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CFPB narrows 1071 small business reporting requirements

Initial perspectives on the CFPB's final revisions to section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act

The Consumer Financial Protection Bureau (CFPB) published a final rule on May 1 amending key provisions of the regulation implementing section 1071, which requires lenders to collect and report certain data concerning credit applications from small businesses.[1] It narrows the scope of data collection by concentrating on core lending products and larger lenders. The CFPB considered more than 400 public comments and finalized the rule without major changes from the proposal. It will take effect on June 30, 2026 with a compliance date of January 1, 2028.

5 insights you should know

1. **Narrowed transaction coverage**: While the original 1071 rule included an expansive set of products that were classified as a "covered credit transaction," the final rule focuses on core, foundational small business lending products (i.e., loans, credit cards, lines of credit) and removes several edge portfolios (i.e., merchant cash advances, agriculture lending, and small-dollar loans under $1,000).

2. **Higher institutional coverage threshold**: The final rule exempts Farm Credit System members and raises the minimum threshold for annual covered credit transactions from 100 covered credit transactions to 1,000 per year for two consecutive years.

3. **More restrictive small business definition**: The rule lowers the gross annual revenue threshold to be labeled as "small businesses" from $5 million to $1 million. In limiting the scope of "small businesses," the rule aligns with the existing Community Reinvestment Act (CRA) gross annual revenue thresholds, potentially reducing regulatory overlap and targeting oversight toward lenders generating the greatest volume of small business loans.

4. **Refined data point requirements**: The rule removes several "discretionary" data points not specifically identified in section 1071, including application method, application recipient, denial reasons, pricing information, and number of workers. Additionally, the final rule moves to an aggregate versus disaggregate methodology for collection of race and ethnicity categories and now focuses on minority and women-owned business status.

5. **Extended compliance date**: The rule extends the compliance date for lenders covered under section 1071, removing tiered compliance dates by institution size. Lenders who originated at least 1,000 covered credit transactions in each of the calendar years 2026 and 2027 will need to comply with the rule by January 1, 2028.

5 considerations to evaluate

1. **Evaluate existing system changes**: Lenders may need to coordinate with respective third-party vendors and integrate additional technology updates, to reflect the shift in scope and data requirements. Furthermore, firms should consider technology resource impacts and additional financial planning and budgeting adjustments to comply.

2. **Assess impact applicability**: Firms should evaluate the potential impact of the rule on their business and assess whether they fall within the revised, narrower threshold. While raising origination thresholds may ease operational demands and compliance burdens for certain small lenders, it is important for lenders to remain vigilant as potential changes in transaction volumes could trigger compliance obligations and require timely adaptation.

3. **Consider alignment with existing programs**: The revision of $1 million revenue threshold that defines a "small business" aligns the 1071 rule with CRA standards, providing an opportunity to streamline data collection and reporting across both programs. The approach follows the federal banking agencies' proposal to rescind the 2023 modernized CRA rule and revert to the 1997 framework which would maintain coherence with finalized 1071 requirements.[2]

4. **Review implications to defined data**: The reduction and refinement of required data may require lenders that have already began defining and collecting data for 1071 to revisit and potentially scale back data frameworks. They may need to amend systems to incorporate revised data fields, update underlying data architecture and related process flows, and modify applicable controls and risk management practices.

5. **Redesign policies, processes, and controls**: Lenders should re-evaluate and redesign their policies, processes, and controls associated with the final 1071 rule to address the updated applicability, product taxonomy, customer definition, and data governance scope. This will translate to a restructuring of the workflows for intake and escalation and provide controls that are sufficiently designed for scope determinations, demographic collection, data reuse logic, and firewall notices.

Endnotes

1. Consumer Financial Protection Bureau (CFPB), "Small Business Lending Under the Equal Credit Opportunity Act (Regulation B)," *Federal Register*, May 1, 2026.
2. See Office of the Comptroller of the Currency (OCC), Federal Reserve Board of Governors (FRB), Federal Deposit Insurance Corporation (FDIC), "Community Reinvestment Act Regulations," *Federal Register*, July 18, 2025.

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