
**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. HOUSE
COMMITTEE ON FINANCIAL SERVICES**

“DODD-FRANK TURNS 15: LESSONS LEARNED AND THE ROAD AHEAD”

July 18, 2025

John Arensmeyer

Founder & CEO, Small Business Majority

Dear Chair Hill, Ranking Member Waters and members of the House Committee on Financial Services:

As a leading representative of America’s 34 million small businesses, Small Business Majority is pleased to offer written testimony to the House Committee on Financial Services in response to its hearing to mark the 15th anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). While this landmark legislation marked a significant step toward increasing transparency in the small business lending market, particularly through the enactment of Section 1071, continued efforts to repeal, weaken and delay the implementation of Section 1071 threatens to further restrict access to capital for millions of underserved small businesses nationwide.

Small Business Majority is a national small business organization that empowers America’s diverse entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enables us to educate stakeholders about key issues impacting America’s entrepreneurs, with a special focus on the smallest businesses and most under-resourced businesses.

Financing gaps are prominent among minority- and women-owned small businesses

While small businesses represent the pillars of local communities and our national economy, accounting for 99% of all U.S. businesses and roughly 44% of the nation’s economic activity, many small enterprises continue to face significant barriers to accessing the responsible and affordable capital necessary for growth.¹ These barriers, including inadequate credit history, limited access to established banking relationships and a legacy of systemic discrimination in the lending industry, continue to disproportionately impact women- and minority-owned businesses in their pursuit of responsible financing. According to data from the 2024 Small Business Credit Survey, white-owned small businesses were over 20% more likely to be fully approved for the financing they sought than Black-owned businesses.² While 56% of white-owned businesses received the full amount requested, only 35% of Black-owned, 38% of Asian-owned and 39% of Hispanic-owned businesses were fully approved. Furthermore, national polling conducted by Small Business Majority found that while roughly 19% of small business owners overall obtained less capital than they sought, that number is higher among AAPI (36%), Black (31%) and Latino (26%) small business owners.³

¹ “Frequently Asked Questions About Small Business, 2024.” U.S. Small Business Administration Office of Advocacy. July 23, 2024. <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>

² “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey.” Fed Small Business. March 27, 2025. <https://www.fedsmallbusiness.org/reports/survey/2025/2025-report-on-employer-firms>

³ “Small businesses struggling to access capital, harming their financial recovery.” Small Business Majority. February 17, 2021. <https://smallbusinessmajority.org/our-research/access-capital/small-businesses-struggling-access-capital-harming-their-financial-recovery>

These small business financing gaps are also prominent in U.S. Small Business Administration (SBA) approved loans, including those made through the 7(a) and 504 programs.⁴ In FY24, white-owned small businesses accounted for over 45% of all 7(a) loans and nearly 60% of 504 loans, while their Black-owned counterparts accounted for just 7.2% of 7(a) loans and 3.2% of 504 loans. Disparities are also present across other demographics, including gender. Small businesses that were more than 50% owned by a woman accounted for just 21% of 7(a) loans and 15% of 504 loans while male-owned businesses accounted for nearly 70% of 7(a) loans and 64% of 504 loans, a stark contrast when considering that over 43% of small businesses in the U.S. are women-owned.

A failure to implement Section 1071 will allow inequities in small business lending to persist unchecked

In 2010, Congress recognized the need to address glaring disparities in the small business lending industry through the enactment of Section 1071 of the Dodd-Frank Act which simply requires most financial institutions to collect and report data on small business loan applications to the Consumer Financial Protection Bureau (CFPB). Inequitable lending standards and practices are commonplace because there is currently no universal dataset revealing the unique contextual barriers that stand in the way of the pursuit of the American Dream, which is business ownership. While third-party data sources confirm that small business lending is inequitable, the government must also collect and report this data to legitimize the debate and recommend policy reforms to eradicate these disparities. Small Business Majority has long championed efforts to fully implement 1071, requiring data collection on small business lending pertaining to a business owner's race and gender, which would paint a full picture of who receives financing and who does not.

Fifteen years after Section 1071's enactment, millions of small businesses that stand to benefit from greater transparency in the small business lending market are still waiting for banking reform, delayed by ongoing efforts to weaken or repeal the law. These efforts, which include the CFPB's recent interim final rule to further delay compliance deadlines and legislation to expand exemptions for financial institutions and repeal the law altogether, threaten years of progress that will ultimately enable systemic inequities to persist. While banks are currently beholden to certain underwriting standards, the absence of data on small business loan applicants impedes the ability of both banks and policymakers to better evaluate how small business owners from certain communities are impacted by these often one-dimensional standards, leaving many minority, women and rural owned small businesses at risk of not receiving the financing they seek.

If the primary complaint is that data collection and reporting requirements are burdensome, we believe that policymakers must come together on a strategy that both minimizes the burden of data collection on the business owner and the lender, while also ensuring that the data can be collected, protected and made public upon review to industry, government and advocacy stakeholders so that the policy environment can be improved upon. For this reason, Small Business Majority opposes legislative efforts, such as those proposed in the Small Lenders Exempt from New Data and Excessive Reporting (LENDER) Act, that do not seek to improve the rule by streamlining compliance, but instead undermine the intent of Section 1071 by exempting a wider swathe of banks from its requirements.⁵ By taking this approach, Congress would neglect the needs of millions of under-resourced small businesses and instead allow the nation's financial institutions to operate largely unchecked in the small business lending market.

While Small Business Majority recognizes that Section 1071's data collection and reporting requirements may pose challenges for smaller lenders, we urge the Committee to prioritize the broader need for transparency in the small business lending market. Greater visibility into the loan applicant, the

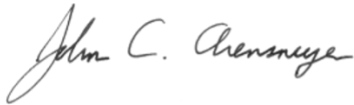
⁴ "7(a) & 504 Summary Report." U.S. Small Business Administration. June 30, 2025.
<https://careports.sba.gov/#/views/7a504Summary/Report>

⁵ Small Lenders Exempt from New Data and Excessive Reporting (LENDER) Act,
<https://docs.house.gov/meetings/BA/BA00/20250715/118488/BILLS-119pih-exemptscertainfinancialinstitutionsfromCFPBSBLrequirements.pdf>

applicant's business and the loan itself will help both lenders and policymakers identify persistent gaps that continue to restrict access to capital for under-resourced and less-established businesses.

Small Business Majority commends the Committee for its ongoing efforts to strengthen our nation's banking system and expand access to affordable, reliable capital for small businesses. We look forward to working closely with the Committee on these issues during the 119th Congress. For any questions or additional information, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive, flowing style.

John Arensmeyer
Founder & CEO
Small Business Majority