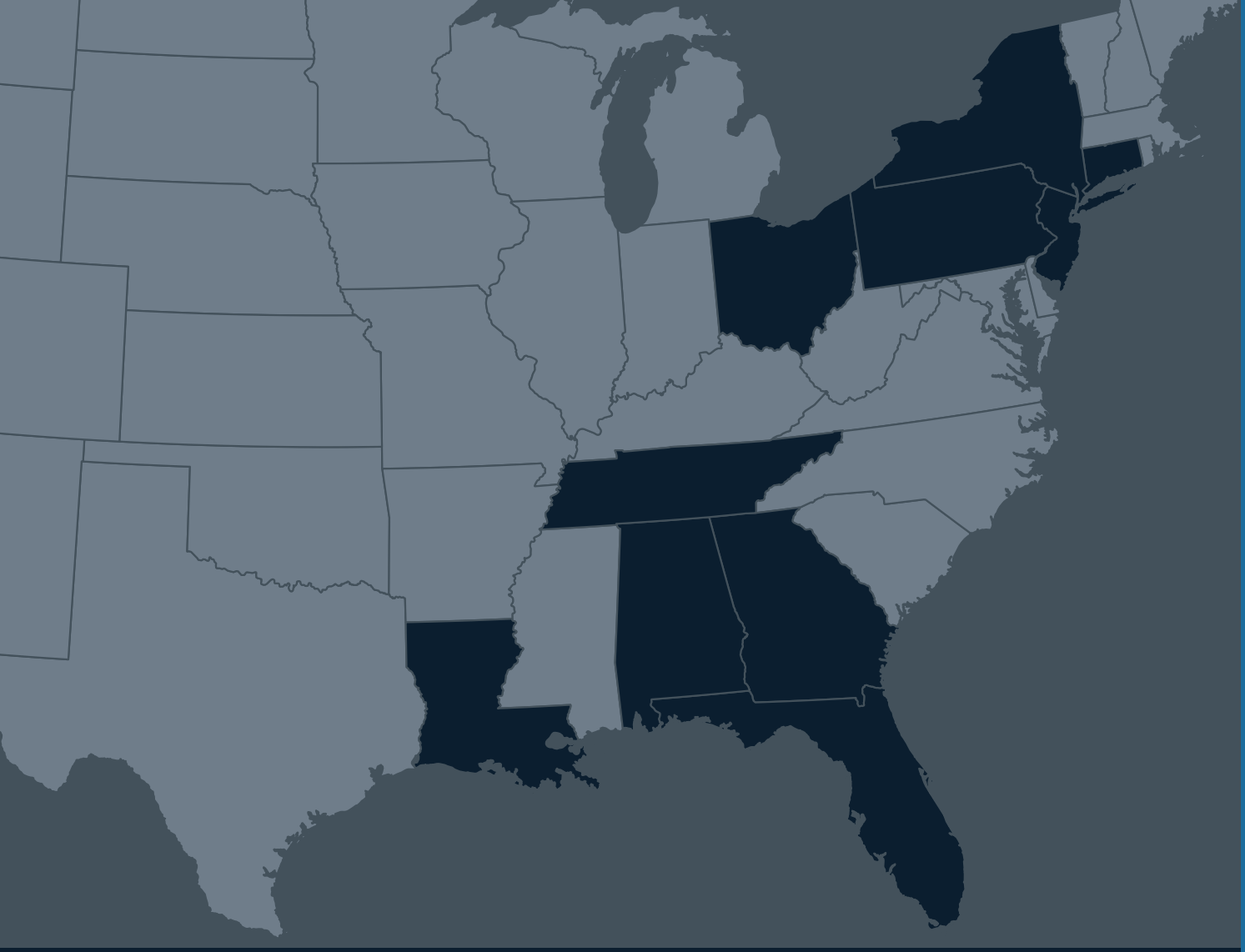


JOINT SMALL BUSINESS CREDIT SURVEY REPORT, 2014

Federal Reserve Banks of New York, Atlanta, Cleveland and Philadelphia

Updated February 2015

TABLE OF CONTENTS

3 ACKNOWLEDGEMENTS

4 EXECUTIVE SUMMARY

5 RESPONDENT DEMOGRAPHICS

6 SMALL BUSINESS SNAPSHOT—
EAST, SOUTHEAST, MIDWEST REGIONS

7 SMALL BUSINESS PERFORMANCE

8 EMPLOYMENT GROWTH

9 BUSINESS CHALLENGES

10 FINANCING AND DEBT

11 CREDIT APPLICATIONS

12 CREDIT SEARCH

13 CREDIT SOURCES

14 APPLICATION OUTCOMES (updated February 2015)

15 CREDIT PROFILES BY FIRM DEVELOPMENT STAGE

16 UNSUCCESSFUL APPLICANTS

17 FUTURE DEMAND

18 APPENDIX

18 METHODOLOGY

19 A. SELECTED CHARACTERISTICS OF FIRMS IN THE SURVEY SAMPLE

20 B. CREDIT APPLICANT CHARACTERISTICS

21 C. SELECTED DATA FOR ALL FIRMS

24 D. SELECTED DATA BY STATE (updated February 2015)

27 E. SELECTED DATA BY INDUSTRY

30 F. SELECTED DATA BY SIZE

33 G. SELECTED DATA BY FIRM DEVELOPMENT STAGE

36 H. PARTNER ORGANIZATIONS

ACKNOWLEDGEMENTS

The Federal Reserve Banks of New York, Atlanta, Cleveland and Philadelphia would like to thank the civic and community partners in our Districts that assist in distributing the Small Business Credit Survey (SBCS). For a complete list of partners, please see the Appendix. We also wish to thank the National Opinion Research Center (NORC) at the University of Chicago for its review of the SBCS survey questionnaire and its assistance in the weighting methodology that is used to make the SBCS statistically representative. Further information about the survey methodology is available in the Appendix.

EXECUTIVE SUMMARY

Small businesses are important to the U.S. economy and the well-being of local communities. They employ half of the nation's private sector workers and in recent decades have created two-thirds of net new jobs. Yet, unlike large firms, which rebounded relatively quickly from the Great Recession, the pace of recovery for small firms has been slower and more uneven.[1]

An important part of measuring small business vitality is tracking firms' demand for and ability to access capital. In the aggregate, there is mounting evidence of improvements in business lending, but small dollar lending only recently began to show signs of modest growth after years of decline.[2] This slow recovery is particularly concerning since microloans ($100 thousand and under) account for 90 percent of small business loans.[3]

Since 2010, the Federal Reserve has been monitoring small business credit conditions through regional surveys of business owners. In 2014, the Federal Reserve Banks of New York, Atlanta, Cleveland, and Philadelphia collaborated on a common small business credit survey to cover much of the eastern region of the U.S. The survey offers insight about the quality and pace of the sector's recovery by providing evidence on credit conditions from the perspective of borrowers. It is noteworthy in capturing state, industry, and segment level information about firms' motivations for seeking credit, where they apply for credit, and their success rates.

The survey also highlights the often underdiscussed diversity of small businesses, especially across revenue categories. As illustrated in the key findings and in the detailed report analysis, credit needs, demand, sources, and success vary considerably within the small business sector. Overall, the survey results are intended to provide more precise intelligence to key decision makers, including national and local policymakers, service providers, and lending institutions.

Key findings from the survey include:

There are large differences in credit demand between small and larger revenue firms

- While 22 percent of firms overall reported applying for credit in the first half of 2014, results show considerably weaker demand among firms with less than $1 million in annual revenues.
- Only 18 percent of microbusinesses (under $250 thousand in annual revenues) applied for credit. By contrast, over 30 percent of small ($250 thousand–$1 million) and mid-size firms ($1–$10 million) and 58 percent of commercial firms (>$10 million) applied for credit.

The applicant pool is strong; applicants tend to have prior borrowing experience and are growing.

- Applicants are more likely to be larger firms (in terms of employees), firms with revenue growth in 2013, profitable firms, and previous debt holders.
- Despite experience, the credit search and application process is time consuming. Firms report spending an average of 24 hours applying for credit.
- The most sought after product was a line of credit, followed by loans and credit cards.

There is strong demand for small loans. Firms are borrowing for expansion.

- More than half of applicants sought $100 thousand or less in credit.
- Nearly 40 percent of those seeking credit said the primary purpose was to expand their business—expansion was a top reason for borrowing across all revenue segments.
- A third of firms report that financing costs have increased over the last 12 months.

Successful applicants have prior borrowing experience and tend to be profitable and larger. It's a tough market for the smallest firms and startups.

- Successful borrowers are more likely to be older, larger (in employees and revenues), and profitable.
- A majority of small firms (under $1 million in annual revenues) and startups (under 5 years in business) were unable to secure any credit.

Large banks are a dominant credit source, but the use of online lenders is relatively common across firm segments.

