KEY FINDINGS
SMALL BUSINESS CREDIT SURVEY, SPRING 2014

National evidence of improvements in business lending continues to emerge, particularly for high performing firms. However, challenges remain for small business owners seeking credit, especially those seeking lower dollar amounts. FFIEC Call Reports data show that despite growth in loans over $1 million, lending in lower dollar ranges — under $1 million — has stagnated and remains at 2005 levels.

Responses to the Small Business Credit Survey provide insight into the dynamics behind these aggregate lending trends and shed light on noteworthy segments of the small business credit market, including small dollar borrowers. The spring 2014 survey highlights rising business costs, including financing costs, and high credit application costs, which may explain stagnant small dollar lending. The findings also indicate widespread interest in new financing types and new, nontraditional lenders.

Here are the key findings in detail:

Small firms report rising costs, including financing costs, as key growth challenge in 2013
   • 2 in 3 firms experienced increasing costs of running their business and a quarter said it was their biggest growth challenge
   • 2 in 5 firms reported increasing financing costs
   • The number of firms reporting being priced out of traditional credit markets increased to 5% in 2013 from 3% in 2012

40% of firms applied for credit in 2013 - not a significant change from 2012
   • Lines of credit and business loans continue to be the most sought after credit products with 70% and 52% of applicants seeking each product respectively
   • While 39% of applicants sought credit to cover day-to-day operations, 30% sought credit to expand their business or make capital investments – a significant increase from a year ago

Firms continue to report small credit needs and high application costs
   • Most applicants sought relative small loans: 90% sought under $1M and 51% under $100K
   • Applying for credit is time consuming – on average firms spent 33 hours applying for credit, contacted 3 financial institutions, and submitted 3 credit applications

Overall approval rates remained constant from a year ago; credit market continues to be favorable for profitable and experienced firms
   • 58% of applicants received at least some of the credit they applied for in 2013 – not a significant change from 2012
   • 37% of credit applicants were profitable, down from 44% in 2012; however, 76% had credit experience, up from 69%
   • Experienced and profitable firms typically sought larger loan amounts, had higher approval rates, and faced unchanged or decreasing financing costs
Credit demand will remain strong in 2014
- 37% of firms plan to apply for credit in 2014 and 17% have not made a decision
- Applicant pool likely to increase: fewer firms reported having sufficient financing and being debt averse in 2013
- More than half of unsuccessful applicants and non-applicants report interest in exploring new financing types and contacting new lenders

About the Survey
The Small Business Credit Survey (SBCS) is a semi-annual survey of establishments conducted by the Federal Reserve Bank of New York’s Outreach Team, reporting information about business performance, financing needs and choices, and borrowing experiences. The SBCS captures the perspectives of businesses with fewer than 500 employees in New York, New Jersey, Connecticut, and Pennsylvania. In the spring 2014 survey, which reports on 2013 business activity, we heard from 835 small firms in New York, New Jersey, Connecticut, and Pennsylvania. Results are weighted to reflect the full population of small businesses in the four states of coverage along the dimensions of industry, age, employee size, and geography.
**Small Business Snapshot 2013**

### Business Conditions

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing Revenues</td>
<td>45%</td>
</tr>
<tr>
<td>Profitable</td>
<td>37%</td>
</tr>
<tr>
<td>Top Growth Challenge</td>
<td></td>
</tr>
<tr>
<td>Attracting customers</td>
<td>21%</td>
</tr>
<tr>
<td>Lack of credit availability</td>
<td>20%</td>
</tr>
<tr>
<td>Uneven cash flow</td>
<td>18%</td>
</tr>
<tr>
<td>Rising costs</td>
<td>17%</td>
</tr>
</tbody>
</table>

### Employment

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added workers, of those:</td>
<td>24%</td>
</tr>
<tr>
<td>Hired to meet customer demand</td>
<td>72%</td>
</tr>
<tr>
<td>Did not add workers, of those:</td>
<td>76%</td>
</tr>
<tr>
<td>Held off due to high wages &amp; benefit costs</td>
<td>50%</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had outstanding debt, of those:</td>
<td>59%</td>
</tr>
<tr>
<td>Held revolving debt</td>
<td>81%</td>
</tr>
<tr>
<td>Used large banks as primary credit source</td>
<td>35%</td>
</tr>
<tr>
<td>Reported higher financing costs than last year</td>
<td>42%</td>
</tr>
</tbody>
</table>

### Credit Demand

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied for credit in 2013, of those:</td>
<td>40%</td>
</tr>
<tr>
<td>Sought under $100K</td>
<td>51%</td>
</tr>
<tr>
<td>Sought credit to expand or make investments</td>
<td>30%</td>
</tr>
<tr>
<td>Were too discouraged to apply</td>
<td>18%</td>
</tr>
<tr>
<td>Plan to apply in 2014</td>
<td>37%</td>
</tr>
</tbody>
</table>

### Applicant Outcomes

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were approved</td>
<td>58%</td>
</tr>
<tr>
<td>Were fully funded</td>
<td>39%</td>
</tr>
<tr>
<td>Were denied, of those:</td>
<td>42%</td>
</tr>
<tr>
<td>Had insufficient collateral</td>
<td>43%</td>
</tr>
<tr>
<td>Reported denial limited expansion</td>
<td>45%</td>
</tr>
</tbody>
</table>

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The Fall 2014 SBCS was fielded in the 2nd quarter of 2014 and it asked respondents about their experiences in 2013. All percentages apply to all respondents except when otherwise indicated.

