



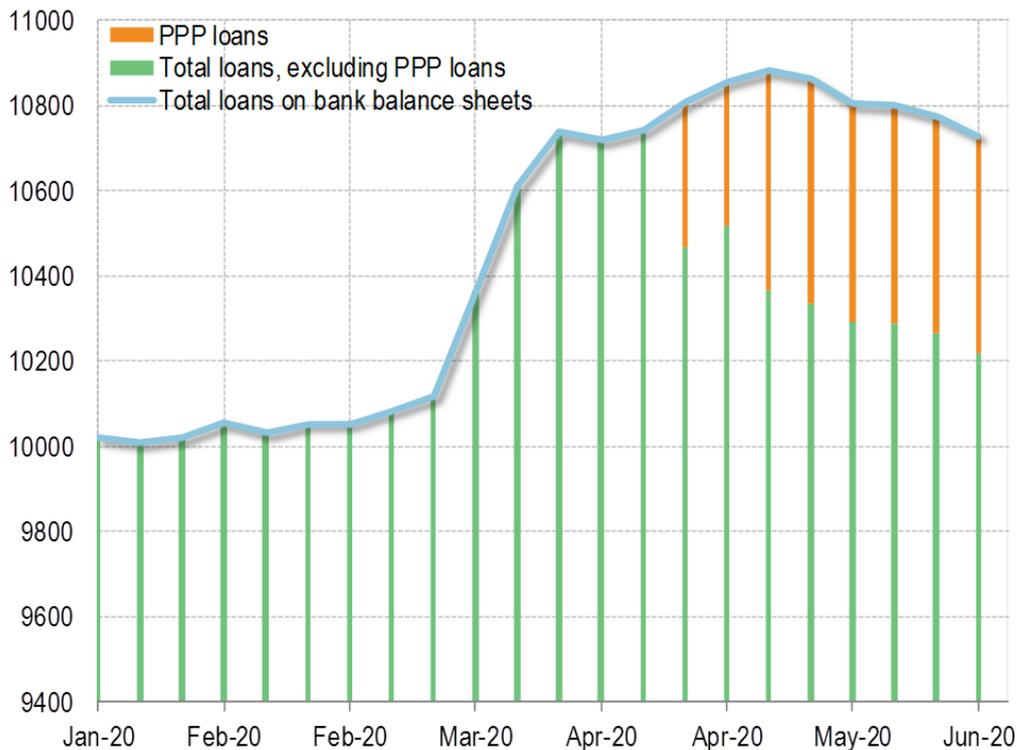
United States: Granting of government-backed loans is winding down

In response to the crisis triggered by the Covid-19 pandemic, in April the US Congress set up the Paycheck Protection Program (PPP), a small business lending programme guaranteed by the Federal government with an overall budget of nearly USD 650 billion.

Under certain conditions, the loans can be converted into subsidies within the limit of payroll costs, interest on mortgages, rent and utilities paid during the 24 weeks after the loan was granted. The loans will be partially or completely forgiven on condition that employment and wages are maintained by the end of the year. At 22 June, 4.6 million SME had borrowed more than USD 515 billion under the programme, virtually all of which was borrowed as early as mid-May.

Although drawing on confirmed credit lines stimulated the growth of bank loans through mid-April, since then the PPP programme has helped offset the contraction in commercial and industrial loans as well as consumer loans outstanding.

Guaranteed loan programme supports bank loans outstanding, USD bn



Source: Federal Reserve (H.8), Small Business Administration