

**Testimony of Amy Roberti
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**Before the
House Financial Services Subcommittee on Financial Inclusion and Monetary Policy
Hearing on**

**“Financial Institution-Fintech Partnerships: Leveraging Third-Party Relationships to
Increase Access to Financial Services”
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Chairman, Ranking Member, and distinguished members of the Subcommittee, thank you for welcoming Stripe to Kentucky. Thank you as well to our wonderful hosts, the Lexington Brewing & Distilling Company, whose business Stripe has the privilege of serving. We are grateful for the opportunity to testify today.

I am Amy Roberti, Head of Global Policy at Stripe. Stripe is a technology company that builds economic infrastructure for the internet. Businesses of every size — from small startups to public companies — use our technology and tools to accept payments and manage their businesses online.

Stripe was founded in the United States in 2011 by Patrick and John Collison, two brothers from Limerick, Ireland. Before Stripe, they ran another startup and one of their biggest challenges back then was accepting payments. That’s how the idea of Stripe was born. Instead of weeks or months of delays and complicated paperwork, Patrick and John gave businesses just seven lines of code to get their businesses up and running and accepting online payments, in a matter of minutes.

Since then, Stripe has grown along with some of the world’s most sophisticated online companies, like Lyft and Amazon. We also help to power the digital transformation of companies like Ford and Target. These global companies depend on Stripe to be extremely reliable. And they also use our software to orchestrate a range of corporate functions to grow their businesses, like analyzing revenue, finding sales opportunities, and preventing fraud.

These tools are not just the provenance of industry giants; we provide the same powerful tools to America's small businesses and startups. We serve millions of small businesses. Nearly half a million are from rural areas across the U.S. Businesses of all shapes and sizes use Stripe to grow their businesses and power their operations, including more than 34,000 that work with Stripe in Kentucky.

Expanding access and entrepreneurship

Today, we are witnessing a fundamental shift in how businesses access and utilize financial services. Whether it is restaurants, gyms, churches, barber shops, plumbers, or corner coffee shops, it is now very likely that businesses are running on bespoke software platforms that understand the unique needs of their industry. These platforms are tightly integrated into these businesses' operations, and it is this very integration that empowers businesses to much more easily access payments, capital, and other financial services.

A great local Kentucky example is PayHOA, a startup based right here in Lexington. PayHOA has built a software platform that helps homeowner associations better connect with their communities, offering a singular portal where homeowners can conveniently make online payments, communicate, and manage documents. PayHOA helps over 28,000 associations work with nearly 650,000 homeowners, handling everything from accounting and finances to online payments to maintenance requests and communications within their communities. I'd like to recognize their contributions to the Lexington economy and the internet economy broadly.

To make this work, Stripe partners with a number of financial institutions in the United States. These partnerships enable us to jointly extend the reach of financial services to underserved businesses. And on top of these integrations, we provide additional software tools to help run a business on a global basis.

For example, let's consider how small businesses and even large corporations struggle with back office tasks, like sales taxes and financial reports. Companies cobble together manual, paper-based systems. These are clunky and slow, and make it hard for businesses to do simple things like change prices, launch in a new country, or close their books. Software tools can streamline these critical business processes with modular billing, tax, revenue reporting, and data tools that work seamlessly together. More than 300,000 businesses use Stripe's user-friendly revenue and finance automation platform

to grow revenue, simplify compliance, and close their books faster. Imagine if small businesses each had their own Fortune 100 Chief Financial Officer.

Another example is well known by this Committee. Businesses need capital to expand. Stripe works with merchants and industry platforms and banks to jointly leverage data to better underwrite a business to qualify for loans, oftentimes very small loan amounts. In an analysis of Stripe users, those with Stripe Capital financing saw revenue growth 114 percentage points higher than peer companies not on Stripe Capital. The impact of financing was even greater for smaller firms—businesses processing less than \$100,000 per year saw revenue growth of 140 percentage points over their peers. Only 5.5% of Stripe Capital users had previously obtained a loan from a traditional lender.

Payments is another area where software-defined financial services are more critical than ever. Around the world there are over 600 different payment methods, and growing. Accepting debit and credit cards is simply not enough for a Kentucky business that wants to make sales in Brazil or the Netherlands. Brazilian customers need a checkout with their real-time payment system called “Pix,” and Dutch customers want to pay-by-bank, using their “Ideal” system.

