



Opening Statement

Chairman David Schweikert

Hearing: “*Financing America's Small Businesses: Innovative Ideas for Raising Capital*”

Subcommittee on Investigations, Oversight and Regulations

House Committee on Small Business

June 6, 2013

Good morning. I call this hearing to order.

I want to start by thanking the witnesses who are here today for this important hearing. We appreciate the time that you are taking away from your businesses to share your views on small business access to capital.

Small businesses are innovators and thought leaders. They create jobs and spur economic growth, and we rely on them to produce both tangible items as well as change. They in turn rely on capital and credit to invest in their own success. And yet our financial industry is ill-equipped to meet the needs of these small companies.

Into that void has stepped a cadre of new and groundbreaking financing tools designed to meet the demand of small businesses. Through the use of low-cost funding platforms, small businesses are finding new ways to invest in their future.

Computerized underwriting has infinitely lowered the cost and timeline of evaluating a borrower’s ability to repay a loan; peer-to-peer lending websites match borrowers with micro-lenders who in the aggregate can meet a credit need over the Internet; angel investing sites have significantly increased deal flow for sophisticated investors and opportunity for entrepreneurs; and rewards-based crowdfunding websites give small businesses access to low-dollar donations from millions of potential donors.

This last one is an opportunity that will only be enhanced once the JOBS Act is fully implemented and we have the opportunity to benefit from equity-based crowdfunding, a more robust tool for growth capital.

Today we'll be exploring some of these innovative financing methods, as well as examining how both individuals and businesses come together to support economic development in their communities. Crowdsourced ideas for crowdfunded real estate is but one example of how we've seen communities meet both the economic as well as the cultural needs of its own residents.

The financing programs we will be talking about today are not limited to high-tech companies or new smartphone applications. Brick and mortar small businesses have the same opportunity as high-tech ones to take advantage of non-traditional financing methods to fund their American dream.

Our goal here today is to highlight how various non-traditional capital formation methods are helping small businesses access capital and credit, and to explore what Congress can continue to do to help drive innovation in small business financing and support private sector innovation in that field.

With that, I now yield to the Ranking Member, Ms. Clarke for her opening statement.