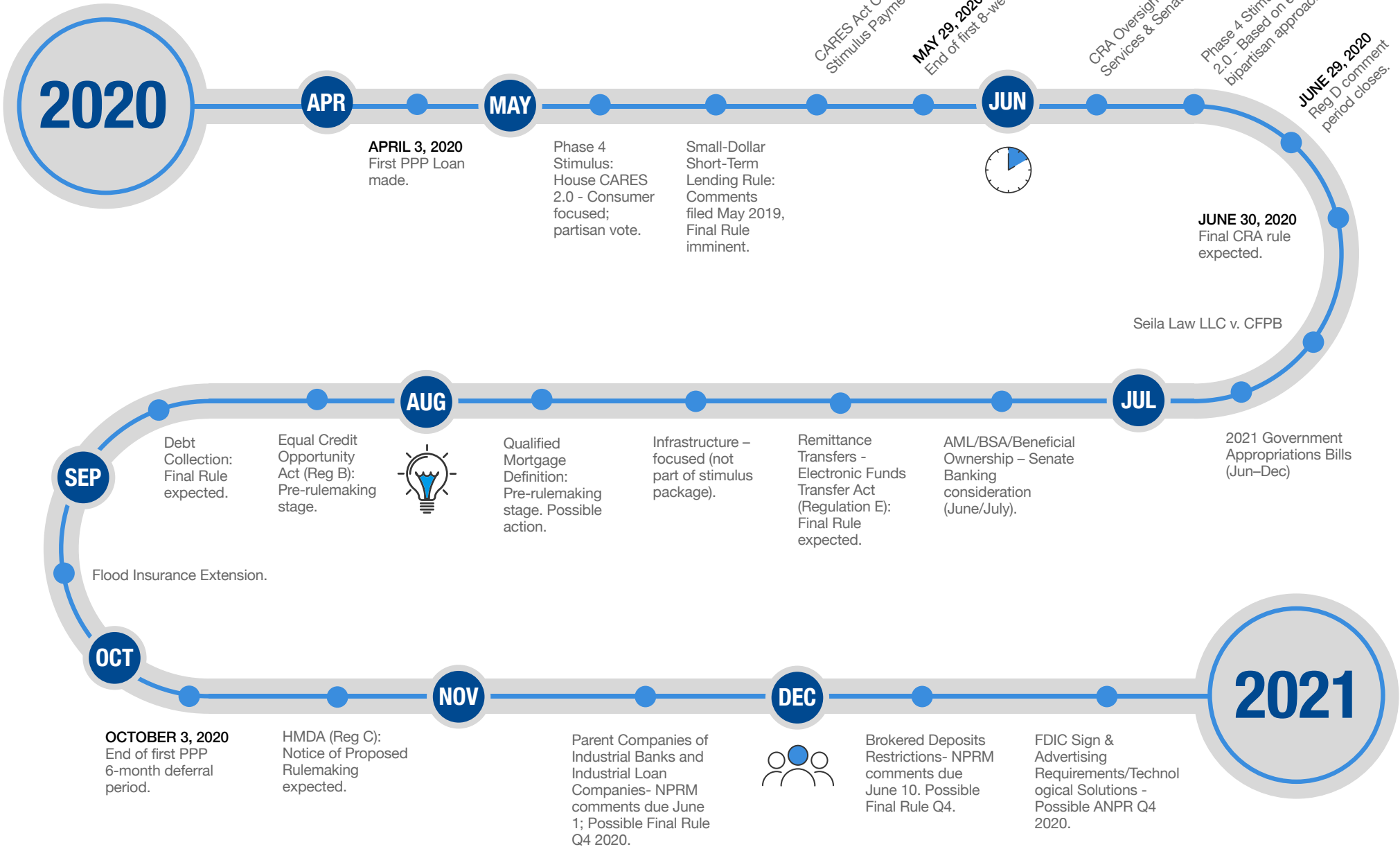


Note: Growth is calculated over the comparable prior-year period. Refer to Operational Performance Data footnote for further information on these metrics.



BANKING BLUEPRINT | COVID-19

A TIMELINE OF KEY ISSUES FOR RETAIL BANKS



HEROES Act

H.R. 6800: The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act

Division B: Revenue Provisions

Sec. 20111. Additional Recovery Rebates to Individuals. [p. 160]

- \$1,200 additional payments to individuals, \$2,400 to families plus \$1,200 per dependent (up to 3 dependents).
- Exception from reduction of offset [p.178]—payments shall not be subject to transfer, assignment, execution, levy, attachment, garnishment, or other legal process, to the same extent as Social Security payments.
- Checks may not be signed or otherwise bear the name, signature, image or likeness of the President, the Vice President or any elected official or cabinet level officer of the United States.

DIVISION E: Continued Assistance To Unemployed Workers [p. 682]

- Extends CARES Act unemployment compensation provisions through January 31, 2021.
- Extend full federal funding of extended unemployment compensation through June 30, 2021.

