

# Congress of the United States

## Washington, D.C. 20510

July 18, 2022

The Honorable Isabella Casillas Guzman  
Administrator  
United States Small Business Administration  
409 Third Street, SW  
Washington, D.C. 20416

Dear Administrator Guzman:

Affordable access to capital is crucial for entrepreneurs and small businesses to succeed in starting, and growing their businesses. However, many entrepreneurs and small firms, especially women, minorities, and those living in rural areas, struggle to access the traditional banking system. We write today to request that the Small Business Administration (SBA) lift its moratorium on allowing additional non-banks to serve as Small Business Lending Companies (SBLC) and allow qualifying non-banks to provide access to the SBA's 7(a) small business loan program as guaranteed lenders.

The digital tools financial technology firms (Fintechs) and other non-bank lenders provide allow small businesses to reach more customers, process payments more efficiently, and better use data. Fintechs also [filled gaps](#) in providing pandemic-era relief programs since traditional banks initially only served existing customers.

As a result, Congress authorized non-bank lenders to participate in the Paycheck Protection Program (PPP). A [New York Federal Reserve study](#) from late May 2021 found that, while disbursing only a small share of total loan amounts, fintechs provided important support to minority business owners, who have in the past been underserved by the traditional banking industry. Approximately 1 in 4 black-owned companies applied to fintech lenders, more than twice the rate of firms whose owners were White, Asian, or Hispanic.

Modernizing the 7(a) program will allow fintech companies to continue to remove obstacles to access to credit for many small businesses who face difficulty participating in SBA lending programs. Lifting the moratorium on new SBLC licenses will allow additional innovative lenders to securely provide affordable credit to small businesses, especially those that have traditionally been underserved.


Forty years ago the SBA capped the number of new non-bank SBLC licenses at 14. Given the difficulty that so many small businesses are experiencing accessing affordable credit, it is imperative that the SBA lift its outdated moratorium and expand the number of licensed SBLCs. To that end, we have introduced legislation, the Expanding Access to Affordable Credit for Small Businesses Act, which calls for:

- The removal of the moratorium on new SBLC licenses;
- The re-appropriation of unused COVID funds from various stimulus bills to be used by the SBA to provide oversight of the new SBLCs in addition to the SBLC's primary regulator(s);
- The inclusion of reporting requirements to gauge the success of the program; and
- Requirements that the administrator check for financial soundness and compliance when considering new applicants to the program.

While we hope that Congress will enact our legislation as soon as possible, the SBA does not require any statutory changes to lift its non-bank SBLC moratorium or to allow fintechs to expand their provision of vital resources that many small businesses rely on.

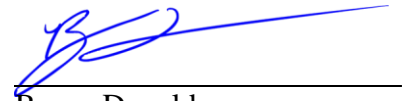
The SBA has done an admirable job expanding access to capital over the last 68 years. We ask that it further this fundamental mission by removing the moratorium on new SBLC licenses and allowing a more diverse group of lenders into its flagship small business lending program – 7(a). Thank you for your attention to this request. We eagerly await your response.

Sincerely,




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John Hickenlooper  
United States Senator




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Byron Donalds  
Member of Congress



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Jason Crow  
Member of Congress



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Tim Scott  
United States Senator