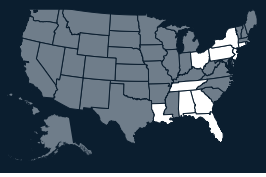
- Small businesses primarily turn to large national and regional banks for financing.
- Almost 20 percent of applicants sought credit from an online lender in the first half of 2014.
- Approval rates were highest at large and small regional banks and online lenders. Of firms that applied to a small regional or community bank, 60 percent were approved for at least some of the financing sought.

ABOUT THE SURVEY

The Small Business Credit Survey (SBCS) is a survey of firms, reporting information about business performance, financing needs and choices, and borrowing experiences. Responses to the SBCS provide insight into the dynamics behind aggregate lending trends and shed light on noteworthy segments of the small business credit market (as reported by firms). The SBCS captures the perspectives of businesses with fewer than 500 employees and results are weighted to reflect the full population of small businesses in the 10 states of coverage: Alabama, Connecticut, Florida, Georgia, Louisiana, New Jersey, New York, Ohio, Pennsylvania, and Tennessee.

1 – Office of Advocacy. *Small Business Lending in the United States* 2013. By Victoria Williams, Washington, D.C.: U.S. Small Business Administration, 2014.
2 – Federal Deposit Insurance Corporation, Statistics on Depository Institutions.
3 – Office of Advocacy. *Small Business Lending in the United States 2013*. By Victoria Williams, Washington, D.C.: U.S. Small Business Administration, 2014.

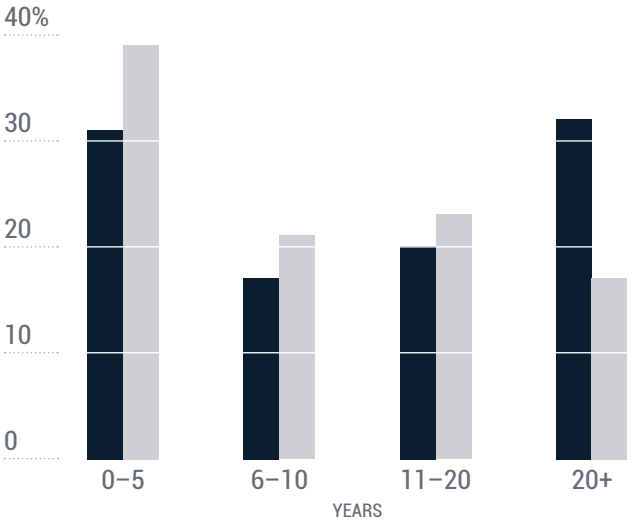
RESPONDENT DEMOGRAPHICS



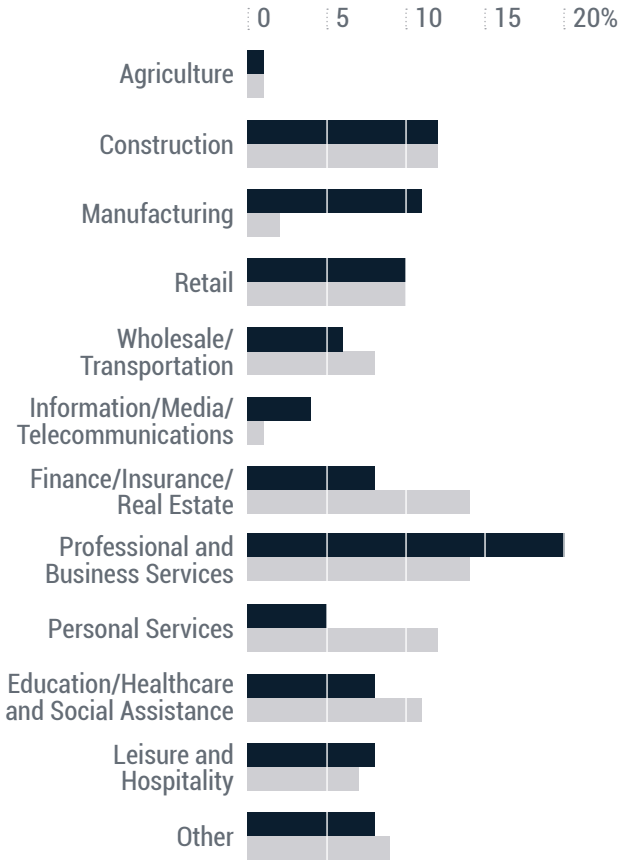
GEOGRAPHIC DISTRIBUTION

State	Respondents	Small business population*
Alabama	4%	4%
Connecticut	5%	4%
Florida	7%	22%
Georgia	12%	10%
Louisiana	1%	4%
New Jersey	6%	9%
New York	33%	21%
Ohio	11%	10%
Pennsylvania	19%	11%
Tennessee	3%	6%
Total	100%	100%

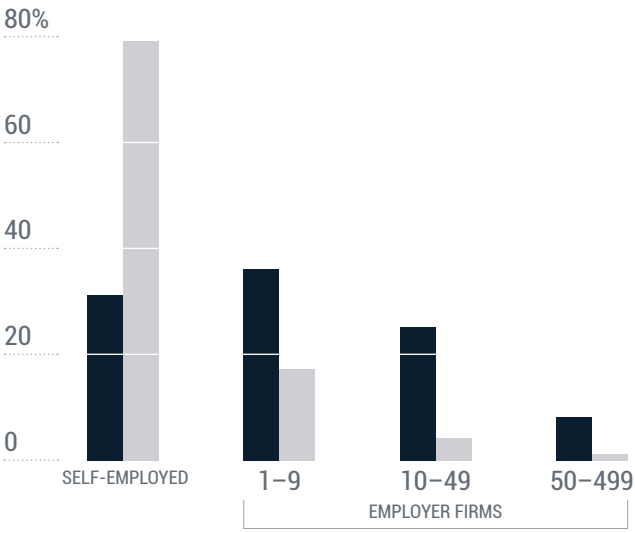
AGE



INDUSTRY



EMPLOYEES

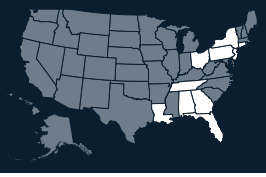


Respondents Small business population

N=2014

* Small Business Population Source: Age data are from the US Census Business Dynamics Statistics, 2012. All other data are from US Census Bureau Survey of Business Owners, 2007. Coverage area includes Alabama, Connecticut, Florida, Georgia, Louisiana, New Jersey, New York, Ohio, Pennsylvania and Tennessee.

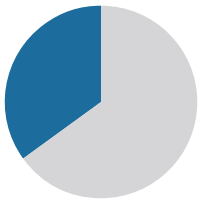
SMALL BUSINESS SNAPSHOT—EAST, SOUTHEAST, MIDWEST REGIONS



BUSINESS CONDITIONS

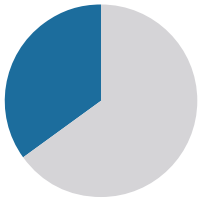
Profitable

35% of firms



Increasing revenues

35% of firms



Top business challenge

- **23%** difficulty attracting customers
- **18%** lack of credit availability
- **18%** uneven cash flow
- **13%** increasing costs of running business

FINANCING CONDITIONS

Top 3 primary funding types:

- **29%** personal savings
- **23%** retained business earnings
- **19%** credit cards

42% had outstanding debt

CREDIT APPLICATIONS

22% applied for credit, of those:

- **72%** sought less than $250K
- **28%** sought more than $250K

24 average number of hours researching and completing financing applications

20% were too discouraged to apply

APPLICATION OUTCOMES

54% were approved

- **33%** were fully funded

Top reason given for credit denial:

- **45%** low credit score

CREDIT SOURCES

	Application rate	Approval rate
Large national bank	35%	31%
Large regional bank	41%	45%
Small regional or community bank	34%	59%
Online lender	18%	38%

SMALL BUSINESS PERFORMANCE

PROFITABILITY (% of firms)

N=1987

In the first half of 2014, did your business operate at a profit, break even, or at a loss?

REVENUE CHANGE (% of firms)

N=1994

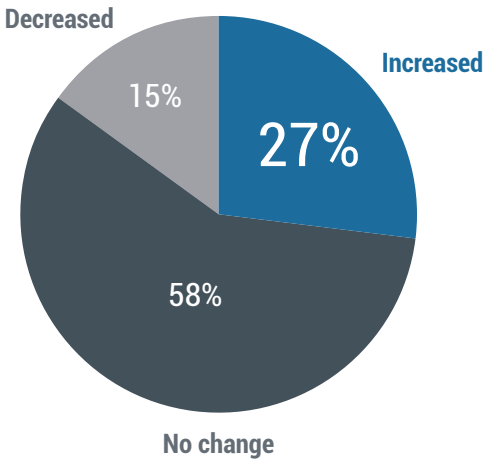
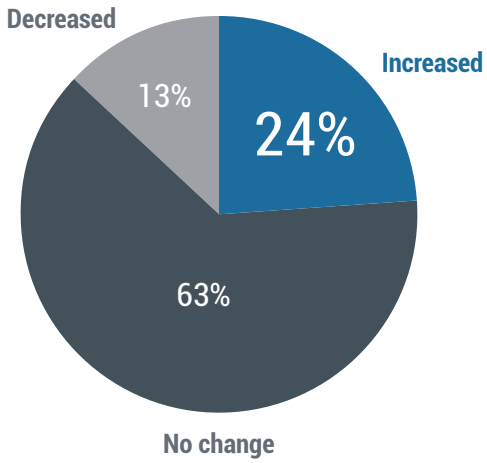
How did revenue change over the past 12 months?

