



**Opening Statement of  
Chairman Steve Chabot  
Committee on Small Business  
Hearing: *Bridging the Small Business Capital Gap: Peer-to-Peer Lending*  
May 13, 2015**

Good morning. Thank you all for being with us today. I call this hearing to order.

When an entrepreneur starts a business, one of the first challenges they face is getting the money they need to produce their new product or patent their great idea. Usually, an entrepreneur will reach out to friends and family for early support and often a small monetary investment. This common phenomenon of “family and friends” investment is done with confidence and a sense of pride, as we all want to see our friends and family members succeed – particularly in a new business venture.

While access to capital has always been a concern for small firms, as we all know, the Great Recession and recent reforms to our financial markets have made access to capital even more difficult. However, recently there has also been an influx of alternative lending options to assist small businesses in getting the financing they so desperately need. As the ability to connect through innovative platforms has increased, this very common idea of family and friends funding has shifted, and now across the country your peers can fund that next great idea online.

Today’s hearing will examine this growing trend across America -- the rise of peer-to-peer (P2P) lending -- and what it means for small businesses. A recent survey by the New York Federal Reserve found that while small businesses primarily still look to large conventional lenders for financing; during the first half of 2014 nearly 20 percent of entrepreneurs looked to an online lender for credit. And in the United States, the P2P lender with the largest market share, Lending Club, has seen the value of its total loans funded for small businesses explode from around \$850,000 in 2007 to over \$22 million in 2012. This increase in P2P lending for small businesses during such critical years in America’s economy is truly remarkable.

Today, we are fortunate to be joined by a great group of witnesses who all have insight into this fast rising industry. I want to thank our panel for taking time away from their jobs and making the trip to Washington for this important hearing. We look forward to your testimony.

It is often said that what keeps a great idea from becoming a great business is *execution*. Well, access to the funds needed to start a business plays a huge role in that. There are people all around our country with great ideas. Hopefully today, we can examine how innovative funding models can help more Americans turn their great idea into a reality.

I now yield to Ranking Member Velázquez for her opening remarks.