



1120 Connecticut Avenue, NW  
Washington, DC 20036

1-800-BANKERS  
www.aba.com

## Memo

*World-Class Solutions,  
Leadership & Advocacy  
Since 1875*

Date: February 10, 2009

To: Members of the U.S. Senate and House of Representatives

From: Floyd E. Stoner, Executive Vice President, Congressional Relations & Public Policy

RE: Backgrounder on Bank Lending

ABA has developed a [background piece](#) about the Treasury Department's Capital Purchase Program (CPP) and bank lending, based on data from the Federal Reserve System. There has been a great deal of misunderstanding in many quarters about the level of bank lending in the current recession. As the data in this communication makes clear, bank lending actually went up in 2008 over 2007.

The background piece describes the fact that more than two-thirds of credit in recent years has been outside the traditional bank lending structure. It is this non-bank credit that has significantly decreased. Traditional bank lending increased in 2008, despite the economic recession.

The backgrounder notes that during the current recession, business loans have expanded by 12 percent and consumer loans by 9 percent. In contrast, median business loans declined by 0.7 percent and consumer loans by 5.1 percent for the previous six recessions.

I hope you find this information useful.