

Who Distributed More Paycheck Protection Program (PPP) Loans? A Nonparametric Approach to Determine the Characteristics of Banks that Influenced Their Ability to Distribute PPP Loans.

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Abstract

The Paycheck Protection Program (PPP) was an emergency measure taken during Covid-19 pandemic to support small businesses that faced mandated business closures. The businesses were supposed to use PPP loans to help fund payroll costs, including benefits, and also use these loans to pay for mortgage interest, rent, utilities, worker protection costs related to the Covid-19 pandemic. Using Federal Deposit Insurance Corporation (FDIC) Call Report data from June 2020, I measure how much PPP loans/assets were given out by FDIC registered banks. I look at commercial and industrial loan commitments (C&I) to large businesses, C&I loans issued for small businesses, unused C&I loan commitments, core deposits and liquid assets as predictors for the amount of PPP loans given out per bank. I use nonparametric multivariate Kernel regressions and semiparametric smooth coefficient Kernel regressions to understand what institutional features lead to a higher amount of PPP loans/asset for every bank. All the explanatory variables except C&I loan commitments to small businesses of less than \$250,000 and liquid assets positively influence the amount of PPP loans/asset that are disbursed by banks.

JEL Classification Codes: G20, G21

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