FRBNY Small Business Credit Survey | August 2014
BUSINESS PERFORMANCE

REVENUE CHANGE

Comparing 2013 with 2012, did revenues increase, decrease, or stay the same for your business?

- Decreased: 27%
- Unchanged: 28%
- Increased: 45%

N = 792

PROFITABILITY

In 2013, did your business operate at a profit, break even, or at a loss?

- Operated at a loss: 41%
- Broke even: 22%
- Operated at a profit: 37%

N = 823
BUSINESS CHALLENGES

GROWTH CHALLENGES
Did your business experience ANY OF the following challenges during 2013? Select all that apply.

- Increasing costs of running business: 66%
- Uneven cash flow: 58%
- Lack of credit availability: 48%
- Taxes: 48%
- Difficulty attracting customers: 38%
- Difficulty hiring/retaining staff: 23%
- Complying with regulations: 21%

RANK ORDERING OF GROWTH CHALLENGES
What was your business’s BIGGEST challenge during 2013?

<table>
<thead>
<tr>
<th>Rank</th>
<th>Challenge</th>
<th>% of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Difficulty attracting customers</td>
<td>21%</td>
</tr>
<tr>
<td>2</td>
<td>Lack of credit availability</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Uneven cash flow</td>
<td>18%</td>
</tr>
<tr>
<td>4</td>
<td>Increasing costs of running business</td>
<td>17%</td>
</tr>
<tr>
<td>5</td>
<td>Difficulty hiring and/or retaining qualified staff</td>
<td>8%</td>
</tr>
</tbody>
</table>

N = 814
See detailed findings for more information.
EMployment

reason for adding employees

What were the reasons for adding employees? Select all that apply.

- Growing customer demand: 72%
- Current staff overworked: 27%
- Firm’s financial position improved: 22%
- Need new skills: 22%
- Other: 17%
- Wages and benefits have fallen: 1%

Reason for not adding employees

What were the reasons for not adding employees? Select all that apply.

- High wages and benefit costs: 50%
- Firm’s financial position doesn’t support growth: 42%
- Economic climate is uncertain: 31%
- Other: 27%
- Staff has skills: 19%

Difficult of filling positions

How easy or difficult was it to fill the open position(s)?

- Very difficult: 5%
- Difficult: 21%
- Neither easy nor difficult: 38%
- Easy: 27%
- Very easy: 9%
### FINANCING

#### 59% of firms had outstanding debt, of those:

- **41%** used debt to manage cash flow / operations
- **35%** used large banks as primary credit source
- **50%** pledged collateral to secure debt
- **81%** held revolving debt

#### OUTSTANDING DEBT BY REVENUE

<table>
<thead>
<tr>
<th>Firm revenues</th>
<th>Less than $250K</th>
<th>$250K - $1M</th>
<th>Over $1M</th>
</tr>
</thead>
<tbody>
<tr>
<td>No debt</td>
<td>48%</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>Less than $250K</td>
<td>42%</td>
<td>58%</td>
<td>21%</td>
</tr>
<tr>
<td>$250K-$1M</td>
<td>5%</td>
<td>13%</td>
<td>27%</td>
</tr>
<tr>
<td>Over $1M</td>
<td>1%</td>
<td>1%</td>
<td>24%</td>
</tr>
</tbody>
</table>

**N = 785**
See detailed findings for more information.

#### CHANGE IN FINANCING COSTS

How did financing costs on your business debt change in 2013 compared with 2012?

- **Higher** 42%
- **Stayed the same** 49%
- **Lower** 9%

**N = 481**
CREDIT DEMAND

Did your business APPLY for credit in 2013?
What was the PRIMARY reason your business DID NOT apply for credit in 2013?

<table>
<thead>
<tr>
<th></th>
<th>Spring 2013 SBCS</th>
<th>Spring 2014 SBCS</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied for credit</td>
<td>36%</td>
<td>40%</td>
<td>4%</td>
</tr>
<tr>
<td>Did not apply for credit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sufficient</td>
<td>19%</td>
<td>13%</td>
<td>-6%***</td>
</tr>
<tr>
<td>Discouraged</td>
<td>19%</td>
<td>18%</td>
<td>-1%</td>
</tr>
<tr>
<td>Debt averse</td>
<td>18%</td>
<td>15%</td>
<td>-3%*</td>
</tr>
<tr>
<td>Priced out</td>
<td>3%</td>
<td>5%</td>
<td>2%**</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Not sure</td>
<td>0%</td>
<td>3%</td>
<td>–</td>
</tr>
</tbody>
</table>