EMPLOYMENT GROWTH

FULL-TIME AND PART-TIME EMPLOYEES (% of firms)

N=1380

How did employment change over the past 12 months?

Full-time employees	Part-time employees
	

GROWTH BY PROFITABILITY

N=419

Profitability status	% Added full-time employees
Operated at a profit	33%
Broke even	25%
Operated at a loss	11%

BUSINESS CHALLENGES

TOP CHALLENGE (% of firms)

N=1923

Which TOP challenge, if any, did your business experience in the first half of 2014?

Rank	Challenge	% of firms
1	Difficulty attracting customers	23%
2	Lack of credit availability	18%
3	Uneven cash flow	18%
4	Increased costs of running business	13%
5	Complying with government regulations	8%

TOP CHALLENGE BY FIRM DEVELOPMENT STAGE*

Which TOP challenge, if any, did your business experience in the first half of 2014?

Startups <5 years in business	**Growers** Profitable and increased revenues	**Mature** >5 years in business, 10+ employees, holds debt
1. Lack of credit availability 2. Difficulty attracting customers 3. Uneven cash flow	1. Uneven cash flow 2. Lack of credit availability 3. Difficulty hiring and/or retaining employees	1. Uneven cash flow 2. Increased costs of running business 3. Lack of credit availability
N=598	N=550	N=431

* Not mutually exclusive

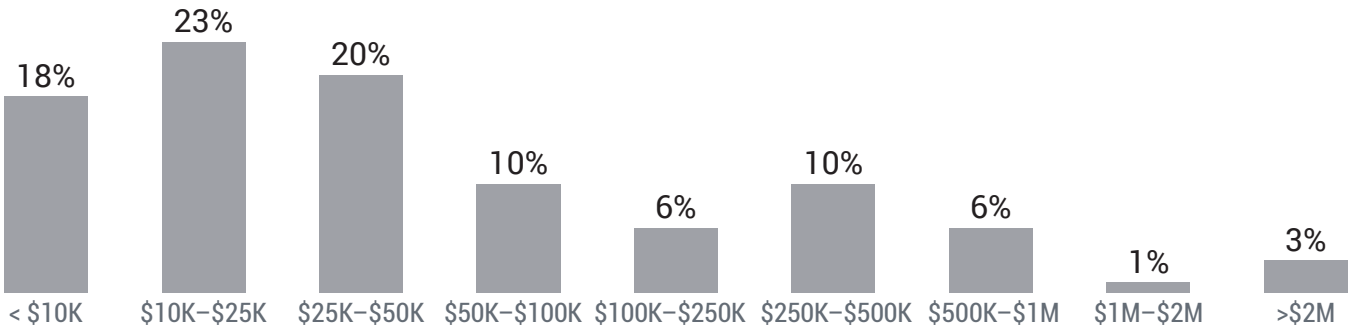
FINANCING AND DEBT

42% of firms had outstanding debt

AMOUNT OF DEBT (% firms with outstanding debt)

N=1131

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



3% were unsure

FINANCING CONDITIONS BY FIRM SIZE

N=1931

	All firms	Microbusiness (<$250K)	Small ($250K–$1M)	Mid-size ($1M–$10M)	Commercial (>$10M)
Primary funding type* Select the primary type of funding used by your business in 2013	Personal savings	Personal savings	Retained business earnings	Line of credit	Retained business earnings
Increased financing costs How have your business's financing costs changed over the past 12 months?	32%	33%	35%	15%	25%

* Denotes mode

CREDIT APPLICATIONS

CREDIT APPLICATION RATE BY FIRM SIZE (% of firms)

N=1910

Did your business APPLY for any financing during the first half of 2014?

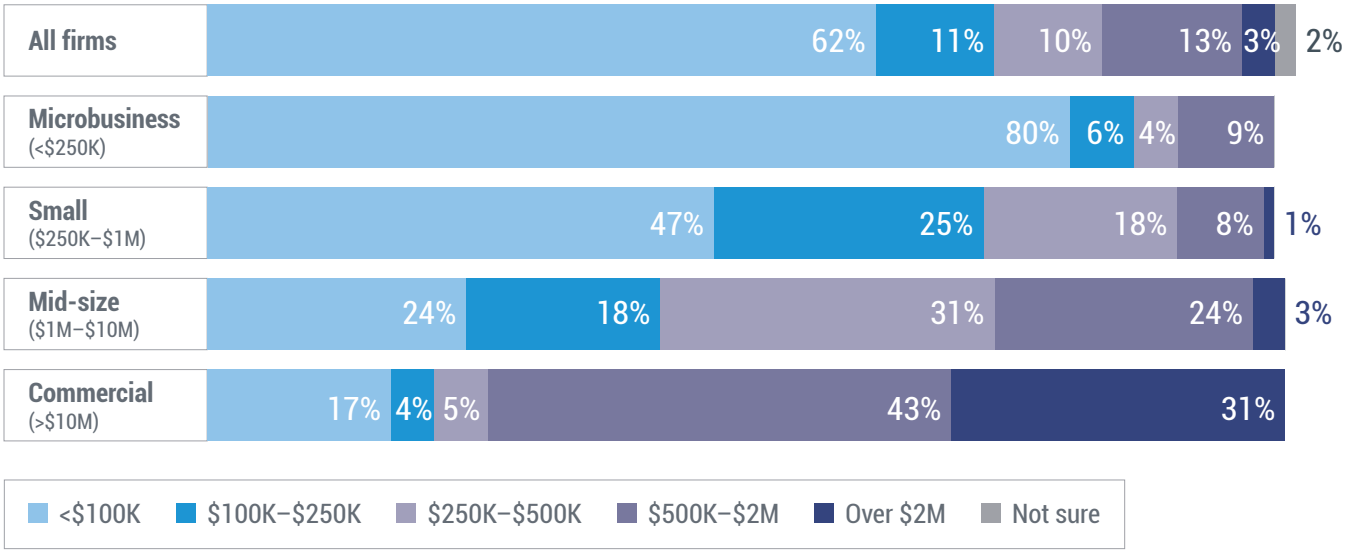
22% of all firms applied for credit

Microbusiness (<$250K)	Small ($250K–$1M)	Mid-size ($1M–$10M)	Commercial (>$10M)
18%	32%	31%	58%

AMOUNT OF FINANCING SOUGHT BY FIRM SIZE* (% of applicants)

N=587

How much total financing did your business apply for in the first half of 2014?



