

Factsheet – Compliance Reporter: Small Business Data Collection module

Navigate the complex Dodd-Frank Act Section 1071 regulatory framework and gain a competitive edge

Finastra's Small Business Data Collection module is a powerful and innovative solution to help you comply with Section 1071



Section 1071 of Dodd-Frank aims to help communities, governments, and the financial industry find investment opportunities while promoting fair lending to all entrepreneurs."

Goals of the regulation

First proposed in the aftermath of the 2008 recession, Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires financial institutions to collect and report data associated with credit applications for small businesses, particularly those owned by women, minority and LGBTQ+ individuals.

By requiring financial institutions to collect and report demographic data on small business borrowers, the 1071 small business lending rule seeks to address lending disparities and ensure that all businesses have equal access to credit.

Implementing this regulation poses unique challenges for financial institutions, including risk management and compliance, governance, third-party oversight, systems and applications, and data management.

How it will impact small business lenders

DFA 1071 will apply to financial institutions that originate at least 100 covered credit transactions for small business in each of the two previous calendar years. Institutions affected include banks and credit unions, online lenders, CDFIs, and other specialty lenders.

Institutions will have to take action in three areas:

Collect and compile data

Lenders will have to collect new data during the small business loan application process as well as data from the loan transaction.

This means that commercial lenders will now face a similar regulatory data collection and reporting requirement to the Home Mortgage Disclosure Act (HMDA).

Implement a data firewall

Institutions will have to prevent any staff involved in decisioning a credit application from accessing specific protected data about the applicant. This includes demographic information about the principal owners (any individual who owns 25% or more of the business) and whether the business is minority-owned, women-owned or LGBTQI+-owned.

Report annually

Lenders will be required to submit annual reports to the CFPB that provide the collected covered transaction data.

Learn more about the small business lending rule: [DFA 1071 FAQ](#)

Finastra is committed to streamlining and simplifying 1071 compliance

Many small businesses are owned by women, LGBTQ+, and other minority individuals, and it is critical that they have equitable accommodations to credit. Data provided under the 1071 rule will help support this.

22%

of all US employer businesses are owned by women, employing nearly 11 million people¹

1.4 million

US businesses are LGBTQ+ owned²

21%

of all US employer businesses are owned by minority populations¹

1. [2022 Annual Business Survey, U.S. Census Bureau](#)
2. [2022 SCORE and USSBA](#)
3. [2019 HES-D Survey, U.S. Census Bureau](#)
4. [2017 National LGBT Chamber of Commerce](#)

41%

of all US non-employer businesses are owned by women³

\$1.7 trillion

in revenue is generated annually by LGBTQ-owned businesses⁴

37%

of all US non-employer businesses are owned by minority populations³

Finastra's approach

Finastra's Compliance Reporter Small Business Data Collection module is a cloud-native solution that integrates seamlessly with retail lending products including LaserPro, CreditQuest, DecisionPro, and Originate. Built on LaserPro's Compliance Reporter, it enables data collection and review in one contained system.

Solution highlights

Structured workflows

Finastra's solution features intuitive integrated workflows that enable the collection of required data to begin as soon as possible

The data collection workflow includes automated field validations, that will provide errors and warnings during data entry, minimizing manual corrections before CFPB submission.

Covered transaction guidance

The solution features a simple checklist that helps determine if the loan application is a covered transaction requiring data to be collected or if the transaction is exempt.

Ability to digitally request demographic information

This enables the applicants to provide their demographic responses in a private, secure web-page. The applicants responses are masked upon entry, naturally accommodating the firewall requirement.

Assistance in firewalling protected data

This is a role based solution, allowing the administrator to define what level of access and permissions each of their users roles have. This can be used to hide applicants sensitive information from users involved in the loan decisioning process.

Key Benefits



Data Collection

Collect required data from your small business customers through a user-friendly interface.



Data Validation

The data collected in the user interface is automatically validated using the CFPB's warning and error validations, helping maintain an efficient data cleaning process.

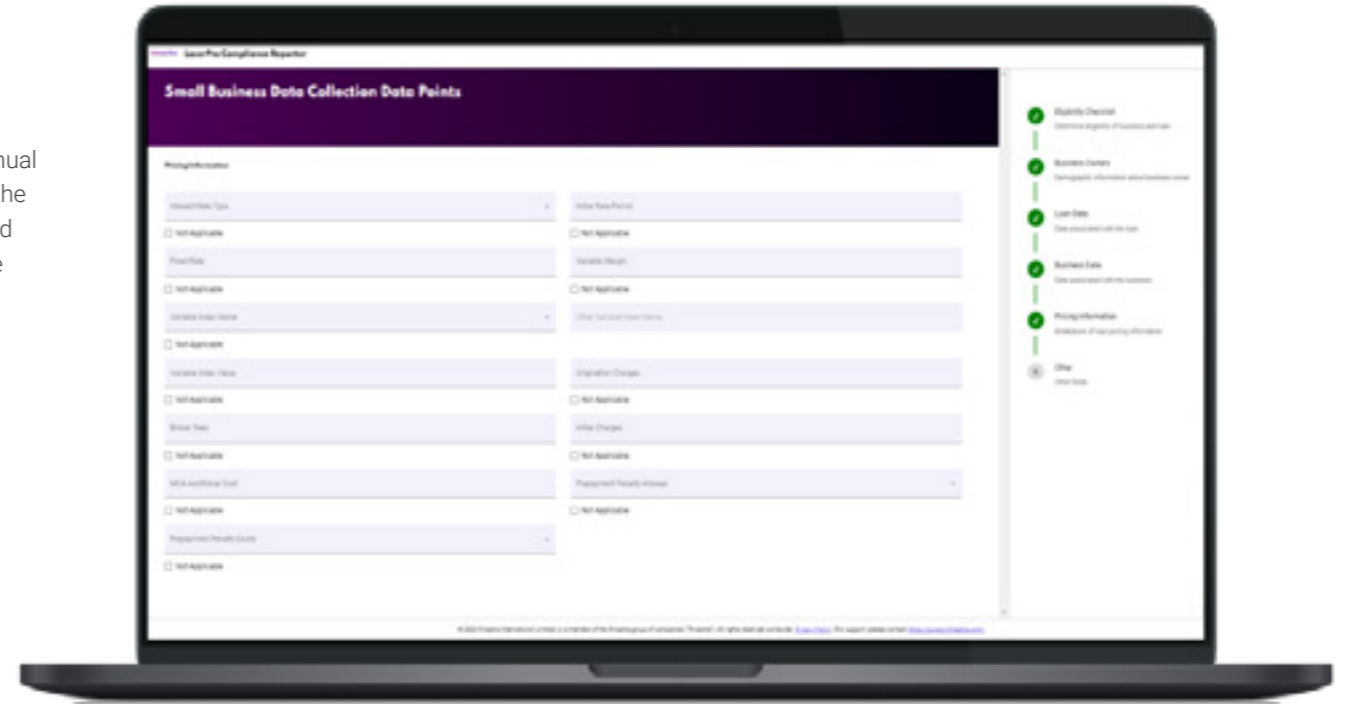


Data Submission

Generate required annual data submissions to the CFPB in the prescribed format using a simple automated process.

Compliance Reporter

The Small Business Data Collection module is a feature of Compliance Reporter, Finastra's Home Mortgage Disclosure Act (HMDA) data aggregation system.



[Contact us to learn more about DFA 1071 and how Finastra can efficiently support your compliance requirements.](#)

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by over 8,000 institutions, including 45 of the world's top 50 banks. For more information, finastra.com

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