N(2013 SBCS) = 693; N(2014 SBCS) = 782 | *** significant at 1%, ** significant at 5%, * significant at 10% | The Spring 2014 SBCS was fielded in the 2nd quarter of 2014 and it asked respondents about their experiences in 2013. The Spring 2013 SBCS was fielded in the 2nd quarter of 2013 and it asked respondents about their experiences in 2012. Sufficient, discouraged, debt averse, and priced out refers to firms that reported not applying for credit because they had sufficient financing, did not think they would be approved, did not want to accrue debt, or thought the cost of credit was too high respectively.
APPLICANTS

40% of firms applied for credit, of those:

- 3 applications submitted on average
- 2.7 institutions contacted on average
- 33 hours spent applying for credit on average
- 30% sought credit to expand or make investments

AMOUNT OF FINANCING SOUGHT

- $0–$100,000: 51%
- $100,001–$500,000: 30%
- $500,001–$1,000,000: 9%
- Over $1,000,000: 9%
- Not sure: 1%

CREDIT PRODUCTS SOUGHT

- Line of credit: 70%
- Business loan: 52%
- Credit card: 44%
- Debt consolidation: 23%
- Trade credit: 17%
- Mortgage: 16%
- SBA: 14%
- Home equity line: 7%
- Other: 7%

N = 293
See detailed findings for more information.

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N = 283
DISCOURAGED FIRMS

REASONS FOR NOT APPLYING

What were the likely reasons your business would not be approved? *Select all that apply.*

- Weak business performance: 53%
- Insufficient collateral: 44%
- Low credit score: 37%
- Weak financial statements: 17%
- Other factors: 12%

N = 116

ACTIONS TAKEN TO IMPROVE CREDITWORTHINESS

What, if anything, has your business done to improve its ability to obtain financing in 2013? *Select all that apply.*

- Paid down debt: 51%
- Contacted new/more financial institutions: 39%
- Explored new financing types: 21%
- Did not take action: 19%
- Consulted business advisor/improved financial management: 13%
- Other: 5%

N = 116
DISCOURAGED FIRMS

IMPACT OF NOT APPLYING

In 2013, what was the MOST important business impact of deciding not to apply for credit?

- 35% Limited expansion
- 2% Prevented hiring
- 17% Did not complete existing orders
- 5% Other
- 36% No impact
- 4% Sought alternative financing

FINANCING PLANS

How do you plan to finance your business in the next 12 months? *Select all that apply.*

- Business Earnings: 69%
- Personal Savings: 44%
- Credit Cards: 31%
- Existing Loan: 15%
- Friends and Family: 12%
- Existing Line of Credit: 9%
- Trade Credit: 6%
- Other: 6%

N = 117

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FUTURE DEMAND

UPCOMING CREDIT PLANS

Does your business plan to apply for credit in 2014?

14% New Applicants
37% Yes
23% Re-Applicants
46% No
17% Not sure

N = 761

FUTURE APPLICANTS

<table>
<thead>
<tr>
<th></th>
<th>New Applicants</th>
<th>Re-Applicants</th>
<th>2013 successful applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average firm age</td>
<td>8 years</td>
<td>16 years</td>
<td>14 years</td>
</tr>
<tr>
<td>% profitable</td>
<td>43%</td>
<td>39%</td>
<td>51%</td>
</tr>
<tr>
<td>% with credit experience prior to 2014</td>
<td>39</td>
<td>82</td>
<td>80</td>
</tr>
</tbody>
</table>
### CREDIT OUTCOMES

<table>
<thead>
<tr>
<th></th>
<th>2013 SBCS</th>
<th>2014 SBCS</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Successful applicants</strong></td>
<td>63%</td>
<td>58%</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Received all</strong></td>
<td>46%</td>
<td>39%</td>
<td>-7%*</td>
</tr>
<tr>
<td><strong>Received most (&gt;=50%)</strong></td>
<td>11%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Received some (&lt;50%)</strong></td>
<td>6%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Unsuccessful applicants</strong></td>
<td>37%</td>
<td>42%</td>
<td>5%</td>
</tr>
</tbody>
</table>

N(2013 SBCS) = 283; N(2014 SBCS) = 293

* Significant at 10%  | The Spring 2014 SBCS was fielded in the 2nd quarter of 2014 and it asked respondents about their experiences in 2013. The Spring 2013 SBCS was fielded in the 2nd quarter of 2013 and it asked respondents about their experiences in 2012.

### SUCCESS BY CREDIT PRODUCT

<table>
<thead>
<tr>
<th>Products</th>
<th>Success rate</th>
<th>Number of applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade credit</td>
<td>71%</td>
<td>41</td>
</tr>
<tr>
<td>Credit card</td>
<td>56%</td>
<td>70</td>
</tr>
<tr>
<td>Line of credit</td>
<td>48%</td>
<td>96</td>
</tr>
<tr>
<td>Business loan</td>
<td>39%</td>
<td>55</td>
</tr>
<tr>
<td>SBA</td>
<td>38%</td>
<td>18</td>
</tr>
<tr>
<td>Debt consolidation</td>
<td>26%</td>
<td>9</td>
</tr>
<tr>
<td>Home equity line</td>
<td>21%</td>
<td>5</td>
</tr>
<tr>
<td>Mortgage</td>
<td>8%</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>70%</td>
<td>19</td>
</tr>
</tbody>
</table>