* Values may not sum to 100% because of rounding

CREDIT SEARCH

24 hours spent researching and applying for credit on average

TOP 3 PRIMARY REASONS FOR SEEKING FINANCING

N=588

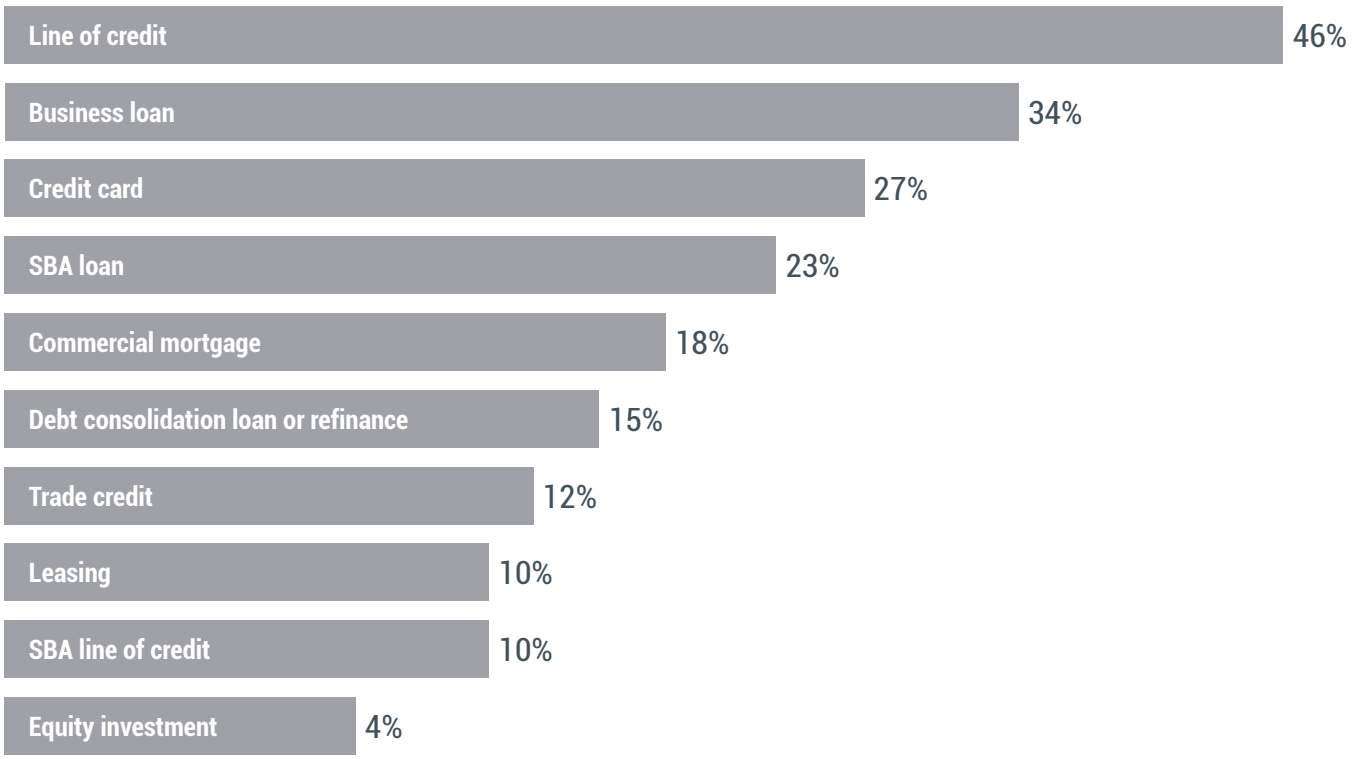
For what primary purpose was your business seeking financing in the first half of 2014?

Microbusiness (<$250K)	Small ($250K–$1M)	Mid-size ($1M–$10M)	Commercial (>$10M)
1. Expand business	1. Refinance or pay down debt	1. Expand business	1. Expand business
2. Fund day-to-day operations	2. Replace capital assets	2. Fund day-to-day operations	2. Replace capital assets
3. Refinance or pay down debt	3. Expand business	3. Refinance or pay down debt	3. Fund day-to-day operations

CREDIT PRODUCTS SOUGHT—ALL FIRMS* (% of applicants)

N=598

Which types of financing products did your business apply for in the first half of 2014? Select all that apply.



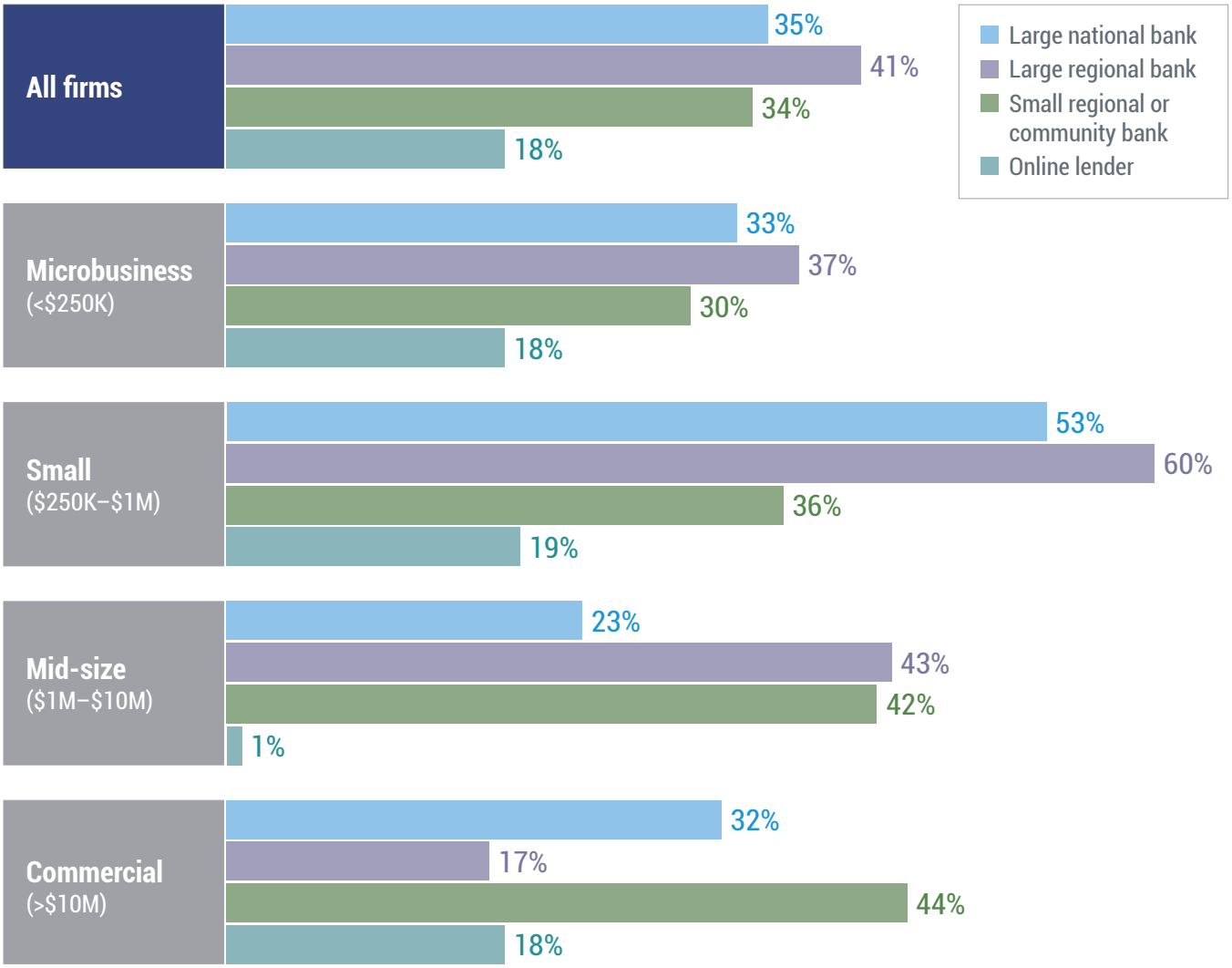
* Percentages add up to >100% because firms apply to more than one product.

CREDIT SOURCES

CREDIT SOURCES APPLIED TO BY FIRM SIZE* (% of applicants)

N=588

Select the credit source(s) your business submitted an application to.



* For loans, lines of credit, debt consolidation loans or refinancing, and commercial mortgages only. Percentages add up to >100% because firms apply to more than one source.

APPLICATION OUTCOMES

How much of the financing your business applied for in the first half of 2014 was approved?

CREDIT APPLICATION OUTCOMES (% of applicants)

N=598

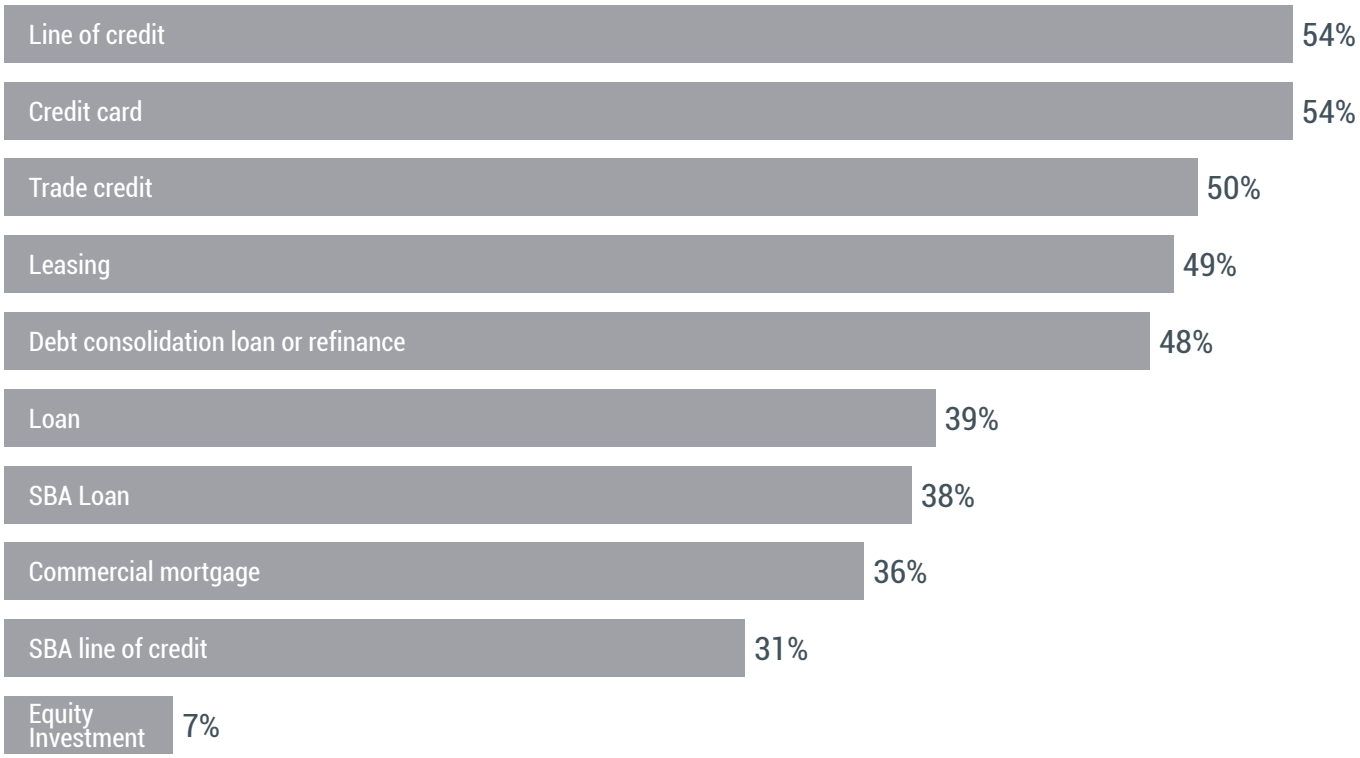
	All firms	Microbusiness (<$250K)	Small ($250K–$1M)	Mid-size* ($1–$10M)	Commercial (>$10M)
Received all	33%	25%	36%	60%	70%
Received most (>=50%)	9%	11%	4%	6%	10%
Received some (<50%)	12%	11%	10%	12%	0%
Received none	44%	52%	50%	14%	20%