Integrating diverse payment types globally is primarily a software challenge, one that technology companies are well-suited to address by collaborating with local financial institutions. In 2023, Stripe processed \$1 trillion in payment volume, equivalent to 1% of global GDP. This growth is facilitated by long-standing partnerships with acquiring banks and networks. These partnerships are not new — they have existed for decades — the difference now is that they are scaling and more finely tuned to better serve many more kinds of unique businesses.

As the online economy expands, growth is compounding *locally*. And growth doesn’t just happen in the big tech hubs.

Between 2019 and 2024, internet commerce on Stripe grew faster in Ohio than almost all other states in the U.S. States including Kentucky, Tennessee, Indiana, Texas, and Nebraska saw per-capita payment volume grow more than 4x during this period, with payment volume increasing approximately 7x in Knoxville, 5x in Omaha, 4x in Louisville, Houston, Indianapolis, and 3x in Nashville and Dallas. San Antonio even saw an astonishing 11-fold increase. And growth isn’t limited to urban areas. Over that same period, rural areas in the U.S. increased processing volume on Stripe fivefold—and rural businesses in Kentucky saw an impressive 8x increase in volume.

Speaking of rural America, Ambrook is a Stripe user that provides financial management software tailored to the needs of farming businesses. During a recent two year period the company helped U.S. farmers successfully apply for over \$7m in federal grants and Stripe helped move those funds to farmers. Agriculture might seem like the ultimate offline economy. But as members of this Committee are well aware, it has become one of the fastest-growing *online* industries, as farmers turn to the internet to sell produce, manage their money, and access critical financing.

Accelerating online economic growth

To help grow the online economy, we would offer several policy recommendations.

First, support bank fintech partnerships. Leadership at the FDIC and the Federal Reserve Board have recently noted that most banks manage their fintech third-party relationships *well*. We welcome this recognition and urge regulators to push more nuance into the supervisory process. We are grateful that Members of this Committee, too, have highlighted this important balance.

We recognize the challenges in distinguishing where the bank's role ends and a partner's begins. We believe these concerns can be effectively addressed through thoughtful regulation and industry cooperation. Industry can collaborate more with regulators to increase consistency in supervisory expectations. We can help develop best practices and standards that aid examiners, banks, and partners.

Our joint goal should be to find every way possible to better serve the needs of commerce and entrepreneurship. We see this as an opportunity to prove that guarding the financial ecosystem can correlate positively with increasing financial access, at scale.

Second, provide an optional federal framework for payment companies to better serve businesses. Many jurisdictions around the world see payments as a unique force for economic growth and, with specific protections, provide "E-Money Institutions" with access to payment infrastructure and networks. The United States should enhance our robust state-based regulatory system with similar capabilities.

Third, accelerate efforts to make government services digital. Much of Stripe's work is mundane and tedious. Wherever there is a form or a fax, Stripe is working somewhere in the background to automate and simplify these processes. But sometimes our engineers simply cannot get around requirements to file paper forms or databases that exclude non-banks.

Thankfully, and due to the leadership from Members of this Committee, the Internal Revenue Service has taken some important steps towards modernizing the way businesses incorporate, obtain tax identification numbers, and share tax data for loan underwriting. We appreciate these efforts and encourage the Committee to think creatively about working with the Treasury Department to ease any burdens associated with the FinCEN beneficial ownership registry, particularly for startup founders we help to incorporate every day.

Finally, foster a culture of innovation. It is humbling to witness the explosion of entrepreneurship on Stripe. New firm creation continues to hum in the U.S. and this tracks with what we're seeing across our platform, where we saw record levels of startup formation on Stripe in 2023. And because Stripe disproportionately works with businesses inventing new things, we are privileged to support advances across a range of sectors, from robotics to farming to artificial intelligence. Our users are a testament to the 'improving mindset' that drives innovation and progress.

As our co-founders point out, things around us don't just happen. "Actual people with concrete visions, working for a long time, made them happen." Policymakers play a key role in setting the conditions for large economic outcomes. It is critically important that the internet economy's tremendous progress continues, and even accelerates.

Conclusion

Stripe's mission is to grow the GDP of the internet. We are optimistic that technology-driven improvements will help achieve this goal. Through thoughtful policies that scale access and oversight on a positive sum basis, we can create a more inclusive and efficient financial system that serves all Americans, and drives economic growth. Thank you for the opportunity to participate in today's field hearing, and I look forward to your questions.