N = 602  ■ Successful  ■ Unsuccessful
UNSUCCESSFUL APPLICANTS

**REASONS FOR DENIAL**
What were the likely reasons your business would not be approved? *Select all that apply.*

- Insufficient collateral: 43%
- Weak business performance: 37%
- Low credit score: 23%
- Other factors: 22%
- Weak financial statements: 8%

**ACTIONS TAKEN TO IMPROVE CREDITWORTHINESS**
What, if anything, has your business done to improve its ability to obtain financing in 2013? *Select all that apply.*

- Explored new financing types: 57%
- Contacted new/more financial institutions: 40%
- Did not take action: 38%
- Paid down debt: 30%
- Other: 20%
- Consulted business advisor/improved financial management: 3%

N = 173

N = 113
UNSUCCESSFUL APPLICANTS

IMPACT OF DENIAL
In 2013, what was the MOST important business impact of deciding not to apply for credit?

- 45% Limited expansion
- 4% Prevented hiring
- 30% Did not complete existing orders
- 9% Sought alternative financing
- 5% No impact
- 8% Other

CURRENT SOURCE OF FINANCING
Please select the PRIMARY type of financing used by your business in 2013.

- Personal savings: 28%
- Business earnings (cash income): 27%
- Line of credit: 17%
- Credit cards: 15%
- Friends / family: 8%
- Other: 2%
- Trade credit: 1%
- Business loan: 1%

N = 174
N = 113

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WEIGHTED SAMPLE DEMOGRAPHICS

GEOGRAPHIC DISTRIBUTION

- 46% New York City
- 26% New York State (excluding NYC)
- 20% Pennsylvania
- 20% New Jersey
- 8% Connecticut

AGE

- 30% 20
- 60% 40

EMPLOYEES

- 60% 1–4
- 30% 10–19
- 10% 20–99

INDUSTRY COMPOSITION

- Retail
- Education & health
- Professional services
- Leisure & hospitality
- Personal services
- Finance, insurance & real estate
- Construction
- Wholesale & transportation
- Other
- Manufacturing
- Information
- Agriculture

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Age data from Longitudinal Business Database, 2012. All other data from Census Business Patterns, 2012.

FRBNY Small Business Credit Survey | August 2014
Roughly, what were your business’s total revenues in 2013?

- Less than $50,000: 26%
- $50,001–$250,000: 23%
- $250,001–$500,000: 10%
- $500,001–$1,000,000: 14%
- $1,000,001–$5,000,000: 11%
- Greater than $5,000,000: 10%
- Decline to answer: 6%

N = 835
Did your business experience ANY OF the following challenges during 2013? Select all that apply.

- Increasing costs of running business: 66%
- Uneven cash flow: 58%
- Lack of credit availability: 48%
- Taxes: 48%
- Difficulty attracting customers: 38%
- Difficulty hiring and/or retaining qualified staff: 23%
- Complying with government regulations including the Affordable Care Act (Obamacare): 21%
- Lack of financial management guidance: 12%
- Other: 8%
- None: 3%

N = 814
<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty attracting customers</td>
<td>21%</td>
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<tr>
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</tr>
<tr>
<td>Difficulty hiring and/or retaining qualified staff</td>
<td>8%</td>
</tr>
<tr>
<td>Taxes</td>
<td>5%</td>
</tr>
<tr>
<td>Complying with government regulations including the Affordable Care Act (Obamacare)</td>
<td>4%</td>
</tr>
<tr>
<td>None</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
<tr>
<td>Lack of financial management guidance</td>
<td>1%</td>
</tr>
</tbody>
</table>

N = 814
DETAILED RESULTS

Did your business have any outstanding debt as of December 31, 2013?

- Yes: 59%
- No: 38%
- Not sure: 3%

How much total debt did your business have as of December 31, 2013?

- $0 - $10,000: 12%
- $10,001 - $25,000: 12%
- $25,001 - $50,000: 12%
- $50,001 - $100,000: 19%
- $100,001 - $250,000: 13%
- $250,001 - $500,000: 12%
- $500,001 - $1,000,000: 8%
- $1,000,001 - $2,000,000: 6%
- Over $2,000,000: 4%
- Not sure: 1%

N = 801

N = 506
For what PRIMARY purpose does your business use financing from non-business earning sources (e.g. business loan, line of credit, personal savings)?

- Manage cash flow / operating expenses: 41%
- Business only uses business earnings: 17%
- Fulfill existing business contracts: 12%
- Real estate investment: 8%
- Capital investment: 8%
- Launch new product/service: 7%
- Other: 6%
- Hire employees: 2%
- Refinance debt: 0%
- Pay down debt: 0%

N = 492
Which of the following was your business’s PRIMARY source of credit in 2013?

- Large bank: 35%
- Community bank: 26%
- Other: 15%
- None: 10%
- Trade credit: 6%
- Credit union: 5%
- CDFI: 3%
- Online lender: 0%

N = 514
DETAILED RESULTS

Was collateral required to secure ANY OF your business debt?