Values may not sum to 100% because of rounding

* 7% of mid-size applicants were unsure

APPROVAL RATE BY PRODUCT FOR ALL FIRMS– RECEIVED AT LEAST SOME CREDIT (% of applicants)

N=598



CREDIT PROFILES BY FIRM DEVELOPMENT STAGE

SOURCE OF CREDIT*

	All firms N=1286	Startups <5 years in business N=594	Growers Profitable and increased revenues N=552	Mature >5 years in business, 10+ employees, holds debt N=430
CREDIT APPLICATION RATE BY SOURCE (% of applicants)				
Large bank	35%	36%	29%	34%
Regional bank	41%	41%	48%	44%
Small regional or community bank	34%	31%	41%	25%
Online lender	18%	22%	8%	3%
APPROVAL RATE BY SOURCE—RECEIVED AT LEAST SOME CREDIT (% of applicants by source)				
Large bank	31%	N/A**	53%	87%
Regional bank	45%	N/A**	51%	94%
Small regional or community bank	59%	N/A**	90%	85%
Online lender	38%	N/A**	46%	48%

* For loans, lines of credit, debt consolidation loans or refinancing, and commercial mortgages only.

** Too few observations to calculate Startups' approval rate.

UNSUCCESSFUL APPLICANTS

REASON FOR DENIAL (% of applicants not receiving full amount)

N=335

What were the likely reasons your business did not receive the full amount of financing it applied for in the first half of 2014?

1. Low credit score	45%
2. Insufficient collateral	30%
3. Weak business performance	23%
4. Weak/missing financial documents	14%
5. No relationship with lender	14%

IMPACT OF DENIAL (% of applicants not receiving full amount)

N=326

What was the most important business impact, if any, of not receiving the full amount of financing for which your business applied?

1. Delayed business expansion	47%
2. Used personal sources of funding	20%
3. Prevented ability to fulfill existing orders	12%
4. Did not hire new employees	6%
5. No impact	3%

ACTIONS TAKEN TO IMPROVE CREDIT WORTHINESS

(% of applicants not receiving full amount)

N=335

What, if anything, did your business do to improve its ability to obtain financing in the first half of 2014?

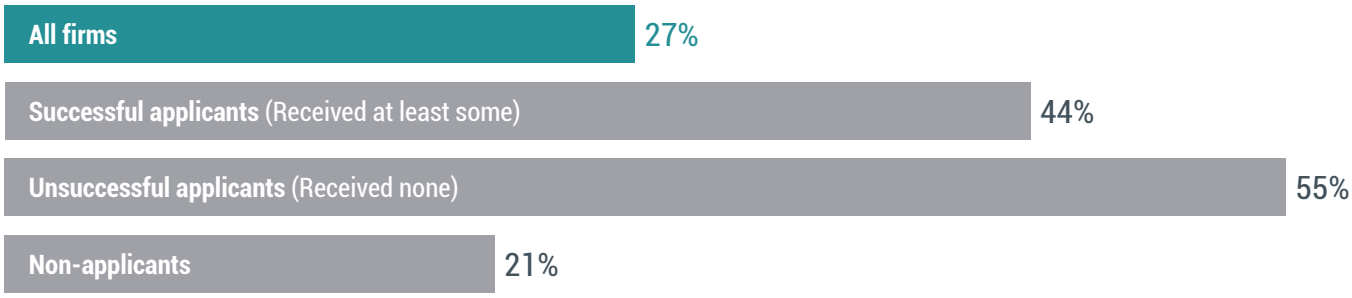
1. Contacted new/more financial institutions	57%
2. Paid down debt	41%
3. Explored online financing sources	33%
4. Consulted business advisor	32%
5. Did not take any actions	7%

FUTURE DEMAND

PLANS TO APPLY IN NEXT 12 MONTHS

N=1876

Does your business plan to apply for financing in the next 12 months?



APPENDIX

METHODOLOGY

OVERVIEW

The Small Business Credit Survey (SBCS) is an establishment convenience survey conducted by the Federal Reserve Banks of New York, Atlanta, Cleveland, and Philadelphia. The SBCS captures the perspectives of businesses with fewer than 500 employees in Alabama, Connecticut, Florida, Georgia, Louisiana, New Jersey, New York, Ohio, Pennsylvania, and Tennessee. The SBCS reports information about business performance, financing needs and choices, and borrowing experiences.

In total, we fielded 2,014 responses to the survey between September 9, 2014 and November 7, 2014. The number of responses to each individual question varied depending on relevance. We weighted results to reflect the full population of small businesses in the 10 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 80 partner organizations. Partners contact businesses on their membership lists, asking them to participate in the survey provided through a URL address. The SBCS is not a random sample; therefore results should not be interpreted as a statistical representation of small businesses in the coverage area 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 data from the US Census Bureau[4] 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 the next page for sampling distributions of the 2014 SBCS after weighting.

4 – Age data from US Census Business Dynamics Statistics, 2012. All other data from US Census Bureau Survey of Business Owners, 2007.

A. SELECTED CHARACTERISTICS OF FIRMS IN THE SURVEY SAMPLE

	Sample size	Sample distribution after weighting	Percentage of total for weighted sample
FIRM AGE			
0–5 years	626	3,556,014	39%
6–10 years	341	1,892,736	21%
11–20 years	405	2,090,607	23%
20+ years	642	1,592,438	17%
All firm ages	**2,014**	**9,131,796**	**100%**
ALL FIRM AGES			
Self-employed	628	7,207,554	79%
1–9 employees	715	1,519,265	17%
10–49 employees	513	323,056	4%
50–499 employees	158	81,920	1%
All firm sizes	**2,014**	**9,131,796**	**100%**
GEOGRAPHY			
Alabama	79	380,125	4%
Connecticut	105	330,150	4%
Florida	139	2,005,285	22%
Georgia	234	897,238	10%
Louisiana	25	373,793	4%
New Jersey	114	778,443	9%
New York	656	1,952,566	21%
Ohio	231	894,247	10%
Pennsylvania	380	977,567	11%
Tennessee	51	542,382	6%
All geographies	**2,014**	**9,131,796**	**100%**
INDUSTRY			
Agriculture	12	65,673	1%
Construction	235	1,124,833	12%
Manufacturing	230	192,790	2%
Retail	206	875,987	10%
Wholesale/Transportation	122	719,244	8%
Information/Media/Telecommunications	74	127,137	1%
Finance/Insurance/Real Estate	159	1,251,566	14%
Professional and Business Services	398	1,244,764	14%
Personal Services	106	1,061,183	12%
Education/Healthcare and Social Assistance	154	1,003,811	11%
Leisure and Hospitality	158	684,321	7%
Other	160	780,488	9%
All industries	**2,014**	**9,131,796**	**100%**

B. CREDIT APPLICANT CHARACTERISTICS

Credit applicants	All firms	Applicants	Successful applicants Received at least some	Unsuccessful applicants Received none	Non-applicants
	N =1912	N=598	N=384	N=191	N=1288
AGE					
0–5	38%	39%	27%	51%	39%
6–10	21%	23%	28%	19%	20%
11–20	22%	22%	21%	24%	22%
20+	18%	16%	24%	6%	19%
	100%	**100%**	**100%**	**100%**	**100%**
EMPLOYEES					
Self employed	78%	67%	54%	80%	81%
1–9 employees	17%	22%	27%	19%	16%
10–49 employees	4%	8%	15%	1%	3%
49+ employees	1%	3%	5%	0%	1%
	100%	**100%**	**100%**	**100%**	**100%**
PROFITABILITY					
Operated at a profit	35%	49%	65%	27%	31%
Broke even	26%	24%	16%	37%	27%
Operated at a loss	39%	27%	19%	36%	42%
	100%	**100%**	**100%**	**100%**	**100%**
REVENUE CHANGE					
Increased	35%	52%	64%	35%	31%
No change	35%	26%	23%	28%	37%
Decreased	30%	22%	13%	36%	32%
	100%	**100%**	**100%**	**100%**	**100%**
FULL TIME EMPLOYEE CHANGE					
Increased	27%	40%	39%	46%	22%
No change	58%	45%	50%	31%	63%
Decreased	15%	15%	12%	24%	15%
	100%	**100%**	**100%**	**100%**	**100%**
HAS OUTSTANDING DEBT	**42%**	**60%**	**60%**	**61%**	**37%**
PLAN TO APPLY IN NEXT 12 MONTHS	**27%**	**49%**	**44%**	**55%**	**21%**

Number of observations are unweighted counts. All other values are weighted. See SBCS methodology for details. Values may not sum to 100% due to rounding.

