

2016 Small Business Credit Survey of the Federal Reserve Banks

INTRODUCTION

This survey is conducted by the Federal Reserve Banks, working in partnership with business groups. These questions are best answered by an owner or key financial decision maker. This will take approximately 10 minutes. Your responses will be anonymous. This survey data may be shared with academic researchers and policymakers exclusively for the purpose of small business research. By taking this survey, you agree to these uses.

DEMOGRAPHICS

First, we have some general questions about your business.

1) When was your business established?

- a) Enter year (YYYY): _____
- b) My business is not yet started.

2) Which state is your headquarters located in?

>> Dropdown list of all states and PR

3) ZIP code? _____

4) Which of the following BEST describes your business' primary activity? Please select 'All Other' if you don't see your industry or if you are unsure.

- a) Professional Services Lawyers | Accountants & Auditors | Management Analysts | Engineers | Architects | Financial Managers, etc.
- b) Business Support Services Office Administration | Facilities Support & Landscaping | Security | Employment Services | Waste Collection & Disposal
- c) Accommodation and Food Services Hotels | Restaurants | Coffee Shops | Bars
- d) Retail Trade Retail Stores | Nonstore & Online Retailers | Gas Stations | Motor Vehicle & Parts Dealers
- e) Personal Services and Repair Services Hairstylists & Cosmetologists | Personal Trainers | Laundry Services | Repair & Maintenance (including auto)
- f) Health Care and Child Care Nursing Services & Medical Assistants | Medical Technicians | Home Health Care | Child Care | Social Workers

- g) Construction | Construction Managers & Workers | Contractors
- h) Wholesale Trade
- i) Real Estate and Rental Services | Real Estate Agents & Brokers | Rental Services (including auto & equipment rentals)
- j) Finance and Insurance (does NOT include accounting services)
- k) Manufacturing
- l) Transportation, Warehousing, and Storage Postal/Courier Services | Moving Services | Taxi Services
- m) ALL Other Industries or Unsure

n) Please describe what your business does (for example: barber shop, law firm, insurance agency, construction, etc.).

>> Box to enter what business does

Ask if industry selected is Finance and Insurance:

- 5) Is your business a lender? E.g. equity investment firm, financial institution, etc.**
- a) Yes
 - b) No

DEMOGRAPHICS

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

- 6) Does your business currently have any paid employees, excluding owner(s) and contract workers?**
- a) Yes
 - b) No
 - c) Unsure. Please explain: _____

If Does your business currently have any paid employees... = Yes OR Unsure:

- 7) How many of the following does your business have? If none, enter 0.**
- a) Full-time employees (30+ hours/week): ____
 - b) Part-time employees (less than 30 hours/week): ____
 - c) Owners: ____

- 8) Has your business relied on any contract workers¹ during the past 12 months?**
- a) Yes, please enter the number: ____

- b) No

PERFORMANCE

We now have a few questions about your business' performance and challenges.

9) Roughly, what were your business' total revenues in 2015?

- a. \$25,000 or less
- b. \$25,001-\$100,000
- c. \$100,001-\$500,000
- d. \$500,001-\$1,000,000
- e. \$1,000,001-\$5,000,000
- f. \$5,000,001-\$10,000,000
- g. More than \$10,000,000
- h. Unsure
- i. Decline to answer

10) At the end of 2015, was your business operating at a profit, break-even, or loss?

- a. At a profit
- b. At break-even
- c. At a loss
- d. Unsure/ not applicable

11) How did the following change of the past 12 months?

| | Decreased | No change | Increased |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Number of employees | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Debt outstanding ³ | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

12) How does your business expect the following to change over the next 12 months?

| | Decreased | No change | Increased |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Number of employees | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Debt outstanding ³ | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

13) Has your business experienced difficulty with any of the following during the past 12 months?

Select all that apply.

- a. Making payments on debt
- b. Paying operating expenses (including wages)
- c. Securing funds for expansion

- d. Purchasing inventory or supplies to fulfill contracts
- e. Credit availability
- f. Did not experience any of these challenges

If previous question a OR b OR d is selected:

14) What actions did your business take to deal with the issue(s)? Select all that apply.

