

Testimony of Sean Salas
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Chairwoman (Nydia) Velazquez, Ranking Member (Blaine) Luetkemeyer and Subcommittee Chairman (Dean) Phillips and Ranking Member (Beth) Van Duyne and other members of the subcommittee, thank you for having me here today.

My name is Sean Salas and I’m the co-founder and chief executive officer of Camino Financial.

Camino Financial is an AI-powered lending platform that empowers entrepreneurs to grow their business and boosts access to capital for underserved communities. Our microloans provide small business owners with the flexible financing they need to thrive in a competitive market.

We are a national community development financial institution, or CDFI, that is pioneering affordable credit through technology and AI. Our mission is to build generational wealth in underserved communities. We take a digital first approach and Applications are 100 percent online. We predominantly serve entrepreneurs in California, but our digital-first approach allows us to serve businesses in other states.

Today, I’m proud to say that we’re the largest Latino-focused small business lender in the United States. We did this by providing a “camino” or a pathway to capital by educating our borrowers. This pathway involves providing resources that teach them how to formalize their business and access the tools they need to get on a “path” to qualify for larger, lower-interest rate loans.

I founded Camino Financial with my brother, Kenny, while completing our MBAs at Harvard Business School. We are the sons of a Mexican entrepreneur, who truly sought the American Dream. Our mother opened over 30 restaurants in Southern California while raising six children, but when I was 12 years old her entire business collapsed. She moved us to Mexico to restart our lives, despite us being U.S. citizens.

When you’re a twelve-year-old kid and you see your mom lose her business, there’s a fire that lights in you that doesn’t go out. There was no lightbulb moment for starting Camino Financial. The moment Kenny and I graduated from high school in Mexico, we decided to immigrate back to the U.S. to pursue what my Mom had lost, the American Dream. We were lucky enough to be admitted to UC Berkeley and thereafter build our careers in finance. While working in finance, we first realized the capital gap for investing in micro businesses in minority communities. So, we decided to leverage our MBA experience to incubate Camino Financial, to help businesses, like my mother’s, grow to a point where they can access a broader suite of wealth building solutions.

The average Latino business earns \$250,000 in revenue, that's about roughly half the national average. Most of Latino-owned businesses are micro businesses, not even small businesses, with 4 or less employees. Banks and larger institutional investors do not actively service over 97 percent of the Latino business credit market, leaving a gap that we measure to be north of \$20 billion in unmet capital demand.

Ultimately, we provide opportunities to one of America's fastest growing business segments, one that is critical to the ongoing growth of the U.S. economy. If Latinos don't build wealth, America does not build wealth. And as we know, entrepreneurs are the bedrock of building wealth in our communities.

We work with the most underserved entrepreneurs in construction, retail, transportation, restaurants and bars, as well as other professional services, such as janitors and landscapers that are the beating heart of nearly every community.

I'd like to share with you a few examples of the types of entrepreneurs we help:

In Long Beach, California, a Latino entrepreneur needed a loan to buy equipment to take on more work and hire more employees for a small business that performs car detailing and cleaning services.

In Los Angeles, a small restaurant owner used our loan for working capital during the pandemic and to bolster sales by 70 percent and has since opened a new location.

Another business in Los Angeles, used our loan to buy a new smog check machine for their small auto repair and smog check station.

And a Latina small business owner in Highland Park, used our loan for inventory purchases to expand her art supply and home decor store. As a result of our loan she expanded her business and took on a new location.

Because we are a digital-first company, transparency has been critical to our success. I know today's hearing is on fintech and transparency in small business lending. And while I'm not here to talk about our competitors, what I can tell you is that transparency is critical to our business.

Whether it's to our investors or borrowers, our credibility is based on our transparency with both costs and risks. We know our members shop around for the best deal, and by being transparent, our clients feel reassured they're comfortable with the payment structure and making the right decision.

In the end, our business is about helping more entrepreneurs achieve the American Dream. So many people like our mother attempt to achieve this dream without advanced skills and degrees, but with the drive and ambition to succeed and provide for their families. We believe

that what we're doing— providing capital as well as resources that educate entrepreneurs on cash flow, financials, and other core business practices—is important to helping more underserved entrepreneurs and communities succeed.

Through our financial platform, over the last 6 years we've helped over 9,500 small businesses across the U.S. scale and succeed. It's my hope that as we continue to grow, we'll help many more budding entrepreneurs live the American dream.

Thank you for the time and the privilege to speak today.