C. SELECTED DATA FOR ALL FIRMS

All firms N=2014	
BUSINESS CONDITIONS	
Profitability	
Operated at a profit	35%
Broke even	26%
Operated at a loss	39%
Revenue change	
Increased	35%
No change	35%
Decreased	30%
Full-time employee change	
Increased	27%
No change	58%
Decreased	15%
Top business challenge	
Complying with government regulations	8%
Difficulty attracting customers	23%
Difficulty hiring and/or retaining qualified staff	4%
Increasing costs of running business	13%
Lack of credit availability	18%
Difficulty managing business including lack of financial management guidance	6%
Taxes	5%
Uneven cash flow	18%
Other	6%
FINANCING CONDITIONS	
Primary funding type	
Retained business earnings	23%
Personal savings	29%
Equity investment	1%
Credit cards	19%
Loans	8%
Lines of credit	10%
Trade credit	1%
Commercial mortgage	1%
Debt consolidation loan or refinance	0%
Leasing	1%
Other	6%

C. SELECTED DATA FOR ALL FIRMS (CONTINUED)

All firms N=2014	
FINANCING CONDITIONS (CONTINUED)	
Change in debt financing costs	
Lower	6%
Stayed the same	41%
Higher	32%
Business does not use external financing	21%
Has outstanding debt	
Yes	42%
No	57%
Not sure	1%
Amount of outstanding debt	
<$250k	77%
>$250k	20%
Not sure	3%
CREDIT DEMAND	
Applied for financing (first half of 2014)	
Applied	22%
Did not apply	77%
Not sure	1%
Application rate by product	
Loan	34%
SBA loan	23%
Line of credit	46%
SBA line of credit	10%
Equity investment	4%
Credit cards	27%
Commercial mortgage	18%
Debt consolidation loan or refinance	15%
Trade credit	12%
Leasing	10%
Other	10%
Application rate by source	
Large national bank	35%
Large regional bank	41%
Small regional or community bank	34%
Online lender	18%
Other	18%

C. SELECTED DATA FOR ALL FIRMS (CONTINUED)

All firms N=2014	
CREDIT DEMAND (CONTINUED)	
Financing sought	
<$250k	72%
>$250k	26%
Not sure	2%
Discouraged	
Percent of firms discouraged from applying for financing	20%
Plan to apply for financing in 2015	
Yes	27%
No	53%
Not sure	20%
CREDIT OUTCOMES	
Approval rate	
Received at least some financing	54%
Approval rate by source (received at least some financing)	
Large national bank	31%
Large regional bank	45%
Small regional or community bank	59%
Online lender	38%

Number of observations are unweighted counts. All other values are weighted. See SBCS Report Appendix: Methodology for details. Values may not sum to 100% due to rounding.

D. SELECTED DATA BY STATE

Updated February 2015

State	GA N=234	NY N=656	OH N=231	PA N=380
BUSINESS CONDITIONS				
Profitability				
Operated at a profit	27%	29%	36%	46%
Broke even	32%	21%	31%	17%
Operated at a loss	41%	50%	33%	37%
Revenue change				
Increased	29%	28%	52%	45%
No change	39%	34%	24%	30%
Decreased	32%	38%	24%	25%
Full-time employee change				
Increased	34%	19%	20%	20%
No change	38%	65%	73%	62%
Decreased	28%	16%	7%	18%
Top business challenge				
Complying with government regulations	1%	10%	4%	8%
Difficulty attracting customers	20%	24%	26%	19%
Difficulty hiring and/or retaining qualified staff	1%	11%	3%	4%
Increasing costs of running business	8%	9%	13%	12%
Lack of credit availability	38%	17%	8%	22%
Difficulty managing business including lack of financial management guidance	9%	2%	11%	3%
Taxes	8%	3%	10%	8%
Uneven cash flow	12%	21%	14%	15%
Other	3%	5%	10%	8%
FINANCING CONDITIONS				
Primary funding type				
Retained business earnings	31%	23%	24%	18%
Personal savings	34%	36%	31%	24%
Equity investment	3%	2%	2%	1%
Credit cards	13%	16%	19%	22%
Loans	4%	6%	5%	6%
Lines of credit	3%	12%	6%	17%
Trade credit	3%	3%	4%	1%
Commercial mortgage	1%	0%	1%	4%
Debt consolidation loan or refinance	2%	0%	0%	0%
Leasing	0%	0%	4%	0%
Other	5%	1%	4%	6%

D. SELECTED DATA BY STATE (CONTINUED)

Updated February 2015

State	GA N=234	NY N=656	OH N=231	PA N=380
FINANCING CONDITIONS (CONTINUED)				
Change in debt financing costs				
Lower	9%	5%	3%	6%
Stayed the same	27%	34%	46%	40%
Higher	33%	43%	17%	35%
Business does not use external	30%	18%	34%	18%
Has outstanding debt				
Yes	29%	38%	39%	45%
No	70%	56%	61%	54%
Not sure	1%	5%	0%	1%
Amount of outstanding debt				
<$250k	83%	86%	88%	72%
>$250k	7%	11%	11%	26%
Not sure	10%	4%	1%	2%
CREDIT DEMAND*				
Applied for financing (first half of 2014)				
Applied	41%	36%	33%	48%
Did not apply	59%	63%	67%	51%
Not sure	0%	1%	0%	1%
Application rate by product				
Loan	51%	32%	32%	34%
SBA loan	15%	16%	18%	13%
Line of credit	50%	42%	47%	46%
SBA line of credit	2%	13%	19%	14%
Equity investment	4%	3%	9%	8%
Credit cards	42%	21%	25%	29%
Commercial mortgage	17%	7%	25%	21%
Debt consolidation loan or refinance	8%	9%	16%	17%
Trade credit	15%	8%	1%	5%
Leasing	12%	5%	6%	7%
Other	9%	12%	0%	12%
Application rate by source				
Large national bank	35%	33%	46%	24%
Large regional bank	32%	22%	46%	48%
Small regional or community bank	43%	23%	25%	38%
Online lender	26%	13%	15%	25%
Other	35%	28%	21%	16%

* For employer firms only.

D. SELECTED DATA BY STATE (CONTINUED)

Updated February 2015

State	GA N=234	NY N=656	OH N=231	PA N=380
CREDIT DEMAND* (CONTINUED)				
Financing sought				
<$250k	83%	78%	63%	85%
>$250k	17%	20%	29%	14%
Not sure	0%	2%	8%	1%
Discouraged				
Percent of firms discouraged from applying for financing	10%	18%	16%	12%
Plan to apply for financing in 2015				
Yes	38%	40%	30%	48%
No	37%	41%	51%	35%
Not sure	25%	20%	19%	16%
CREDIT OUTCOMES*				
Approval rate				
Received at least some financing	65%	57%	70%	68%
Approval rate by source (received at least some financing)				
Large national bank	31%	41%	53%	36%
Large regional bank	64%	42%	80%	32%
Small regional or community bank	51%	57%	58%	37%
Online lender	24%	50%	55%	35%

* For employer firms only.

Number of observations are unweighted counts. All other values are weighted. See SBCS Report Appendix: Methodology for details. Values may not sum to 100% due to rounding.