- a. Made a late payment
- b. Used personal funds
- c. Took out additional debt
- d. Negotiated terms with lender
- e. Did not pay—debt went to collections
- f. Cut staff, hours, and/or downsized operations
- g. Other. Please specify: _____
- h. Unsure

END PERFORMANCE

FINANCING-GENERAL

We have a few questions about how your business is financed.

15) How does your business PRIMARILY fund its operations?

- a. Retained business earnings
- b. Personal funds of owner(s)
- c. External financing
- d. Unsure

16) Does your business have any debt outstanding?

- a. Yes
- b. No
- c. Unsure

If previous question "Does your business have any debt outstanding" YES is selected:

17) How much total debt outstanding does your business have?

- a. \$25,000 or less
- b. \$25,001-\$100,000
- c. \$100,001-\$250,000
- d. \$250,001-\$1,000,000
- e. More than \$1,000,000
- f. Unsure

If “Does your business have any debt outstanding” YES is selected:

18) Were any of the following used as a guarantee or as collateral to secure this debt? Select all that apply.

- a. Personal assets
- b. Personal guarantee
- c. Business assets
- d. Portions of future sales
- e. Other. Please specify: _____
- f. Unsure
- g. None

19) Did your business APPLY for any financing in the past 12 months?

Borrowing, leasing, or requesting equity investments –excluding financing provided by the owner(s) of business

- a. Yes, completed at least one application
- b. Started, but did not complete any application
- c. Did not apply
- d. Unsure

END FINANCING-GENERAL

APPLICANT BRANCH: INITIAL

If previous question Did your business APPLY...” YES, completed at least 1 is selected:

20) For what purpose(s) was your business seeking financing? Select all that apply.

- a. Meeting operating expenses
- b. Expand/ improve business or pursue new opportunity
- c. Refinance or pay down debt
- d. Other. Please specify: _____

21) What factors influenced where you applied for financing? Select all that apply.

- a. Existing relationship with lender
- b. Cost (interest rate)
- c. Flexibility of product(s)
- d. Speed of decision
- e. Ease of application
- f. Chance of being funded
- g. Referral by: _____
- h. Other. Please specify: _____
- i.

22) How much TOTAL financing was your business SEEKING in the last 12 months?

- a. \$25,000 or less

- b. \$25,001-\$100,000
- c. \$100,001-\$1,000,000
- d. More than \$1,000,000
- e. Unsure

23) How much of the TOTAL financing dollars that your business sought in the last 12 months did you obtain?

- a. All (100%)
- b. Most (51%-99%)
- c. Some (1%-50%)
- d. None (0%)
- e. Unsure

END APPLICANT BRANCH: INITIAL

RECENT CREDIT APPLICATIONS

24) In the past 12 months, what types of financing did your business apply for? Select all that apply.

- a. Loan, line of credit, or cash advance
- b. Credit card
- c. Equity investment
- d. Leasing
- e. Trade credit
- f. Factoring (sale of accounts receivable)
- g. Other. Please specify: _____

If "What types of financing did your business apply for" a (Loan, LOC, cash advance) is NOT selected, then skip to the end of the section. Otherwise continue.

Now, we'd like to ask about your business' loan, line of credit, and/ or cash advance applications.

25) How many total loan, line of credit, and/ or cash advance applications did you submit?

>> Enter Number

26) Beginning with your most recent application, tell us about each loan, line of credit (LOC), and/ or cash advance your business applied for.

| | Product : | Source: | Share approved: |
|---|--|---|--|
| | SBA loan/LOC Business loan Business LOC Personal loan Mortgage Auto/equipment loan Cash advance Other product | Large bank Small bank Credit union Nonbank online lender CDFI Other source | All (100%) Most (51%-99%) Some (1%-50%) None Pending Unsure |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

"LOC" refers to a line of credit.

"SBA" refers to a loan or line of credit, often obtained from a bank, that is partially guaranteed by the Small Business Administration.

Examples of Nonbank online lenders include: Lending Club, OnDeck, CAN Capital, Paypal Working Capital, Kabbage, etc.

"CDFI" refers to community development financial institutions.

If "How many total loan, line of credit,..." is greater than or equal to 2:

Now, we are going to ask you about your business' two most recent applications.

27) How much financing did your business apply for in your {most recent application / second most recent application} (the {PRODUCT1/2 from the SOURCE1/2})?