Collateral can include inventory, equipment, property, personal real estate or other assets.

- 50% Yes
- 47% No
- 3% Not sure

N = 498

Which types of collateral were required to secure your business debt? Select all that apply.

- Personal real estate: 50%
- Business non-real estate assets: 41%
- Inventory and AR: 41%
- Business real estate: 36%
- Other: 14%

N = 496
Did your business have any outstanding debt as of December 31, 2013?

- 59% Yes
- 38% No
- 3% Not sure

N = 801

What percentage of your business’s total debt was revolving as of December 31, 2013?

- None (0%): 19%
- Some (<50%): 34%
- Most (>=50%): 21%
- All (100%): 26%

N = 496
What was your business’s MAIN purpose for seeking credit in 2013?

- Day-to-day operations: 39%
- Expand business: 17%
- Purchase inventory: 16%
- Other: 15%
- Capital investments: 13%

N = 293
SMALL BUSINESS CREDIT SURVEY METHODOLOGY

Overview

The Small Business Credit Survey (SBCS) is a semi-annual establishment survey conducted by the Federal Reserve Bank of New York, reporting information about business performance, financing needs and choices, and borrowing experiences. The SBCS captures the perspectives of businesses with fewer than 500 employees in New York, New Jersey, Connecticut, and Pennsylvania. The SBCS is distributed through civic and non-profit partners, primarily Chambers of Commerce, industry associations, and development corporations/authorities.

In total, there were 835 responses to the survey fielded from April 3, 2014 to June 20, 2014. The number of responses to each individual question varied based on relevance. Results are weighted to reflect the full population of small businesses in the four states of coverage along the dimensions of industry, age, employee size, and geography.

Sample Design

The SBCS questionnaire is an online survey distributed by more than 20 partner organizations. Partners contact businesses on their membership lists, asking them to participate in the survey provided through a URL address. In some cases, partners make their distribution list available to the New York Fed. The SBCS is not a random sample, and therefore results should not be interpreted as a statistical representation of small businesses in the Second District or the nation. Rather, the results should be viewed as suggestive and analyzed with awareness of potential methodological biases.

Weighting

To reduce coverage bias, we use US Census Bureau data\(^1\) to weight responses along the dimensions of industry, age, employee size, and geography. Survey weights are derived to allow estimates to be generated from the sample so as to represent the true small business population. For example, by reweighting our data, we correct for the overrepresentation of older firms. See Appendix A for sampling distributions of the spring 2014 SBCS after weighting.

\(^1\) Age data from US Census Business Dynamics Statistics, 2012. All other data from Census Business Patterns, 2012.
Appendix A: Selected Characteristics of Firms in the Survey Sample, spring 2014

<table>
<thead>
<tr>
<th>Firm Age</th>
<th>Sample Size</th>
<th>Sample Distribution After Weighting</th>
<th>Percentage of Total for Weighted Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>71</td>
<td>252,852</td>
<td>22.39%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>137</td>
<td>188,352</td>
<td>16.68%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>155</td>
<td>225,987</td>
<td>20.01%</td>
</tr>
<tr>
<td>11-20 years</td>
<td>186</td>
<td>263,676</td>
<td>23.35%</td>
</tr>
<tr>
<td>20+ years</td>
<td>286</td>
<td>198,344</td>
<td>17.56%</td>
</tr>
<tr>
<td>All Firm Ages</td>
<td>835</td>
<td>1,129,211</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>Sample Size</th>
<th>Sample Distribution After Weighting</th>
<th>Percentage of Total for Weighted Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 employees</td>
<td>366</td>
<td>647,232</td>
<td>57.32%</td>
</tr>
<tr>
<td>5-9 employees</td>
<td>167</td>
<td>202,957</td>
<td>17.97%</td>
</tr>
<tr>
<td>10-19 employees</td>
<td>124</td>
<td>135,657</td>
<td>12.01%</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>155</td>
<td>120,832</td>
<td>10.70%</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>23</td>
<td>22,532</td>
<td>2.00%</td>
</tr>
<tr>
<td>All Firm Sizes</td>
<td>835</td>
<td>1,129,211</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>Sample Size</th>
<th>Sample Distribution After Weighting</th>
<th>Percentage of Total for Weighted Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>60</td>
<td>87,836</td>
<td>7.78%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>154</td>
<td>226,346</td>
<td>20.04%</td>
</tr>
<tr>
<td>New York (minus NYC)</td>
<td>269</td>
<td>298,162</td>
<td>26.40%</td>
</tr>
<tr>
<td>New York City</td>
<td>304</td>
<td>222,004</td>
<td>19.66%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>48</td>
<td>294,863</td>
<td>26.11%</td>
</tr>
<tr>
<td>All Geographies</td>
<td>835</td>
<td>1,129,211</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sample Size</th>
<th>Sample Distribution After Weighting</th>
<th>Percentage of Total for Weighted Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>6</td>
<td>1,357</td>
<td>0.12%</td>
</tr>
<tr>
<td>Construction</td>
<td>160</td>
<td>99,216</td>
<td>8.79%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>84</td>
<td>42,623</td>
<td>3.77%</td>
</tr>
<tr>
<td>Retail</td>
<td>64</td>
<td>165,926</td>
<td>14.69%</td>
</tr>
<tr>
<td>Wholesale/Transportation</td>
<td>49</td>
<td>95,424</td>
<td>8.45%</td>
</tr>
<tr>
<td>Information/Media/Telecommunications</td>
<td>57</td>
<td>21,255</td>
<td>1.88%</td>
</tr>
<tr>
<td>Finance/Insurance/Real Estate</td>
<td>43</td>
<td>115,873</td>
<td>10.26%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>183</td>
<td>127,090</td>
<td>11.25%</td>
</tr>
<tr>
<td>Personal Services</td>
<td>26</td>
<td>121,630</td>
<td>10.77%</td>
</tr>
<tr>
<td>Education/Healthcare and Social Assistance</td>
<td>58</td>
<td>144,068</td>
<td>12.76%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>33</td>
<td>124,681</td>
<td>11.04%</td>
</tr>
<tr>
<td>Other</td>
<td>72</td>
<td>70,066</td>
<td>6.20%</td>
</tr>
<tr>
<td>All Industries</td>
<td>835</td>
<td>1,129,211</td>
<td>100%</td>
</tr>
</tbody>
</table>
Partner Organizations