E. SELECTED DATA BY INDUSTRY

Industry	Construction N=235	Manufacturing N=230	Professional and business services N=398	Retail N=206
BUSINESS CONDITIONS				
Profitability				
Operated at a profit	41%	51%	45%	27%
Broke even	24%	10%	18%	15%
Operated at a loss	35%	39%	36%	59%
Revenue change				
Increased	27%	49%	40%	35%
No change	38%	29%	22%	25%
Decreased	35%	22%	37%	40%
Full-time employee change				
Increased	42%	13%	31%	10%
No change	42%	77%	63%	86%
Decreased	35%	22%	37%	40%
Top business challenge				
Complying with government regulations	7%	14%	8%	2%
Difficulty attracting customers	10%	7%	26%	27%
Difficulty hiring and/or retaining qualified staff	7%	2%	5%	2%
Increasing costs of running business	27%	14%	8%	15%
Lack of credit availability	18%	38%	10%	16%
Difficulty managing business including lack of financial management guidance	5%	3%	1%	4%
Taxes	3%	14%	4%	11%
Uneven cash flow	17%	7%	36%	21%
Other	6%	0%	3%	2%
FINANCING CONDITIONS				
Primary funding type				
Retained business earnings	27%	7%	33%	10%
Personal savings	17%	29%	35%	31%
Equity investment	3%	2%	1%	0%
Credit cards	19%	15%	11%	32%
Loans	8%	16%	5%	10%
Lines of credit	10%	23%	10%	10%
Trade credit	9%	2%	0%	2%
Commercial mortgage	1%	0%	0%	1%
Debt consolidation loan or refinance	0%	4%	1%	0%
Leasing	2%	0%	0%	0%
Other	5%	1%	4%	4%

E. SELECTED DATA BY INDUSTRY (CONTINUED)

Industry	Construction N=235	Manufacturing N=230	Professional and business services N=398	Retail N=206
FINANCING CONDITIONS (CONTINUED)				
Change in debt financing costs				
Lower	9%	11%	10%	2%
Stayed the same	37%	46%	46%	50%
Higher	33%	23%	25%	30%
Business does not use external	21%	21%	19%	17%
Has outstanding debt				
Yes	50%	65%	27%	40%
No	49%	35%	73%	58%
Not sure	1%	0%	0%	2%
Amount of outstanding debt				
<$250k	74%	79%	96%	96%
>$250k	26%	21%	4%	3%
Not sure	0%	1%	0%	0%
CREDIT DEMAND				
Applied for financing (first half of 2014)				
Applied	30%	26%	10%	19%
Did not apply	70%	74%	90%	81%
Not sure	0%	0%	0%	0%
Application rate by product				
Loan	47%	37%	24%	45%
SBA loan	11%	59%	15%	27%
Line of credit	64%	26%	67%	55%
SBA line of credit	5%	0%	16%	4%
Equity investment	0%	0%	8%	5%
Credit cards	18%	23%	15%	10%
Commercial mortgage	10%	5%	10%	2%
Debt consolidation loan or refinance	9%	22%	9%	10%
Trade credit	24%	0%	0%	30%
Leasing	2%	2%	0%	4%
Other	35%	13%	4%	20%
Application rate by source				
Large national bank	36%	56%	23%	40%
Large regional bank	49%	21%	62%	18%
Small regional or community bank	46%	32%	26%	42%
Online lender	20%	6%	19%	15%
Other	16%	15%	14%	15%

E. SELECTED DATA BY INDUSTRY (CONTINUED)

Industry	Construction N=235	Manufacturing N=230	Professional and business services N=398	Retail N=206
CREDIT DEMAND (CONTINUED)				
Financing sought				
<$250k	52%	65%	89%	83%
>$250k	48%	34%	11%	16%
Not sure	0%	0%	0%	1%
Discouraged				
Percent of firms discouraged from applying for financing	35%	19%	23%	27%
Plan to apply for financing in 2015				
Yes	44%	30%	28%	22%
No	47%	39%	41%	66%
Not sure	9%	31%	31%	11%
CREDIT OUTCOMES				
Approval rate				
Received at least some financing	66%	42%	64%	52%
Approval rate by source (received at least some financing)				
Large national bank	29%	29%	14%	77%
Large regional bank	40%	73%	70%	18%
Small regional or community bank	80%	32%	34%	77%
Online lender	39%	1%	23%	8%

Number of observations are unweighted counts. All other values are weighted. See SBCS Report Appendix: Methodology for details. Values may not sum to 100% due to rounding.

F. SELECTED DATA BY SIZE

Size (Annual revenue)	Microbusiness (<$250K) N= 773	Small ($250K–$1M) N=403	Mid-size ($1M–$10M) N=523	Commercial (>$10M) N=200
BUSINESS CONDITIONS				
Profitability				
Operated at a profit	26%	61%	67%	77%
Broke even	28%	20%	28%	19%
Operated at a loss	46%	19%	5%	4%
Revenue change				
Increased	33%	37%	44%	67%
No change	33%	43%	31%	26%
Decreased	34%	20%	25%	7%
Full-time employee change				
Increased	11%	22%	36%	57%
No change	83%	55%	46%	39%
Decreased	34%	20%	25%	7%
Top business challenge				
Complying with government regulations	5%	13%	26%	4%
Difficulty attracting customers	25%	20%	10%	3%
Difficulty hiring and/or retaining qualified staff	4%	3%	4%	18%
Increasing costs of running business	11%	14%	33%	22%
Lack of credit availability	20%	13%	6%	5%
Difficulty managing business including lack of financial management guidance	7%	1%	0%	18%
Taxes	4%	13%	2%	10%
Uneven cash flow	18%	20%	18%	12%
Other	6%	3%	0%	8%
FINANCING CONDITIONS				
Primary funding type				
Retained business earnings	20%	38%	33%	41%
Personal savings	34%	13%	5%	7%
Equity investment	2%	1%	1%	1%
Credit cards	22%	14%	5%	14%
Loans	7%	11%	6%	5%
Lines of credit	6%	16%	35%	24%
Trade credit	1%	1%	12%	0%
Commercial mortgage	0%	4%	2%	5%
Debt consolidation loan or refinance	0%	0%	0%	2%
Leasing	1%	0%	0%	0%
Other	7%	1%	0%	1%

F. SELECTED DATA BY SIZE (CONTINUED)

Size (Annual revenue)	Microbusiness (<$250K) N= 773	Small ($250K–$1M) N=403	Mid-size ($1M–$10M) N=523	Commercial (>$10M) N=200
FINANCING CONDITIONS (CONTINUED)				
Change in debt financing costs				
Lower	6%	6%	7%	10%
Stayed the same	40%	43%	66%	49%
Higher	33%	35%	15%	25%
Business does not use external	22%	15%	12%	17%
Has outstanding debt				
Yes	39%	60%	50%	47%
No	60%	40%	49%	53%
Not sure	1%	0%	1%	0%
Amount of outstanding debt				
<$250k	88%	54%	53%	27%
>$250k	8%	46%	47%	72%
Not sure	4%	1%	0%	1%
CREDIT DEMAND				
Applied for financing (first half of 2014)				
Applied	18%	32%	31%	58%
Did not apply	80%	67%	69%	42%
Not sure	1%	0%	0%	0%
Application rate by product				
Loan	31%	42%	26%	46%
SBA loan	26%	28%	7%	6%
Line of credit	46%	27%	63%	84%
SBA line of credit	11%	11%	3%	1%
Equity investment	5%	1%	1%	0%
Credit cards	37%	10%	6%	6%
Commercial mortgage	13%	42%	5%	26%
Debt consolidation loan or refinance	13%	28%	4%	8%
Trade credit	12%	12%	5%	33%
Leasing	8%	18%	16%	3%
Other	10%	3%	6%	33%
Application rate by source				
Large national bank	33%	53%	23%	32%
Large regional bank	37%	60%	43%	17%
Small regional or community bank	30%	36%	42%	44%
Online lender	18%	19%	1%	18%
Other	19%	12%	21%	1%

F. SELECTED DATA BY SIZE (CONTINUED)

Size (Annual revenue)	Microbusiness (<$250K) N= 773	Small ($250K–$1M) N=403	Mid-size ($1M–$10M) N=523	Commercial (>$10M) N=200
CREDIT DEMAND (CONTINUED)				
Financing sought				
<$250k	86%	73%	42%	21%
>$250k	14%	27%	58%	79%
Not sure	0%	0%	0%	0%
Discouraged				
Percent of firms discouraged from applying for financing	23%	13%	13%	1%
Plan to apply for financing in 2015				
Yes	26%	24%	41%	27%
No	53%	63%	48%	53%
Not sure	21%	12%	11%	20%
CREDIT OUTCOMES				
Approval rate				
Received at least some financing	47%	49%	79%	80%
Approval rate by source (received at least some financing)				
Large national bank	28%	27%	22%	80%
Large regional bank	41%	33%	93%	97%
Small regional or community bank	61%	40%	67%	94%
Online lender	41%	9%	28%	68%

Number of observations are unweighted counts. All other values are weighted. See SBCS Report Appendix: Methodology for details. Values may not sum to 100% due to rounding.

