AMERICAN BANKER®
REPRINTED FROM MAY 21, 2020

An insider account of JPMorgan's PPP approach

By Jennifer Roberts

In the early hours of Saturday, March 28, I sat on a Zoom call with my leadership team, poring through the legislation that created the initial $349 billion Paycheck Protection Program to help save small businesses from the coronavirus pandemic.

With only days left before we would need to implement a program of unprecedented scale and importance, there were limited details for banks and significant pressure by the government to act quickly. Everyone had already lived what felt like a year in the previous week leading up to this March day, with several thousand employees across our company working around the clock, seven days a week to build something — without knowing what that something was.

From the outset, two things were abundantly clear: that the initial round of PPP funding through the Small Business Administration would go quickly; and that JPMorgan Chase was about to be hit with a tidal wave from our small-business clients seeking this needed relief.

Chase banks approximately 3 million small businesses, with large concentrations in some of the hardest-hit cities like Seattle, New Orleans, Detroit and New York.

The obstacles were daunting. There was limited time to deploy funds, teams were working almost entirely from home, the PPP rules were constantly evolving, while we were developing infrastructure to support a program of this scale.

But small-business owners faced even more haunting obstacles, desperate to keep their businesses open, pay their employees and feed their families. For us, failing to deliver was simply not an option.

Under the program rules, the most efficient way to get funds to as many struggling businesses as possible was to focus on our existing clients with a business deposit account. Know-your-customer regulations require banks to understand and keep records on the essential facts of their clients — a process that can take up to several weeks to successfully complete.

Because we had already performed this time-intensive step, we instead focused all our efforts on securing and expediently deploying these funds.

We also had each of our businesses work separately to service their own clients, knowing it would be the fastest and most efficient way to serve as many as possible.

Our businesses with fewer eligible clients would process applications manually. Meanwhile, Chase Business Banking, which serves millions of potentially eligible small businesses, would build from scratch the technology to collect the required information from hundreds of thousands of clients.

The first day the PPP funding became available, on April 3, our Business Banking unit launched an online form to begin taking information from clients. In the first hour, more than 75,000 small-business owners completed the form, illustrating the great demand for help.

All of our businesses got to work immediately on their clients. By the time the first round of PPP funding ran out, nearly twice as many Business Banking clients received loans than the rest of the firm's businesses combined, given the digital nature of the applications.

While much has been written deriding these efforts, I will constrain myself to the facts. The fact is, the program worked.

The government stood up, in record time, a program that supported paychecks at more than 4.3 million eligible businesses across the country. Indeed,

more than $100 billion of the $310 billion authorized for the program by the latest stimulus bill remains to be spent for those who are eligible.

Our strategic decision to use a combination of digital plus human capacity allowed us to fund more than $30 billion to roughly 250,000 small businesses as of May 8 — more than any other participating lender. Chase's average loan size is around $122,000 and about half of these loans went to businesses with less than five employees.

Chase funded the vast majority of clients' accounts within 24 hours of loan approval, because all client information was collected prior to submitting loan applications to the SBA. This important step allowed clients to more quickly receive their much-needed funds to pay their employees and remain solvent.

Despite criticisms about the PPP's rocky start, the Treasury Department and Congress deserve credit for both the rapid deployment of the program, and the evolving guidance to help clarify the rules around eligibility that banks must follow. The tightening of eligibility to focus on the businesses that truly need it is a welcome step and completely understandable as the SBA and Treasury learned through the experience of the first round.

The SBA team — also working from home around the clock —should be applauded for their work. In partnership with many banks, they developed new technology, APIs and batch approval processes that will undoubtedly help them more efficiently serve small businesses into the future.

In less than two months, they've done two decades' worth of their normal dollar volume of loans (or 75 years' worth of loan applications) — a herculean task, only made possible through a great partnership with banks.

There is still significant work to be done as the PPP enters its next phase, as questions about loan forgiveness and program extensions are worked through. The uncertain duration of the pandemic will undoubtedly continue to stress small businesses.

The government must continue to focus on supporting these businesses, and banks of all sizes will continue to play a role in the recovery.

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