- a. \$25,000 or less
- b. \$25,001-\$100,000
- c. \$100,001-\$250,000
- d. \$250,001-\$1,000,000
- e. More than \$1,000,000
- f. Unsure

28) What percent of the financing that your business applied for in your {most recent application / second most recent application} was approved?

- a. All
- b. Most
- c. Some
- d. None
- e. Unsure

If SHARE APPROVED is NONE, SOME, or MOST:

29) What were the likely reasons your business was not approved for the full amount of financing it applied for? Select all that apply.

- a. Low credit score
- b. Too new/ insufficient credit history
- c. Insufficient collateral
- d. Too much debt already
- e. Weak business performance (for example, uneven cash flow or poor revenue)
- f. Unfair lending practices. Please specify: _____
- g. Other factors. Please specify: _____
- h. Unsure

30) Overall, was your business satisfied or dissatisfied with the {SOURCE1/2} where you applied for the {PRODUCT1/2}{most recent application / second most recent application}?

- a. Satisfied
- b. Neutral
- c. Dissatisfied

If previous question "Was your business satisfied or dissatisfied..." DISSATISFIED is selected:

31) Why was your business dissatisfied with the {SOURCE1/2}? Select all that apply.

- a. High interest rate
- b. Unfavorable repayment terms
- c. Difficult application process
- d. Long wait for credit decision
- e. Lack of transparency
- f. Other. Please explain: _____

END RECENT CREDIT APPLICATIONS

NON-APPLICANT BRANCH

If question "Did your business APPLY..." YES, completed at least 1 is NOT selected:

32) Even though you did not complete an application for credit, does your business use any of the following forms of financing on a regular basis? Select all that apply.

- a. Loan, line of credit, or cash advance
- b. Credit card
- c. Equity investment
- d. Leasing
- e. Trade credit
- f. Factoring (sale of accounts receivable)
- g. Other. Please specify: _____
- h. Unsure
- i. Business does not use external financing

If loan, LOC, or cash advance was NOT selected, then SKIP to "What was the primary reason your business did NOT apply for financing?" Else continue.

33) We have a few questions about your business' loan, line of credit, and/ or cash advance product(s). Beginning with the one you most recently obtained, tell us about each loan, line of credit (LOC), and/ or cash advance product your business holds. If your business holds more than two, tell us about the two most recent.

If you only have one loan, LOC, and/ or cash advance, complete the first row only.

| | Product : | Source: |
|---|--|---|
| | SBA loan/LOC Business loan Business LOC Personal loan Mortgage Auto/equipment loan Cash advance Other product | Large bank Small bank Credit union Nonbank online lender CDFI Other source |
| 1 | | |
| 2 | | |

"LOC" refers to a line of credit.

"SBA" refers to a loan or line of credit, often obtained from a bank, that is partially guaranteed by the Small Business Administration.

Examples of Nonbank online lenders include: Lending Club, OnDeck, CAN Capital, Paypal Working Capital, Kabbage, etc.

"CDFI" refers to community development financial institutions.

34) What factors most influenced the credit source(s) you chose? Select all that apply.

- a. Existing relationship with lender
- b. Cost (interest rate)
- c. Flexibility of the credit product(s)
- d. Speed of the decision process
- e. Ease of the application process
- f. Perceived chance of being funded
- g. Referral by: _____
- h. Other. Please specify: _____

35) Overall is your business satisfied or dissatisfied with the {SOURCE1/2} where you applied for the {PRODUCT1/2}?

- a. Satisfied
- b. Neutral
- c. Dissatisfied

If "Is your business satisfied or dissatisfied" DISSATISFIED is selected:

36) Why is your business dissatisfied with the {SOURCE1/2}? Select all that apply.

- a. High interest rate
- b. Unfavorable repayment terms
- c. Lack of transparency
- d. Other. Please explain: _____

ALL non-applicants:

37) What was the primary reason your business DID NOT apply for financing in the past 12 months?

