Chairman Tom Rice
Subcommittee on Economic Growth, Tax and Capital Access
"Financing Main Street: How Dodd-Frank is Crippling Small Lenders and Access to Capital"
September 17, 2015

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

Five years ago, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law and with its passage came an onslaught of new regulations. As we are aware prior to Dodd-Frank's passage there was a commonly repeated phrase of "too big to fail" and a sense that our economy had been hurt due to large financial institutions inappropriate actions. The law was meant to curtail the inappropriate and risky actions of these "too big to fail" banks and increase financial stability and transparency while providing greater consumer protection.

Today, we are not seeing the benefits promised by the proponents of the law. The economy is not rebounding exponentially. We are not seeing financially stronger and smarter banking. Instead, as we will hear from our witnesses today, the small guys who did not create the problem are suffering. The losers in this equation are small businesses; both the everyday Main Street business that has trouble getting a loan and the local bank that has to hire compliance officers instead of getting capital into hands of local small businesses.

These small financial institutions – our community banks and credit unions – are traditionally the individuals who lend to small firms. Recent research has found that community banks provide over 50 percent of the loans to small businesses. Especially in rural communities, like my district, the burdens created by Dodd-Frank are causing many small financial institutions to merge with larger entities or shut their doors completely, resulting in far less options where already there were not many options to choose from.

We have all heard that Dodd-Frank contained exemptions meant to ensure that financial institutions under a certain size would be unaffected. The creators and proponents of this legislation repeatedly have assured folks that they truly understand the importance of small financial institutions and that these entities were not why the law was created nor were the proponents intending to harm them. Unfortunately, as we will hear today, even the smallest financial institutions are feeling the burdens of this law as it trickles down and creates substantial regulatory burdens.

I want to thank all of our witnesses for being here this afternoon. We look forward to your testimony.

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