

# Remarks by Deputy Assistant Secretary for Financial Institutions Policy Jeanette Quick at the 2024 AAPISTRONG Annual Conference

September 4, 2024

## *As Prepared for Delivery*

Good afternoon, thank you for inviting me here today. My name is Jeanette Quick, and I am the Deputy Assistant Secretary for Financial Institutions Policy at the U.S. Department of the Treasury. It's a true privilege to be here today among such an inspiring group of Asian American Native Hawaiian and Pacific Islander (AANHPI) business leaders. I want to start by expressing my gratitude for this opportunity. I particularly want to thank National ACE President and CEO Chiling Tong for her partnership and leadership. As a member of our Treasury Advisory Council on Racial Equity, President Tong has provided us with valuable advice and guidance. This symbiotic relationship is a testament towards Secretary Yellen's commitment to support the AANHPI community. It's moments like these that remind us of the power of coming together, sharing ideas, and working towards common goals.

As a person of proud Asian heritage, this community is special to me. The challenges and opportunities we will discuss here are not just professional matters for me, but personal ones as well. My mother fled her home of Vietnam as a young woman with little more than a suitcase and a tremendous work ethic. She established herself through force of will, raised a family, and ran a small business – a story not unfamiliar to many of you here. My mother understood that building a small business is not just a way of making money – it is a means to independence and being part of the American story. This community truly understands the importance of hard work, innovation, and cultural heritage in addition to building successful businesses. The story of the AANHPI small business community is not only about contributing to larger economic growth but also about adding to the cultural richness of the country.

In my current role, I oversee two offices within Treasury – the Office of Financial Institutions Policy and the Federal Insurance Office. These offices cover a wide-ranging portfolio, contributing to Treasury's leadership on issues related to financial institutions, broadly

defined to include banks, credit unions, fintech firms, insurance companies, and many other financial services providers. It is an exciting role to which I bring my diverse experiences having worked at a federal banking agency, in the U.S. Congress, in the private sector, and most recently, in a state consumer protection agency.

At Treasury, access to capital for small businesses has been a key priority. This is evident through the initiatives led by our leadership and the various programs implemented by the Department. Being able to seed and fund operations is critical to small businesses' ability to grow, innovate, and compete in the economy.

As many of us here are aware, small businesses face several key challenges when it comes to accessing capital. These challenges include limited funding sources, high barriers to access, complex application requirements, and limited resources to navigate available options. Given the significant role small businesses play in driving economic growth, addressing access to capital is essential for their success and long-term sustainability.

## RECENT TRENDS IN AANHPI-OWNED SMALL BUSINESS

Earlier this week, Treasury released a report that showed that US small business startup applications are surging, with an average of 430,000 new business applications per month in 2024.<sup>[1]</sup> Our report also showed that small businesses are now providing 70% of net new American jobs, up from 64% in the previous business cycle. Overall, there are 33 million small businesses in the U.S., with over three million businesses owned by AANHPI business owners in the U.S.<sup>[2]</sup> These businesses employed over five million workers and generated nearly a trillion dollars in sales.<sup>[3]</sup> Following the pandemic, there has been a notable surge in business creation. The Census Bureau's November 2023 analysis of business applications reveals that business formation since 2021 has remained 32 percent higher than in the previous ten years, with many of these new businesses started by minority business owners.<sup>[4]</sup> Although women and minority ownership of small business is increasing,<sup>[5]</sup> surveys reveal a persistent unmet demand for financing.<sup>[6]</sup> Existing disparities in access have been exacerbated by the pandemic.<sup>[7]</sup>

The pandemic laid bare how precarious the financing situations of many small businesses are, particularly those owned by women and minorities. One study by a payroll platform indicated that in 2022, more than a fourth of businesses had less than a month's worth of payroll in reserves.<sup>[8]</sup> A recent survey of female business owners suggests that nearly 70% of women business owners relied on personal savings to fund their endeavors.<sup>[9]</sup> In that same study, nearly half of minority women business owners indicated that they were interested in a

particular type of loan but had not received one due to challenges in the process – more than double the rate reported by white small business owners.<sup>[10]</sup> These financing gaps highlighted by the pandemic have led Treasury to further stakeholder engagement and seek feedback on both challenges and potential solutions.

## **SUPPORT FOR ACCESS TO CAPITAL AT THE TREASURY**

Treasury implements several programs that help support small businesses. Some notable initiatives include the State Small Business Credit Initiative (SSBCI), which provides funding to states, territories, and tribal governments to support lending and investment programs and technical assistance for small businesses targeted to local market needs. Another Treasury initiative, the Community Development Financial Institutions (CDFI) Fund, certifies and provides funds to mission driven financial institutions that offer loans, investments, and financial services to underserved communities and small businesses. Treasury has provided over \$8 billion in investments in 162 CDFIs through the Emergency Capital Investment Program. Together, these programs work to improve access to financing and support economic development for small business communities.