- a. Not needed; had sufficient funding
- b. Did not think application would be approved
- c. Did not want to accrue debt
- d. Credit cost was too high
- e. Application process is too difficult or confusing
- f. Other. Please specify: _____

If "What was the primary reason your business DID NOT apply for financing..." DID NOT THINK APPLICATION WOULD BE APPROVED is selected:

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

- a. Low credit score
- b. Insufficient credit history
- c. Insufficient collateral
- d. Weak business performance (for example, uneven cash flow or poor revenue)
- e. Unfair lending practices. Please specify: _____

- f. Unsure
- g. Other. Please specify: _____

FINAL DEMOGRAPHICS

Last, we have a few general questions about your business.

If “Does your business have any paid employees” NO is selected:

39) Why did you start or purchase this business? Select all that apply.

- a. To generate income
- b. Had a good/ service to bring to market
- c. Start/ continue family business
- d. Wanted a flexible work arrangement/ preferred to be my own boss
- e. No other employment options
- f. Other. Please specify: _____

If “Does your business have any paid employees” NO is selected:

40) Is your business

| | Yes | No | Unsure |
|--|-----|----|--------|
| Operated out of your home? | | | |
| Legally incorporated? | | | |
| The primary source of income of one or more of the owner(s)? | | | |

41) Does your business rely on a business credit score or does it use an owner's personal credit score? Select all that apply.

- a. Business score
- b. Owner's personal score
- c. Both business score AND personal score
- d. Unsure/ neither

If previous question BUSINESS SCORE is selected OR BOTH... is selected:

42) What would you say is your firm's business credit score?

- a. 80-100
- b. 50-79
- c. 0-49
- d. Unsure

If previous question PERSONAL SCORE is selected OR BOTH... is selected:

43) What would you say is the owner's personal credit score?

- a. Above 760
- b. 720-760
- c. 680-719
- d. 620-679
- e. Below 620
- f. Unsure

44) What is the age of the primary person making financial decisions for the business?

- a. Under 25
- b. 25-35
- c. 36-45
- d. 46-55
- e. 56-65
- f. Over 65

45) Are you willing to tell us about the racial/ ethnic breakdown of the owner(s)?

- a. Yes
- b. No

If previous question YES is selected:

46) What percentage of your business is owned and controlled by an owner(s) who is (are):

Please slide the appropriate bar to indicate the percentage. NOTE: Percentages must sum to 100.

- a) Asian or Pacific Islander: _____
- b) African American: _____
- c) Hispanic, Latino, or Spanish: _____
- d) Native American: _____

e) White: _____

If question "What percentage of your business is owned..." Asian or Pacific Islander is greater than 0:

47) Is (are) the business owner(s) any of the following? Select all that apply.

- a) Asian Indian
- b) Japanese
- c) Native Hawaiian
- d) Chinese
- e) Korean
- f) Guamanian or Chamorro
- g) Filipino
- h) Vietnamese
- i) Samoan
- j) Other Asian or Pacific Islander. Please specify: _____

If question "What percentage of your business is owned..." Hispanic, Latino, or Spanish is greater than 0:

48) Is (are) the business the business owner(s) any of the following? Select all that apply.

- a) Mexican American, Chicano
- b) Puerto Rican
- c) Cuban
- d) Another Hispanic, Latino, or Spanish origin. Please specify: _____

If question "What percentage of your business is owned..." Native American is greater than 0:

49) Is your business headquartered in a Native American Reservation?

- a) Yes. Please specify the reservation: _____
- b) No

50) What percentage of your business is and controlled by an owner(s) who is (are):

| | None (0%) | Less than half (1%-49%) | Half (50%) | More than half (51+%) |
|---------------------|-----------|-------------------------|------------|-----------------------|
| A woman/women? | | | | |
| A veteran/veterans? | | | | |

51) Is your business a:

| | No | Yes | Unsure |
|------------------------------------|----|-----|--------|
| Certified minority-owned business? | | | |
| Certified woman-owned business? | | | |

| | | | |
|-----------------------------------|--|--|--|
| | | | |
| Certified veteran-owned business? | | | |

52) Do you have any comments about the availability of business financing or general business conditions?

53) Business name: _____

54) Email Address (used only for survey-related purposes). You will receive a copy of the final report once it is released.

55) Thank you for your valuable input. The information you provided will bring small business issues to the attention of policymakers. Please click the continue button to answer a few questions on special topics. This should take {1-2} minutes to complete.

a. Continue

b. End Survey