



Opening Statement of Chairman Tom Rice
House Committee on Small Business
Subcommittee on Economic Growth, Tax and Capital Access
Hearing: "Where Are We Now? Examining the Post-Recession Small Business Lending Environment"
December 5, 2013

Good Morning. The hearing will come to order.

Today, we will examine the lending environment for small businesses. Since small businesses create over two-thirds of new jobs, we must make an effort to ensure capital is available for their growth. By comparing pre- and post-recession levels of traditional small business lending, and analyzing the factors affecting these levels, we can gain a better understanding of where we stand and narrow our focus on the policies that will spur economic growth and job creation.

Recent data shows that banks are making more small loans in the past two years. Despite this improvement, loan levels are still below where they were before the recession. Economists, bankers, small business owners, and regulators point to different reasons to explain the post-recession drop in small business lending. Some suggest it is reduced demand by small borrowers, while others point to increased regulatory scrutiny on banks.

In reality, a confluence of forces has led to lower levels of lending. For instance, at the same time banks are being forced by regulators to require more from borrowers in the way of collateral and personal guarantees, home values, a huge source of collateral for borrowers, have dropped. And when potential borrowers hear that it is hard to obtain bank financing, many do not seek it, thereby decreasing loan demand.

We are fortunate to have with us a group of leaders within the small business financing space, from experts that analyze lending to those that are on the front lines making the loans. We will also hear from a business that offers a new source of financing that is becoming part of the lending environment.

I look forward to learning first-hand what today's witnesses see as the factors shaping the lending landscape.

With that, I would like to thank our distinguished panel of witnesses for being here today, and I now recognize the Ranking Member for her opening statement.