Good morning.

I. I am pleased to welcome you here today to the Small Enterprise Capital Access Partnership workshop.

- We have come together to talk about a very important subject, access to capital by small business owners.

- More specifically, we are focusing on issues facing historically underserved segments of the small business market.

- We will be hearing from some people who have made real progress in meeting the needs of small business owners.

- This includes success stories here in Chicago and in other parts of the country.

- We will also talk about new strategies, both today and going forward.

II. As I did at our kick-off breakfast last month, I’d like to recognize the organizations that are co-convening SECAP with the Federal Reserve Bank of Chicago.

- The SECAP co-conveners include the Chicago Association of Neighborhood Development Organizations, better known as CANDO, the Women’s Business Development Center, the Chicago District Office of the U.S. SBA, the Chicagoland Chamber of Commerce, the Illinois Bankers Association, and the Cosmopolitan Chamber of Commerce.

- I’d also like to recognize each member of the SECAP Advisory Committee, whose guidance and assistance was invaluable.
• Linda Darragh — Women's Business Development Center
• Troy Deckert — Cook County Department of Planning
• Paul Gibson — Illinois State Department of Consumer and Community Affairs
• Jacqueline Harder — Cook County Department of Planning
• Dan Immergluck — The Woodstock Institute
• Dennis Irvin — Old Kent Bank
• Lewis Matuszewich — Matuszewich, Kaminski, Zou & Avramovich
• Steven McCullough — CANDO
• Sam McGrier — U.S. Small Business Administration
• Anthony McMahon — U.S. Small Business Administration
• Gerri Nortington — Cosmopolitan Chamber of Commerce
• Debra Osborn — Community Economic Development Law Project
• Kaushik Shah — Greater North Pulaski Development Corporation
• Angela Smith — Harris Chicago Community Bank
• Ted Wysocki — CANDO

III. Ted Wysocki from CANDO will explain the SECAP process later in the program, but I'd like to take a few minutes to provide some background.

IV. SECAP is a voluntary program.

• It was created to promote fair access to credit, capital and other needs of small business owners, by identifying and addressing barriers in the process.

• We are asking you as practitioners in the small business arena to discuss candidly and in a spirit of cooperation, innovative ideas to help improve access to credit and capital by historically underserved business owners and communities.

V. Why is SECAP such an important initiative at this time?

• The Chicago Fed produces annually the “Small Business Lending Profile,” which tracks small business lending trends for the five largest MSAs in the Seventh Federal Reserve District.
• Our District includes all of Iowa and portions of Illinois, Indiana, Wisconsin and Michigan.

• The most recent report, covering 1998, was released just last week and is included in your information packages.

• It shows that low- and moderate-income neighborhoods in the Chicago MSA receive fewer loans in proportion to the number of businesses present, compared with middle-and upper-income neighborhoods.

• This occurred despite an increase in lending to low- and moderate-income neighborhoods between 1997 and 1998.

VI. Our emphasis with SECAP will not be to analyze further whether there are issues with respect to access to credit and capital.

• We know issues exist.

VII. With SECAP, we intend to look at some of the factors that impact the level of lending to lower income communities and small business owners and develop recommendations to address them.

• Lenders, technical assistance providers and others, who have participated in organizing SECAP, report that many factors affect the outcome of a business loan application.

• Some are purely business-related.

• For business owners to be successful loan applicants, they must have a well-prepared business plan and demonstrate a good understanding of their business and their industry, sound record-keeping habits, and a solid record of repaying consumer credit.

• Lenders also differ in how they market to and interact with borrowers.

• Aside from these issues, some business owners, as you saw from our video presentation, still perceive that they may not be treated fairly based on non-business factors.

VIII. The Fed and other banking regulators must be vigilant in assuring that banks operate in a safe and prudent manner in managing credit risk.

• But we are also charged with assuring that lenders meet the credit needs of all areas of the market they serve, and treat all applicants fairly.

• Sometimes, the balance is difficult to achieve. SECAP is a practical approach to helping to achieve that balance.

IX. I want to reiterate one other point I made at our introductory meeting last month.

• We don't intend for SECAP to be a finger pointing exercise, laying blame on particular institutions or individuals.
• We want to bring lenders, business owners, technical assistance providers, economic development experts and other interested persons to the same table to discuss ways in which we can improve the flow of capital to businesses and communities in need.

IX. We have a busy day ahead.

• Our interactive panel session will begin in just a moment.

• The last part of that session will be the first of many opportunities to express your views on today's very important topic.

• While you will be discussing many of the issues facing lenders and small business owners over the course of the day, the process does not end today.

• In six to eight months, we plan to reconvene this group to discuss recommendations and ideas you will develop in the interim.

• We intend to form task groups by the end of the day that will look at specific topics, such as marketing and delivery systems, technical assistance, equity investment, and underwriting.

• We are not asking for a great deal of your time; the task groups will convene about once every three to four weeks.

• But we are asking that you bring your ideas to the table and work creatively with one another toward our common goal of making sure that the door to opportunity is open to one and all.

X Once again, I welcome you and thank you for participating in SECAP.

• With that, let me turn the podium back to our moderator, Malcolm Bush…