Division I: Small Business Provisions

Sec. 90001. Amendments to the Paycheck Protection Program. [p. 821]

- Extends PPP through Dec. 31, 2020
- Expands eligibility to:
 - Access to hospitals
 - All 501(c) nonprofit organizations
 - For more than 1 physical locations: Newspaper publishers, radio stations, television broadcasting
 - If such concern shall not pay, distribute, or otherwise provide any portion of the covered loan to any other entity other than the individual physical location that is the intended recipient.
 - For broadcasters, each location will be treated as an independent, non-affiliated entity.

- Must be prepared to show demonstration of need.
- Loan maturity minimum 5 years.
- Set aside 25% of funds for eligible recipients with less than 10 employees.
- Set aside 25% of funds for nonprofit organizations, up to 12.5% of which is set aside for nonprofits with 500 or more employees.
- Clarity around fees, credit elsewhere, and guarantees for the life of the loan
- Interest will be calculated on a non-compounding, non-adjustable basis.
- Either \$10 billion or 25% of remaining unobligated funds, whichever is less, set aside for Community Development Financial Institutions (CDFIs).
- Any amounts returned for PPP will be set aside solely for small businesses with 10 or fewer employees.
- Treatment of certain criminal violations:
 - An entity may not receive a PPP if an owner of 20 percent or more during the 5-year preceding period has been convicted of a felony of financial fraud or deception.
 - SBA may waive these requirements
 - An entity will be eligible notwithstanding a prior arrest or conviction of an owner of 20 percent or more, unless currently incarcerated.
 - SBA will issue guidance on these provisions within 15 days of enactment
- Allocates \$1B to provide grants to institutions below \$10B for technical assistance to participate in PPP (and for associated BSA compliance).
- Separates 7(a) and PPP funds.

Sec. 90004. Amendments to Paycheck Protection Program Loan Forgiveness. [p. 833]

- Lengthens 8-week period to the earlier of 24-weeks after loan origination or December 31, 2020.
- Rehire exemptions extended from June 30 to December 31, 2020.
- Adds to eligible amounts for forgiveness interest on any other debt obligations incurred before the covered period
- Adds EIDL loans amount refinanced into PPP loans to be eligible for forgiveness.
- Requires the addition to PPP forms reporting of veteran status, gender, race, and ethnicity, similar to what is on SBA Form 1919.

- Requires of an eligible recipient the disclosure of number of employees (1) as of February 15, 2020; (2) on the day a recipient submitted an application for a covered loan; (3) on the day a recipient submitted an application for forgiveness.
- A reduction based on employees on the forgiveness amount will not be made if the small business if they are unable to rehire an individual or is able to demonstrate an inability to find similarly qualified employees.
- The SBA may not limit the non-payroll portion of a forgivable loan amount (eliminating the requirement that not more than 25% of the forgiveness amount can be attributed to non-payroll costs).
- Clarifies “Hold Harmless” provision for lenders.

Sec. 90008. Flexibility in Deferral of Payments of 7(a) Loans. [p. 842]

- Provides SBA to allow lenders to defer payments and interest on 7(a) loans for one year.
- Allows lenders to provide an additional deferment period if the borrower provides documentation justifying the need.
- Provides the SBA the ability to purchase a loan in order to provide the deferment relief if said loan cannot be purchased on the secondary market.

Sec. 90010. Temporary Fee Reductions. [p. 843]

- Temporarily, for new loans, and to the maximum extent possible, the SBA will waive or reduce borrower and lender fees for 7(a) and 504 loans through September 30, 2021.

Sec. 90011. Guarantee Amounts. [p. 846]

- Temporarily increases the guarantee for 7(a) loans to 90% through September 30, 2021.
- Temporarily increases the guarantee for the Express Loan Program to 90% for amounts equal to or less than \$350,000 and to 75% for those over \$350,000 through January 1, 2021.

Sec. 90012. Maximum Loan Amount for 7(a) Loans. [p. 848]

- Temporarily increases the 7(a) loan maximum to \$10 million through September 30, 2021.

Sec. 90013. Maximum Loan Amount for 504 Loans. [p. 849]

- Temporarily increases the 504 loan maximum to \$10 million through September 30, 2021.
- Permanently increases the 504 loan maximum for small manufacturers from \$5.5 million to \$10 million.

Sec. 90016. Reporting on Small Business Programs under the CARES Act. [p. 864]

- Mandates the SBA to report to Congress daily:
 - The total number and dollar amount of loans or advances for PPP, EIDL, and EIDL Advances.
 - Amount remaining for PPP and an estimate to when the program will reach the maximum.
 - As it relates to debt relief (Sec. 1112 of CARES Act), amount of funds remaining and an estimate as to when the funds will be expended.
- Mandates the SBA to report to Congress weekly:
 - The number and dollar amounts of loans approved, including a breakout of loans by state, demographics, industry, and loan size.
 - Loans approved to businesses under NAICS 72, nonprofits, and veterans organizations.
 - The number and dollar amount of loans fully forgiven and not fully forgiven.
 - Total amount of the lender compensation fees.
 - Total amount lenders paid in broker fees.
- SBA will make available publicly:
 - The number and dollar amount of loans approved under PPP broken out by lending institution, including a breakout of loans made by the lending institution by State, congressional district, demographics, industry, and loan size, and the number and percent of loan applicants that were new or existing customers of the lender.
 - The total amount of the lender compensation fees paid to each lender.
 - Detailed information on processing times for loan approvals, disbursements, and notices of forgiveness to borrowers.

