

July 28, 2025

The Honorable Tim Scott
Chairman
Banking, Housing, and Urban Affairs Committee
United States Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Scott:

On behalf of the American Bankers Association,¹ I am writing in support of the “Protecting Access to Credit for Small Businesses Act,” legislation to prohibit the Small Business Administration (SBA) from directly making loans under the 7(a) loan program.

As you know, our members have long partnered with the SBA to deliver critical financing to small businesses across the country. The 7(a) loan program has been a cornerstone of this public-private partnership, enabling banks and other private lenders to extend credit to small businesses that may not otherwise qualify for conventional loans. This model has proven effective, especially during times of economic uncertainty, as demonstrated by the success of the Paycheck Protection Program.

We are concerned that proposals to establish a direct lending program within the SBA would duplicate and crowd out existing private-sector efforts, create unnecessary bureaucracy, and potentially reduce access to capital for the smallest businesses due to increased complexity and inefficiencies of an SBA direct lending program. Rather than expand the federal government’s role in direct lending, we believe Congress should focus on strengthening the existing 7(a) framework.

By encouraging more banks to participate in the 7(a) program², increasing outreach and education to small business owners, and streamlining the loan application process, Congress can enhance access to capital without displacing the private sector’s vital role in small business lending.

We appreciate your leadership in introducing this important legislation and your continued commitment to supporting America’s small businesses. We look forward to working with you to ensure that the SBA remains a strong partner to private lenders and the small businesses they serve.

Sincerely,



¹ The American Bankers Association is the voice of the nation’s \$24.5 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$19.5 trillion in deposits and extend \$12.8 trillion in loans.

² Approximately 41% of banks originated at least one SBA loan between 2020 and –2025, according to an ABA analysis of SBA data, demonstrating room exists to grow banks’ participation in the 7(a) program. *ABA Analysis of SBA Data*