

RETHINK IMPACT

Testimony of Jenny Abramson
Founder & Managing Partner, Rethink Impact

Before the U.S. House Committee on Financial Services
Task Force on Financial Technology

Hearing entitled, "Combatting Tech Bro Culture: Understanding Obstacles to Investments in Diverse-Owned Fintechs"

Thursday, June 30, 2022

Biography:

Jenny Abramson is the Founder & Managing Partner of [Rethink Impact](#), the largest VC



Fund backing female and non-binary CEOs using tech to build \$1B+ companies by tackling the world's greatest challenges in fintech, health care, education, and the environment. She sits on the boards of Ellevest, Wellthy, Winnie, EveryDay Labs, Candidly, Sempre Health and is a board observer for Eleanor Health and Neurotrack. Previously, Jenny served as CEO of LiveSafe, a tech security company focused on preventing school shootings and sexual assaults. She also held leadership roles at The Washington Post, Personal (a

data tech company), The Boston Consulting Group, D.C. Public Schools, and Teach for America.

Jenny is a board member of the NFL Players, Inc., the Jacobs Foundation, and DC Prep. She is also an active member of All Raise, co-leading their data efforts. Finally, she is an Advisory Board member of the Catalio Nexus Fund (an early-stage health focused VC fund).

Jenny was named a [Forbes' Impact 50](#) in 2020 (alongside Bill Gates and Melinda French Gates, Serena Williams and Steve & Jean Case), Entrepreneur Magazine's 100 Powerful Women and a DC Tech Titan. She has been covered in The New York Times, in The Washington Post, and on CNN, interviewed on Squawk Box, featured at the Code Conference, at the United Nations, at the G7, and on Capitol Hill. She received bachelor's and master's degrees with honors from Stanford University, an MBA with honors and the Dean's Award from Harvard Business School (where she also served on the Investment Committee for Shareholder Responsibility for Harvard University) and was a Fulbright Scholar at The London School of Economics.

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RETHINK IMPACT


Overview:

[Rethink Impact](#) is the largest, US-based venture capital firm investing in female and non-binary leaders using tech to solve the world's biggest problems. Rethink Impact believes that the next generation of extraordinary companies (in fintech, health, environmental sustainability, and education) will find success through their relentless pursuit of mission, for the benefit of all communities.

Sample Fintech Investments:

 **candidly** Led by CEO Laurel Taylor, Candidly is tackling the \$1.7T student debt crisis¹ through its financial wellness platform that helps people borrow, repay, and save more efficiently.

 **ICON** Led by CEO Laurie Rowley, Icon is helping the 55 million working Americans who do not have access to 401(K) plans² through its low-cost, fully portable, workplace-based retirement solution.

 **morty** Led by CEO Nora Apsel, Morty is democratizing mortgages by creating a digital way to match borrowers to the right type of mortgage at the best price.

 **EV** Led by CEO Sallie Krawcheck, Ellevest is tackling the investment gap for women (who are 80% more likely to be impoverished in retirement³), helping them build wealth and save for the future by providing the products and support to do so.

¹ Federal Student Aid, Educationdata.org

² EBRI

³ NIIRS

Notable Press:

The New York Times

DealBook / Business & Policy

DEALBOOK NEWSLETTER

Exclusive — Venture Fund for Women Raises More Than Expected

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Forbes

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Hidden Figures: Inside Jenny Abramson's Female First VC Fund

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Jenny Abramson's pitch to female founders: I've been in your shoes. JAMEL TOPPIN FOR FORBES



Heidi Patel: "We're trying to build a new breed of VC firm." (Photo by Jamel Toppin for Forbes) JAMEL TOPPIN

Testimony Introduction and Overview:

Introduction:

Good afternoon, Chairman Lynch and the esteemed members of the Task Force on Financial Technology. I am honored to be with you today to discuss the obstacles to investments in diverse-owned fintech companies. I am the Founder and Managing Partner of [Rethink Impact](#), the largest venture capital fund in the United States investing in female and non-binary CEOs. Our portfolio of companies uses technology to tackle the world's greatest challenges in a number of sectors including fintech (with a focus on financial inclusion). Therefore, today's topic is one I care deeply about and we focus on on a daily basis.

To give you brief context, before I was a venture capitalist in 2015, I was a tech CEO and often found that I was the only woman on a given stage or in a given room. As a data nerd from Stanford, I researched the numbers and learned that only 2.3% of venture capital dollars went to female founders in 2015 (PitchBook). What shocked me about this was that my own mother ran the first major venture capital fund investing in female leaders 25 years ago, and the percentage of dollars going to female founders actually went down in that period. I decided the best way to change this pattern was to start a venture capital fund that could drive institutional scale dollars to female tech CEOs.

With that context in mind, I will address three key areas in my testimony:

- (1) Why is there a lack of investments in diverse-owned fintech companies?
- (2) What is the missed financial and societal opportunity resulting from this deficit?
- (3) How can we reverse these trends?

(1) Why is there a lack of investment in diverse-owned fintechs?

- The lack of diversity in who controls venture capital dollars impacts who receives that money. 86% of venture capital decision makers are men (AllRaise, 2021).
- Covid has exacerbated these trends.
- The current economic downturn is likely to further this imbalance.

(2) What is the missed financial and societal opportunity resulting from this deficit?

- Estimates indicate venture capital opportunity costs from withholding investment to diverse founders may be as high as \$4 trillion (Quartz, 2020).
- Venture-backed teams of diverse founders (both in terms gender and ethnicity) create more innovation and have better financial outcomes, including 30% higher multiples on invested capital when companies are acquired or go public (Forbes, 2020).
- Given the fact that women drive 70-80% of all consumer purchasing decisions (Inc 2019), and that both women and people of color disproportionately experience the inequalities that many fintech businesses are tackling, not including these groups in the creation of products or services is a missed opportunity for innovation.

(3) How can we reverse these trends?

- Most people are unaware of how lopsided venture capital funding is in this country and of the financial opportunity that comes with investing in diversity. We must share the data, so people understand the economic benefits of this investment.
- It is critical to highlight the success of individual diverse fintech entrepreneurs as it makes the data more tangible for investors. Example companies:
 - Candidly (tackling student debt through its financial wellness platform)
 - Icon (innovating on the outdated model of 401Ks for middle-class workers)

- Morty (democratizing access to mortgages digitally)
 - Ellevest (addressing the investment gap for women)
- Finally, we need to diversify who controls investment dollars as this impacts which entrepreneurs get funded.

Conclusion:

Getting more dollars in the hands of diverse fintech owners is not only critical to increasing financial inclusion in this country but it's a great thing for consumers, investors, and our economy more broadly. I started this testimony by sharing my Mom's experience of fighting for women 25 years ago, and while the numbers have not improved on many fronts, I would like to believe that together, the people in this room can ensure that my own daughters are not sitting here in 25 years repeating this testimony. Thank you.