Division K: COVID-19 Housing, Economic Relief, and Oversight (HERO) ACT

Title IV: Suspending Negative Credit Reporting and Strengthening Consumer and Investor Protections

Sec. 110401. Reporting of Information during Major Disasters. [p. 1025]

- States its purpose to protect consumers' credit from negative impacts as a result of COVID-19 and future major disasters.
- Amends the FCRA by adding Sec. 605C "Reporting of information during major disasters," suspends negative consumer credit reporting during the COVID-19 pandemic and other declared major disasters plus 120 days. Credit score furnishers would be prohibited from implementing new credit scoring models that would lower existing consumer credit scores during the COVID-19 pandemic or during other major disaster periods. This section also permanently bans the reporting of medical debt arising out of COVID-19 treatments.

Sec. 110402. Restrictions on Collections of Consumer Debt During a National Disaster or Emergency.

[p. 1037]

- Imposes a temporary moratorium on all consumer debt collection for debts that is or becomes past due anytime until 120 days after the COVID-19 crisis.

Sec. 110403. Repayment Period and Forbearance for Consumers. [p. 1041]

- Requires additional repayment options for consumer loans covered under Sec. 110402, including resuming the previous payment schedule by extending the maturity by the same period of time payments were suspended under Section 110402. Also requires automatic forbearance to be granted upon request.

Sec. 110404. Credit Facility. [p. 1044]

- Establishes a credit facility at the Fed to make long-term, low-cost loans to temporarily compensate debt collectors for documented financial losses due to mandatory forbearances and defers required payments on such loans until after consumer debt repayments resume.

Title V: Forgiving Student Loan Debt and Protecting Student Borrowers

Sec. 110501. Payments for Private Education Loan Borrowers as a Result of the COVID-19 National Emergency. [p. 1045]

- Extends CARES Act student loan payment and consumer protections, such as debt collection prohibitions, to private loan borrowers, and provides up to \$10,000 in debt relief to be applied to a private student loan. The Treasury Department will make monthly payments on behalf of the borrower up to \$10,000 until September 2021.
- No capitalization of interest on any loan in repayment until September 2021. [p. 1046]
- Mandatory forbearance for all loans that the Treasury Department is making payments, to be applied retroactively for any loans delinquent but not yet in default when payments begin. [p. 1048]
- Appropriates \$45 billion to carry out this title.

Sec. 110502. Additional Protections for Private Student Loan Borrowers. [p. 1049]

- Requires private lenders to provide income-driven repayment plans to borrowers.
- Provides \$10,000 in payment on any remaining private student loan balance as of September 2021, less amounts paid by the Treasury Department under Sec. 110501. [P. 1051]

Title VI: Standing Up for Small Businesses, Minority-Owned Businesses, and Non-Profits

Sec. 110601. Restrictions on Collections of Debt During a National Disaster or Emergency. [p. 1053]

- Provides a temporary moratorium on small business and nonprofit debt collection during this COVID-19 crisis, and for 120 days thereafter.

Sec. 110602. Repayment period and forbearance for small businesses and nonprofit organizations. [p. 1058]

- Requires additional forbearance and repayment options for small businesses and nonprofit organizations when payments resume following the debt collection moratorium provided by Sec. 110601.

Sec. 110603. Credit facility. [p. 1062]

- Similar to Sec. 110404, this section provides creditors access to a Federal Reserve facility to receive a low- interest, long-term loan because loan payments are deferred until a borrower resumes making payments to the creditor pursuant to the debt collection moratorium and forbearance required under Title VI.

Sec. 110604. Main Street Lending Program requirements. [p. 1063]

- Mandates that the Federal Reserve’s Main Street Lending Program include non-profit organizations as eligible borrowers.
- Requires the Fed to offer a low-cost loan option tailored to the unique needs of non-profit organizations, including deferred payments.
- Requires the Fed provide forgivable loan options similar to the PPP program exclusively for nonprofits predominantly serving low-income communities that are ineligible for a PPP loan.

Sec. 110605. Options for small businesses and non-profits under the Main Street Lending Program. [p. 1065]

- Mandates that the Federal Reserve’s Main Street Lending Program will provide at least one low-cost loan option for small businesses and small non-profits are eligible for that does not have a minimum loan size, overriding the current \$500,000 minimum loan size to participate in the program.

Sec. 110606. Secure and Fair Enforcement (SAFE) Banking. [p. 1065]

- Allows cannabis-related legitimate businesses to access banking services and products and creates a safe harbor for banks that prevents regulators from ending deposit insurance or taking other adverse regulatory actions because they serve these businesses.