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Biden-Harris Administration Takes Historic Step in Expanding Access to Capital and Filling Lending Gaps in Underserved Communities

New Licenses Mark Milestone Achievement in Biden-Harris Administration Efforts to Increase Access to Capital

WASHINGTON - Today, [Administrator Isabel Guzman](#), head of the [U.S. Small Business Administration \(SBA\)](#) and the voice in President Biden's Cabinet for America's more than 33 million small businesses, announced that the SBA has granted three new Small Business Lending Company (SBLC) licenses to lenders focused on historically underserved markets – **the first expansion of the SBLC program in more than 40 years**. The lending companies – Arkansas Capital Corporation, Alaska Growth Capital BIDCO, Inc., and Funding Circle – will help support SBA's ongoing efforts to increase access to affordable capital for business owners in underserved markets across America, expanding on the Biden-Harris Administration's agenda to advance equity and build an inclusive economy.

“The success of America's 33 million small businesses is a pillar of Bidenomics and foundational to the prosperity of our economy, global competitiveness, and democracy,” **said Administrator Isabel Guzman**. “Persistent barriers to capital, especially small dollar loans, still pose a challenge to many of the entrepreneurs who power our economy. The Biden-Harris Administration remains committed to filling capital market gaps – and the expansion of the SBA's SBLC program after more than forty years is a monumental step forward in this crucial effort. With the addition of three new Small Business License Companies, the SBA will be able to serve even more small business owners who need capital to start, operate, and grow their businesses.”

In June, the SBA [announced](#) that it had opened a window for new applications for Small Business Lending Company (SBLC) licenses. The SBA approves Small Business Lending Company Licenses for selected non-depository lenders to increase responsible small business lending. An SBLC license allows the lending organization to utilize government guarantees when underwriting small business loans to reduce the level of risk to the lender

and cost to the borrower. As a result, SBLCs are positioned to write higher volumes of loans to small businesses than possible without a government guarantee. **The SBA's existing SBLCs outperform banks and credit unions in lending to minority-owned businesses.** There are currently 14 SBLC licenses in the marketplace, and the addition of Arkansas Capital Corporation, Alaska Growth Capital BIDCO, Inc., and Funding Circle will bring the total to 17, helping bring capital to new markets.

“For over thirty years, Arkansas Capital Corporation has used the SBA 7(a) program to support small businesses in underserved areas of Arkansas where accessing capital is uniquely cumbersome,” **said Sam Walls III, CEO of Arkansas Capital Corporation.** “Arkansas Capital has bolstered regional economic development, but now with this SBLC license, we can widen our SBA 7(a) footprint as well, expanding our services to rural and poverty-stricken areas in the South to start. We are honored that the SBA chose Arkansas Capital as one of the three recipients of this license, and we look forward to working with the SBA in the years to come as we seek to break down barriers to accessing affordable, reliable capital.”

“McKinley Alaska Growth Capital is thrilled to receive a new SBLC license that will allow our community-focused SBA lending program to grow,” **said Logan Birch, President and Chairman of McKinley Alaska Growth Capital.** “As a successful, dedicated SBA lender for more than 25 years in Alaska and as a certified Native Community Development Financial Institution, we’re proud of our focus and expertise in supporting businesses in rural and Indigenous communities that often lack the financial resources of urban centers. Our business model thrives on local collaboration and creative partnerships, and with this SBLC license, we will be able to offer our services to even more underserved markets outside of Alaska. Our experienced, hands-on team of SBA lenders looks forward to helping support the next generation of entrepreneurs.”

“We are excited to help more small businesses across the United States get access to the capital they need to succeed,” **said Steve Allocca, Managing Director at Funding Circle U.S.** “By leveraging our advanced data and technology platform, and providing a superior customer experience, Funding Circle is excited to expand our lending across the country for 7(a) Small Loans under \$500,000, by providing creditworthy small businesses in low-moderate income neighborhoods and rural areas access to affordable capital to start, run and grow their businesses.”

Each of the three new SBLC license holders will focus on historically underserved markets, including small businesses in Native, rural, and low-income communities. By broadening the SBA's network of lenders, the Biden-Harris Administration is ensuring more small business borrowers can get funded, which means more opportunities for small businesses to expand, innovate, and create jobs. The expansion complements the SBA's granting of permanent status to mission-based lenders under the [Community Advantage SBLC](#) license. Last month, the SBA announced that the portfolio of lenders licensed to make small SBA loans under the

Community Advantage program had grown to 143. This announcement builds on the SBA's [modernization of its loan programs](#), helping promote more small business lending by streamlining credit criteria and cutting red tape for SBA lenders.

Background on the New SBLC Licensees

[Arkansas Capital Corporation](#) is a community development finance institution (CDFI) that has deployed more than \$2.34 billion in capital to small businesses and economic development projects in Arkansas and the bordering states since its inception in 1957. **Since 2019, more than half of their lending has gone to Persistent Poverty Counties** – counties with 20 percent poverty for 30+ years. Receiving an SBLC license from the SBA will allow Arkansas Capital Corporation to expand its SBA lending to Mississippi, Tennessee, Oklahoma, Louisiana, Missouri, and Texas – states that contain nearly 40 percent of all [persistent poverty counties](#) nationwide.

[Alaska Growth Capital BIDCO, Inc.](#), doing business as McKinley Alaska Growth Capital, is an Alaska-based Business and Industrial Development Corporation (BIDCO) and Native CDFI that has provided small business loans and technical assistance since it was founded in 1997. As a certified Native CDFI, **more than 60 percent of Alaska Growth Capital's activities serve Alaska Native, Native American, and Native Hawaiian businesses and communities.** It is the largest non-bank Native CDFI SBA lender in the country. The SBLC license designation will allow Alaska Growth Capital to reestablish its ability to lend in underserved markets outside of Alaska, starting with Hawaii, Washington, and Montana.

[Funding Circle](#) is a leading online lending platform for small business financing. Founded in 2010 to address the shortage of traditional credit sources for small businesses, Funding Circle has originated more than 56,000 loans totaling more than \$4.5 billion to 45,000 small businesses in the U.S. Funding Circle increases access for borrowers who are less likely to receive credit from traditional banks, with **33 percent of all current loans going to small businesses in low-to-moderate income neighborhoods and 40 percent going to small businesses in rural areas.** One of the most challenging market gaps in small business lending is loans under \$150,000, and with an average loan size of \$153,700 – well below the average SBA 7(a) loan size of \$480,000 – Funding Circle will be able to deepen its current focus on originating small loans to small and underserved businesses with its new SBLC license.

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About the U.S. Small Business Administration

The U.S. Small Business Administration helps power the American dream of business ownership. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow, or expand their businesses, or recover

from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.