Albany Colonie Regional Chamber of Commerce
Business Council of Fairfield County
Connecticut Business and Industry Association
Connecticut Small Business Development Center
Empire State Development Corporation
Federal Reserve Bank of Philadelphia
Jefferson County Industrial Development Agency
Manhattan Chamber of Commerce
Mohawk Valley EDGE
Minority Women Owned Business Enterprise Directories: New York City, New York State
New York City Council
New York City Department of Consumer Affairs, Office of Financial Empowerment
New York City Department of Small Business Services
New York State Business Council
North Country Chamber of Commerce
Small Business Administration, Buffalo Office
South Bronx Overall Economic Development Corporation
Staten Island Chamber of Commerce
Tompkins Chamber of Commerce
WHEDco
The Small Business Credit Survey is conducted by the Federal Reserve Bank of New York in partnership with business and civic groups in your area. The questions will ask about your business’s recent performance and financial and credit experiences. This information will help to shape programs that benefit the business community.

The questionnaire takes approximately 10 minutes to complete. Your answers are confidential and results are reported only in the aggregate. We recommend taking the survey on a desktop/laptop computer or a tablet.

Thank you for your time.

DEMOGRAPHICS
First, we have some general questions about your business.

1) What is the name of your business? _____________________________________________

2) Is your business a FOR-PROFIT organization? (Not-for-profit firms have a special designation from the IRS)
   ___Yes
   ___No
   ___Not Sure

3) What is your business’s PRIMARY Zip Code? _____________

4) In what year was your business established? ________ (YYYY)

5) Please select the category that BEST describes your business's industry.
   ___Agriculture
   ___Construction
   ___Manufacturing
   ___Retail trade
   ___Wholesale trade
   ___Transportation and warehousing
   ___Information, media, and telecommunications
   ___Finance, insurance and real estate
   ___Professional and business services (e.g. Consulting, accounting)
   ___Personal services (e.g. Laundry services, nail/hair salon)
   ___Education
   ___Health care and social assistance
   ___Arts, entertainment, and recreation
Accommodations and food services
Other, please specify: _____________________________________________

Next, we have a few questions about the approximate size of your business

6) How many people does your business employ, including all full-time and part-time employees, and owners? _______ 

7) Roughly, what were your business's total revenues in 2013?
   ___Less than $50,000 
   ___$50,001 - $250,000 
   ___$250,001 - $500,000 
   ___$500,001 - $1,000,000 
   ___$1,000,001 - $5,000,000 
   ___$5,000,001 - $10,000,000 
   ___$10,000,001 - $100,000,000 
   ___Greater than $100,000,000 
   ___Not Sure 
   ___Decline to answer 

8) Over the next three years, what are your revenue and employment plans for your business?

<table>
<thead>
<tr>
<th></th>
<th>Increase</th>
<th>Stay the Same</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PERFORMANCE**

We now have a few questions about your business’s performance and strategy during 2013.

9) In 2013, did your business operate at a profit, break even, or at a loss?
   ____At a profit
   ____Break even
   ____At a loss

10) Comparing 2013 with 2012, did the following increase, decrease, or stay the same for your business?

