

As Banking Crisis Accelerates, Next Street Urges Banks to Enact Measures to Protect Small Businesses

Remedies that could shield underserved businesses facing most dire consequences as lending dries up

NEW YORK, NY, UNITED STATES, May 9, 2023 /EINPresswire.com/ -- Today, Next Street, the New York-based firm that supports small businesses by developing solutions to connect them with

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Sam Berg, Co-CEO of Next Street

the right resources at the right time, [wrote about and offered common-sense solutions](#) to the tightening of small business lending especially to BIPOC and women entrepreneurs.

Small businesses—[the bedrock of our economy](#), accounting for 2/3 of new jobs created in the past 25 years—are increasingly under threat by the tightening of small business credit at banks, with especially dire

consequences for BIPOC-owned businesses. Considering the looming bank crisis and new reports that [nearly 200 banks could collapse](#) without government intervention, further exacerbating the already volatile situation, Next Street is calling on banks to ensure vulnerable small businesses aren't left behind.

“When banks sneeze, small businesses get a cold, and BIPOC-owned small businesses get the flu,” said Samantha Berg, Co-CEO of Next Street. “Banks need to act now with common-sense remedies to protect small business owners already struggling with the triple threat of inflation, recession and the looming credit crisis—particularly the underserved Black- and brown-owned businesses that make up the fastest growing segments of small business growth.”

Even before the collapse of Silicon Valley Bank spurred the unfolding bank crisis, banks began to tighten lending to small businesses at the fastest rates since the onset of COVID. For underserved small businesses facing systemic bias, including BIPOC-owned businesses approved for financing at a fraction of the cost of their white male counterparts, the potential impact is devastating.

Next Street outlined six low-risk, common-sense solutions banks can implement now to lessen the blow on small businesses, including:

- Following through on the more than \$300 billion of existing racial and social justice commitments made during the last two years, much of which has yet to be deployed.
- Building alternative finance products like revenue-based financing to bridge lending gaps and provide capital for those who don't fit in a traditional credit box.
- Making the most of CRA and philanthropic dollars and providing operating grants to CDFIs lending to underserved small businesses.

"Underserved small businesses with less access to capital are already behind, and we simply cannot afford to leave them further behind as banks respond to the looming crisis," said Berg. "By intentionally investing in and supporting small businesses of color, banks can play an important role in protecting this bedrock of our economy, even in a restrained credit environment."

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About Next Street:

Next Street designs and develops solutions to connect entrepreneurs and small business owners with the right resources at the right time, with a focus on small businesses facing disproportionate barriers. With a proven track record of nearly 20 years, an ongoing commitment to becoming an anti-racist organization, and an extensive network of small business advocates, operators and investors, Next Street is accelerating the impact of institutions and advisors on small businesses and providing millions of business owners with the experts, tools and capital they need to thrive. Learn more at nextstreet.com.

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