

Summary of the OCC's Paycheck Protection Program Listening Session on Backend Processes held on April 21, 2020

The Office of the Comptroller of the Currency (OCC) hosted a listening session¹ on April 21, 2020, to facilitate discussion of issues and potential solutions relating to the [Paycheck Protection Program](#) (PPP). The overarching purpose of this listening session was to maximize the PPP's chance of success by identifying positive solutions to implementation problems that banks had raised to the OCC. During this listening session, participants described issues and potential solutions² relating to backend processes involving loans originated under the PPP. The topic of backend processes was chosen to allow for proactive discussion of potential challenges entities may face, and technological solutions entities may consider using, while monitoring PPP loan performance and during the loan forgiveness process.

The discussion began with an introduction by the OCC's Senior Deputy Comptroller and Chief Operating Officer Brian Brooks, who noted that many institutions experienced technology-related challenges that made it difficult to quickly and efficiently participate in the PPP. The purpose of this listening session was to facilitate discussions to enable lenders to efficiently and effectively participate in the PPP going forward. The OCC's Chief Innovation Officer, Beth Knickerbocker, also emphasized that a key goal was to support responsible innovation and that the information and possible solutions identified by this information session could be broadly applicable to more efficient and effective management of prudent small business loans in the future.

Following Ms. Knickerbocker's remarks, participants were asked to describe any challenges they have encountered or anticipate encountering while monitoring PPP loans or during the loan forgiveness process. Participants were also asked to discuss any possible solutions to address the identified challenges, including any potential technology-related solutions.

Several institutions expressed concerns and requested additional clarification regarding loan forgiveness expectations of the Small Business Association (SBA). For example, participants raised multiple questions about the borrower attestation process and if the attestation would be sufficient to support loan forgiveness or if lenders would be required to take additional steps to verify the use of funds as well as maintain supporting documentation. Participants also raised questions about the PPP fee process, requesting additional information as to when lenders would receive fees under the program.

Multiple participants also requested additional information on how regulators will approach the unforgiven portion of the loan on a bank's balance sheet, lender collection responsibilities for any portion of the loan that did not qualify for forgiveness, and how disputes between lenders and borrowers would be handled under the PPP. Participants expressed concerns that an institution may be exposed to legal proceedings when converting the loan to a payable loan if the loan does not qualify for forgiveness.

¹ Listening sessions are used to inform the OCC and participants about emerging topics, issues, or concerns of stakeholders such as banks and nonbanks, including financial technology companies. The goal of listening sessions is to encourage an open dialogue between participants. Listening sessions are not intended to result in a group consensus on recommendations to guide OCC policy or regulation.

² The OCC does not endorse any particular solutions, companies, or technologies.

Participants offered multiple technology and non-technology related solutions for backend processes but expressed challenges identifying what technological solutions will be needed given the uncertainty of the loan forgiveness process. Multiple participants discussed using a web portal for the collection and storage of documentation that could be packaged together if documentation becomes required for loan forgiveness. A participant indicated they are also building a web form so borrowers can submit loan information via the web. Multiple participants discussed using separate bank accounts to better monitor and document the use of funds. A participant also mentioned the use of reports created by payroll providers to justify the loan forgiveness amount. Another participant suggested a technology solution to increase the speed and efficiency of the entire PPP process using robotic process automation and application programming interfaces (APIs).

Participants also discussed the use of third parties to automate PPP processes. However, a participant expressed concerns over the compressed timeframe to perform third party due diligence and questioned if it is worth the investment to automate processes for a short-term program.

As the listening session ended, there was discussion of top overall concerns about the PPP. The top concern noted by session participants was the uncertainty of expectations around the program generally and the loan forgiveness process in particular.

Ms. Knickerbocker provided closing remarks and thanked participants for the beneficial discussion.

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