<table>
<thead>
<tr>
<th></th>
<th>Increased</th>
<th>Stayed the Same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Net profits</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Number of employees</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
If number of employees increased, go to Q11, if number of employees decreased, go to Q13, otherwise go to Q14

11) What were the reasons for adding employees? Select all that apply.
   ____ Need new skills
   ____ Growing customer demand
   ____ Current staff members are overworked
   ____ Firm’s financial position improved
   ____ Wages and benefits have fallen
   ____ Other factors, please specify _______________________________________

12) How easy or difficult was it to fill the open position(s)?
   ____ Very Easy
   ____ Easy
   ____ Neither easy nor difficult
   ____ Difficult
   ____ Very difficult

Go to Q14

13) What were the reasons for NOT adding employees? Select all that apply.
   ____ Current staff has needed skills
   ____ Economic climate isn’t good/is uncertain
   ____ Firm’s financial position doesn’t support growth
   ____ Wages and benefits were too high
   ____ Other factors, please specify _______________________________________

14) Did your business experience ANY OF the following challenges during 2013? Select all that apply.
   ____ Complying with Government regulation including the Affordable Care Act (ObamaCare)
   ____ Taxes
   ____ Lack of credit availability
   ____ Lack of financial management guidance
   ____ Uneven cash flow
   ____ Increased costs of running business
   ____ Difficulty attracting customers
   ____ Difficulty hiring and/or retaining qualified staff
   ____ None
   ____ Other, please specify________________________________________________
15) What was your business’s **MOST** important challenge during 2013?

- [ ] Complying with Government regulation including the Affordable Care Act (ObamaCare)
- [ ] Taxes
- [ ] Lack of credit availability
- [ ] Lack of financial management guidance
- [ ] Uneven cash flow
- [ ] Increased costs of running business
- [ ] Difficulty attracting customers
- [ ] Difficulty hiring and/or retaining qualified staff
- [ ] None
- [ ] Other, please specify __________________________________________

**FINANCING**

Next, we have a few questions regarding your business’s financing during 2013.

16) What, if anything, has your business done to improve its ability to obtain financing in 2013? *Select all that apply.*

- [ ] Paid down debt / consolidated debt
- [ ] Consulted business advisor / improved financial management
- [ ] Contacted new/more financial institutions
- [ ] Explored new financing channels (e.g. Crowdfunding, peer loans)
- [ ] Did not take any action to improve my business’s financing position
- [ ] Other, please specify

17) Please select the **PRIMARY** type of financing used by your business in 2013.

- [ ] Business earnings (*cash income*)
- [ ] Credit cards
- [ ] Business loan
- [ ] Line of credit
- [ ] Personal savings
- [ ] Trade credit
- [ ] Friends/Family
- [ ] Other, please specify (e.g. equity financing, home equity line)

__________________________________________________________
18) Which of the following was your business’s **PRIMARY** source of credit in 2013?

- [ ] Large Bank (e.g. Bank of America, JP Morgan Chase)
- [ ] Community Bank (e.g. Bank of New Jersey, New York Community Bank)
- [ ] Credit Union (e.g. Cornerstone Community Federal Credit Union)
- [ ] Community Development Financial Institution (e.g. Accion)
- [ ] Online lender (e.g. Lending Club, Prosper)
- [ ] Trade credit provider (e.g. Kabbage)
- [ ] Other, please specify __________________________________________________

19) Why was <insert response from Q18> your business’s primary source of credit? *Select all that apply.*

- [ ] I do my personal banking there
- [ ] Offered best terms
- [ ] Offered flexibility
- [ ] Fast credit decision process
- [ ] Offered short-term credit
- [ ] Allowed debt consolidation
- [ ] Only financial institution that would fund me
- [ ] Other, please specify __________________________________________________

20) Did your business have any outstanding debt as of December 31, 2013?

- [ ] Yes
- [ ] No
- [ ] Not Sure

*If you answered “Yes” go to question 21, otherwise skip to 27.*

21) How much total debt did your business have as of December 31, 2013?

- [ ] $1 - $10,000
- [ ] $10,001 - $25,000
- [ ] $25,001 - $50,000
- [ ] $50,001 - $100,000
- [ ] $100,001 - $250,000
- [ ] $250,001 - $500,000
- [ ] $500,001 - $1,000,000
- [ ] $1,000,001 - $2,000,000
- [ ] Over $2,000,000
- [ ] Not sure
22) What percentage of your business’s total debt was revolving as of December 31, 2013?
   ____All (100%)
   ____Most (>=50%)
   ____Some (<50%)
   ____None (0%)

23) For what PRIMARY purpose does your business use financing from non-business earning sources (e.g. business loan, line of credit, personal savings)?
   ____Pay down debt
   ____Refinance
   ____Capital investment
   ____Hire employees
   ____Real estate purchase
   ____Fulfill existing business contracts
   ____Launch new product/service
   ____Manage cash flow / operating expenses
   ____Only use business earnings
   ____Other, please specify _______________________________

24) How did financing costs on your business debt change in 2013 compared with 2012?
   ____Costs became lower
   ____Costs stayed the same
   ____Costs became higher

25) Was collateral required to secure ANY OF your business debt? Collateral can include inventory, equipment, property, personal real estate or other assets.
   ____Yes
   ____No
   ____Not sure

If you answered “Yes” continue to question 26, otherwise go to question 27.

26) Which types of collateral were required to secure your business debt? Select all that apply.
   ____Inventory or accounts receivable
   ____Business non-real estate assets (e.g. equipment, vehicles, securities)
   ____Business real estate
   ____Personal real estate
   ____Other, please specify (e.g. personal assets)
   ____________________________________________________________
APPLICATIONS

Next, we have a few questions regarding your business’s use of credit during 2013.