G. SELECTED DATA BY FIRM DEVELOPMENT STAGE

Firm development stage Note: Firm segments are not mutually exclusive.	Startup <5 years in business N=598	Grower Profitable and increasing revenues N=650	Mature >5 years in business, 10+ employees, holds debt N=431
BUSINESS CONDITIONS			
Profitability			
Operated at a profit	26%	100%	69%
Broke even	25%	0%	23%
Operated at a loss	49%	0%	8%
Revenue change			
Increased	42%	100%	64%
No change	36%	0%	24%
Decreased	22%	0%	12%
Full-time employee change			
Increased	38%	49%	63%
No change	44%	49%	25%
Decreased	18%	2%	11%
Top business challenge			
Complying with government regulations	4%	3%	11%
Difficulty attracting customers	27%	16%	3%
Difficulty hiring and/or retaining qualified staff	2%	10%	7%
Increasing costs of running business	10%	14%	33%
Lack of credit availability	26%	18%	6%
Difficulty managing business including lack of financial management guidance	10%	6%	1%
Taxes	3%	12%	10%
Uneven cash flow	12%	18%	29%
Other	6%	4%	1%
FINANCING CONDITIONS			
Primary funding type			
Retained business earnings	18%	27%	10%
Personal savings	43%	16%	4%
Equity investment	2%	1%	0%
Credit cards	17%	17%	3%
Loans	8%	12%	13%
Lines of credit	4%	21%	53%
Trade credit	2%	1%	2%
Commercial mortgage	0%	2%	10%
Debt consolidation loan or refinance	0%	0%	4%
Leasing	0%	2%	1%
Other	6%	1%	0%

G. SELECTED DATA BY FIRM DEVELOPMENT STAGE (CONTINUED)

Firm development stage Note: Firm segments are not mutually exclusive.	Startup <5 years in business N=598	Grower Profitable and increasing revenues N=650	Mature >5 years in business, 10+ employees, holds debt N=431
FINANCING CONDITIONS (CONTINUED)			
Change in debt financing costs			
Lower	2%	9%	12%
Stayed the same	41%	52%	71%
Higher	30%	21%	16%
Business does not use external	26%	17%	1%
Has outstanding debt			
Yes	32%	40%	100%
No	65%	60%	0%
Not sure	3%	0%	0%
Amount of outstanding debt			
<$250k	86%	70%	27%
>$250k	12%	30%	72%
Not sure	1%	0%	1%
CREDIT DEMAND			
Applied for financing (first half of 2014)			
Applied	22%	36%	54%
Did not apply	77%	64%	46%
Not sure	1%	0%	1%
Application rate by product			
Loan	36%	35%	29%
SBA loan	25%	17%	4%
Line of credit	26%	57%	59%
SBA line of credit	16%	7%	3%
Equity investment	7%	1%	1%
Credit cards	35%	21%	6%
Commercial mortgage	18%	24%	41%
Debt consolidation loan or refinance	14%	23%	12%
Trade credit	11%	15%	5%
Leasing	11%	16%	3%
Other	8%	12%	5%
Application rate by source			
Large national bank	36%	29%	34%
Large regional bank	41%	48%	44%
Small regional or community bank	31%	41%	25%
Online lender	22%	8%	3%
Other	21%	10%	3%

G. SELECTED DATA BY FIRM DEVELOPMENT STAGE (CONTINUED)

Firm development stage Note: Firm segments are not mutually exclusive.	Startup <5 years in business N=598	Grower Profitable and increasing revenues N=650	Mature >5 years in business, 10+ employees, holds debt N=431
CREDIT DEMAND (CONTINUED)			
Financing sought			
<$250k	82%	78%	23%
>$250k	14%	21%	77%
Not sure	4%	2%	0%
Discouraged			
Percent of firms discouraged from applying for financing	22%	4%	4%
Plan to apply for financing in 2015			
Yes	33%	33%	45%
No	46%	51%	51%
Not sure	22%	16%	4%
CREDIT OUTCOMES			
Approval rate			
Received at least some financing	38%	74%	93%
Approval rate by source (received at least some financing)			
Large national bank	N/A**	53%	87%
Large regional bank	N/A**	51%	94%
Small regional or community bank	N/A**	90%	85%
Online lender	N/A**	46%	49%

* Too few observations to calculate Startups' approval rate.

Number of observations are unweighted counts. All other values are weighted. See SBCS Report Appendix: Methodology for details. Values may not sum to 100% due to rounding.

H. PARTNER ORGANIZATIONS

FEDERAL RESERVE BANK OF NEW YORK

- Accion East
- African American Chamber of Commerce of Westchester & Rockland Counties
- Binghamton Chamber of Commerce
- Bronx Chamber of Commerce
- Brooklyn Chamber of Commerce
- Business Council of Fairfield
- Chamber of Schenectady County
- Connecticut Business and Industry Association
- Connecticut Economic Resource Center, Inc.
- Connecticut Small Business Development Centers
- Development Authority of the North Country
- Dutchess County Regional Chamber of Commerce
- Empire State Development Corporation
- Erie County Medical Center
- Greater Newark Enterprises Corporation
- Jefferson County Industrial Development Agency
- Long Island Association
- Manhattan Chamber of Commerce
- Metro Hartford Alliance
- New York City Department of Consumer Affairs
- New York City Department of Small Business Services
- New York City Economic Development Corporation
- Pace University Small Business Development Center
- Queens Chamber of Commerce
- Queens Economic Development Corporation
- Somerset County Business Partnership
- Staten Island Chamber of Commerce
- Union County Economic Development Corporation
- VEDC
- Women Presidents' Organization
- Yates County Chamber of Commerce

FEDERAL RESERVE BANK OF ATLANTA

- Accion—Delta region
- Alabama Microenterprise Network
- Alabama Office of Minority Business Enterprise
- Alabama Small Business Development Center Network
- Albany Community Together, Inc.
- Atlanta branch
- Atlanta Metropolitan Black Chamber of Commerce
- Auburn University SBDC
- Birmingham Business Alliance
- Birmingham Business Alliance, AL
- Blairsville-Union County Chamber of Commerce
- Chamber of Commerce of the Palm Beaches
- Chamber of Southwest Florida
- Dahlonega-Lumpkin County Chamber of Commerce
- Fayette Chamber of Commerce
- Florida Business Development Corporation
- Florida First Capital Finance Corporation
- Florida Minority Business Opportunity Center
- Georgia Small Business Development Center, University of Georgia
- Georgia Tech Minority Business Development Center
- Greater Columbus Georgia Chamber of Commerce
- Greater Fort Lauderdale Chamber
- Greene County Partnership
- GrowFL
- Gulf Coast Mississippi Small Business Development Center
- Indian River County Chamber of Commerce
- Jacksonville State University SBDC
- Johnson City/Jonesborough/Washington County Chamber of Commerce
- Knoxville Chamber of Commerce
- Lanier Technical College, Business Incubator
- Launch Chattanooga
- Metro Broward Small Business Success Center

H. PARTNER ORGANIZATIONS (CONTINUED)

FEDERAL RESERVE BANK OF ATLANTA (CONTINUED)

- Mobile Area Chamber of Commerce
- Montgomery Area Chamber of Commerce
- Montgomery Area Chamber of Commerce, AL
- Nashville Biz Incubation Center
- Pathway Lending
- Pell City Chamber of Commerce
- Pensacola Bay Area Chamber
- Regional Loan Corporation
- Savannah Area Chamber of Commerce
- SCORE Atlanta
- SCORE Tennessee
- Small Business Development Center, University of West Alabama
- Small Business Development Centers of Tennessee
- South Florida Community Development Coalition
- South Florida Regional Planning Council
- Southern Region Minority Supplier Development Council
- Southern University at New Orleans SBDC Management Institute
- Southwest Florida Enterprise Center
- Startup Miami
- SunBiz Showcase Alliance
- Tampa Bay Black Business Investment Corporation, Inc.
- Tennessee BERO Office
- The Chamber/Southwest Louisiana
- The EDGE Center for Entrepreneurship and Innovation
- U.S. SBA Alabama District Office
- University of Louisiana at Lafayette
- West Volusia Regional Chamber of Commerce
- Women's Business Enterprise Council South

FEDERAL RESERVE BANK OF CLEVELAND

- Canton Chamber of Commerce
- Columbus Chamber of Commerce
- Council of Smaller Enterprises (COSE)
- Cuyahoga Community College Small Business Center
- Cuyahoga County
- Economic Growth Connection of Westmoreland County
- Erie Manufacturer and Business Association
- Gannon University Small Business Development Center
- Greater Pittsburgh Chamber of Commerce
- Home Builders Association of Greater Cleveland
- Indiana County Chamber of Commerce
- Northwest Industrial Resource Center
- Ohio Development Services Agency
- Toledo Regional Chamber of Commerce
- Youngstown Warren Regional Chamber

FEDERAL RESERVE BANK OF PHILADELPHIA

- Pennsylvania Small Business Development Center
- Philadelphia Industrial Development Corporation
- Sustainable Business Network of Greater Philadelphia
- United Bank of Philadelphia