Financial institutions continue to be a crucial source of capital for many small businesses. One analysis indicated that 56% of small businesses rely on financing from larger banks to operate – 47% rely on financing from smaller banks for the same reason.<sup>[11]</sup> But just last year, only 34% of AANHPI small business owners were able to secure all of the financing for which they applied.<sup>[12]</sup> And while financial technology firms have attempted to fill the void, these firms present risks that must be carefully monitored.<sup>[13]</sup> In summary, AANHPI small business owners face hurdles in receiving the financing necessary for business growth.

Treasury is in a unique position that allows us to consider a variety of stakeholder perspectives that can help inform effective policymaking. In the coming weeks, we intend to focus on additional stakeholder engagement to bring together financial institutions, chamber members, fintech companies, small businesses, and advocacy groups. These conversations will be focused on finding ways to improve how financial institutions serve small business communities and enhance access to capital, with special emphasis on supporting underserved businesses such as women-owned and minority-owned businesses. We welcome your feedback and perspectives on these important topics.

## **CLOSING**

In closing, I want to emphasize the importance and strength of AANHPI small businesses. The road ahead may have challenges, but this community has proven its ability to be important drivers of employment and economic growth in this country. I also want to thank you all for the energy and dedication demonstrated by everyone here. Treasury continues to support access to capital for small businesses and looks forward to hearing more about how we can continue to meet the needs of this community. As we move forward, let's continue to work together to strengthen small businesses and support each other.

Thank you for having me here, and I look forward to participating in the rest of the conference.


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[1] U.S. Department of the Treasury, Small Business and Entrepreneurship in the Post-COVID Expansion (Sep. 3, 2024), <https://home.treasury.gov/news/featured-stories/small-business-and-entrepreneurship-in-the-post-covid-expansion>.


[2] Office of Advocacy, What's New with Small Business, SBA (Mar. 14, 2023), <https://advocacy.sba.gov/2023/03/14/whats-new-with-small-business/>.

[3] Office of Advocacy, What's New with Small Business, SBA (Mar. 14, 2023), <https://advocacy.sba.gov/wp-content/uploads/2024/04/AAP-Statistics-2024.png>.

[4] Michelle W. Bowman, Speech at the Uneven Outcomes in the Labor Market Conference, Board of Governors of the Federal Reserve System (Feb. 7, 2024). See also Census, Business Formation Statistics (Dec. 18, 2023), [https://www.census.gov/econ/bfs/pdf/historic/bfs\\_2023m11.pdf](https://www.census.gov/econ/bfs/pdf/historic/bfs_2023m11.pdf) .

[5] Office of Advocacy, Facts About Small Business: Women Ownership Statistics 2024, SBA (Mar. 12, 2024), <https://advocacy.sba.gov/2024/03/12/facts-about-small-business-women-ownership-statistics-2024/>; Office of Advocacy, Facts About Small Business: Hispanic Ownership Statistics, SBA (Sep. 26, 2024) <https://advocacy.sba.gov/2023/09/26/facts-about-small-business-hispanic-ownership-statistics/>; Office of Advocacy, Facts About Small Business: Black-Ownership Statistics 2024, SBA (Feb. 1, 2024) <https://advocacy.sba.gov/2024/02/01/facts-about-small-business-black-ownership-statistics-2024/>; Office of Advocacy, Facts About Small Business: Native American-Owned Businesses, SBA (Nov. 22, 2023) <https://advocacy.sba.gov/2023/11/22/native-american-owned-businesses/>.

[6] Federal Reserve System, 2023 Report on Employer Firms: Findings from the 2022 Small Business Credit Survey (Mar. 2023), <https://www.fedsmallbusiness.org/survey>.

[7] See also Testimony of Jeanette Quick before the U.S. House of Representatives Committee on Financial Services, Subcommittee on Diversity and Inclusion (Feb. 3, 2022), <https://democrats-financialservices.house.gov/uploadedfiles/hhrg-117-ba13-wstate-quickj-20220203.pdf> .

[8] Id.

[9] Id.

[10] Id.

[11] Goldman Sachs, Smaller US businesses and towns are likely to be hit hardest by bank turmoil (Apr. 13, 2023), <https://www.goldmansachs.com/insights/articles/smaller-businesses-and-towns-are-likely-to-be-hit-hardest-by-bank-turmoil.html>.

[12] Bipartisan Policy Center, Small Businesses Matter: Increasing Small Business Access to Capital in the Digital Age (Apr. 29, 2024), [https://bipartisanpolicy.org/report/small-businesses-matter-capital-access/#:~:text=With%20less%20capital%20of%20their,their%20white%20counterparts%20\(56%25\).](https://bipartisanpolicy.org/report/small-businesses-matter-capital-access/#:~:text=With%20less%20capital%20of%20their,their%20white%20counterparts%20(56%25).)

[13] Goldman, *supra* note 10.