27) Did your business APPLY for credit in 2013?
   ___Yes
   ___No
   ___Not sure

   If you answered “Yes” continue to question 28, if you answered “NO” continue to question 39, otherwise go to question 44.

APPLICANT BRANCH

28) How many applications for credit did your business submit in 2013? ______

29) How many different financial institutions did your business submit a credit application to in 2013? ______

30) When applying for credit in 2013, approximately how many total hours did your business spend researching and completing credit applications? ______

31) What was your business’s MAIN purpose for seeking credit in 2013?
   ___Expand business (e.g. New products, new markets, including exporting)
   ___Fund day-to-day operations
   ___Purchase inventory
   ___Make capital investments (e.g. Real estate, equipment, or vehicles)
   ___Other (e.g. repay debt, build reserve)

32) How much credit did your business APPLY for in 2013?
   ___$1-$10,000
   ___$10,001 - $25,000
   ___$25,001 - $50,000
   ___$50,001 - $100,000
   ___$100,001 - $250,000
   ___$250,001 - $500,000
   ___$500,001 - $1,000,000
   ___$1,000,001 - $2,000,000
   ___Over $2,000,000
   ___Not sure
33) How much of the credit your business applied for was approved?
   ____All (100%)
   ____Most (>=50%)
   ____Some (<50%)
   ____None (0%)

If answer to Q33 different from received “All (100%)” of the credit it applied for continue to
question 34, otherwise go to question 37.

34) What was the MOST important business impact of not receiving the full amount of credit for
which your business applied?
   ____Did not hire new employees
   ____Delayed/prevented ability to fulfill existing orders/contracts
   ____Delayed/prevented expansion of business (e.g. Purchase of new capital assets,
   Launch of new product or service)
   ____Sought alternative financing sources (e.g. Crowd funding, peer-to-peer lending,
   community networks)
   ____No significant impact
   ____Other, please specify

If sought alternative financing sources continue to question 35, otherwise go to question 36.

35) Please specify the alternative financing sources (e.g. crowd funding, peer-to-peer lending,
   community networks)

________________________________________________________________________

36) What were the likely reasons your business did not receive the full amount of credit applied
for in 2013? Select all that apply.
   ____Low credit score
   ____Insufficient collateral
   ____Weak/missing financial documents or tax statements
   ____Weak business performance (e.g. uneven cash flow, weak revenue)
   ____Other factors, please specify
37) Which types of credit **PRODUCTS** did your business apply for in 2013?

<table>
<thead>
<tr>
<th>Credit Product</th>
<th>Applied</th>
<th>Did not apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Loan</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Line of Credit</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Credit Card</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>SBA Loan</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Home Equity Line</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Mortgage</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Debt Consolidation Loan</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Trade Credit</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

38) Did your business receive all, some, or none of the credit it applied for in 2013??

<table>
<thead>
<tr>
<th>Credit Product</th>
<th>Received all</th>
<th>Received some</th>
<th>Received none</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;Fill based on Q38 answers&gt;</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

**NON-APPLICANT BRANCH**

39) What was the **PRIMARY** reason your business **DID NOT** apply for credit in 2013?

- [ ] Had sufficient financing
- [ ] Did not think business would be approved
- [ ] Did not want to accrue debt
- [ ] Credit cost was too high
- [ ] Other, please specify __________________________________________________________________

40) How do you plan to finance your business in the next 12 months? **Select all that apply.**

- [ ] Business earnings (**cash income**)  
- [ ] Credit cards  
- [ ] Existing business loan/line of credit  
- [ ] Personal savings  
- [ ] Trade credit  
- [ ] Friends/Family  
- [ ] Other, please specify (**e.g. equity financing, home equity line**)  
  __________________________________________________________________
If you selected “Did not think we would be approved” continue to question 41, otherwise go to question 42.

41) What were the likely reasons your business would not be approved? *Select all that apply.*
- [ ] Low credit score
- [ ] Insufficient collateral
- [ ] Weak/missing financial documents or tax statements
- [ ] Weak business performance (*e.g.* uneven cash flow, weak revenue)
- [ ] Other factors, please specify

42) In 2013, what was the **MOST** important business impact of deciding not to apply for credit?
- [ ] Did not hire new employees
- [ ] Delayed/prevented ability to fulfill existing orders/contracts
- [ ] Delayed/prevented expansion of business (*e.g.* purchased new capital assets, *Launch of new product or service*)
- [ ] Sought alternative financing sources
- [ ] No significant impact
- [ ] Other, please specify (*e.g.* *Delayed/prevented ability to fulfill existing business*)

If business sought alternative financing sources continue to question 43, otherwise go to question 44.

43) Please specify the alternative financing sources (*e.g.* Crowd funding, peer-to-peer lending)

________________________________________________________________________

**END OF NON-APPLICANT BRANCH**

We have a couple more questions about your business.

44) Does your business plan to apply for credit in 2014?
- [ ] Yes
- [ ] No
- [ ] Not Sure

45) Is your business a . . .

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber of commerce member?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Business association member?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Certified women-owned business?</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Certified minority-owned business?</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>