

Small Business and Micro Business Lending for Data Years 2008-2009

by Victoria Williams and George Haynes, U.S. Small Business Administration,
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Background

Small firms are vital to the U.S. economy, and their access to credit is essential for small business survival and growth. Small firms rely on institutional lenders for their credit needs. This yearly report prepared by the Office of Advocacy briefly reviews the small business lending activities of institutional depository lenders. The lenders are ranked on their overall small business lending nationally and on a state-by-state basis.

The Consolidated Reports of Condition and Income (Call Reports) for June 2009 and the Community Reinvestment Act (CRA) reports for 2008 are used to generate this study. Small business loans in this report are defined as business loans under \$1 million; micro business loans are those under \$100,000. All small business lenders in the U.S. economy are examined, but no attempt has been made to distinguish SBA-guaranteed lenders in the analysis.

The first section of Part One looks at developments apparent in the Call Report data (June 2008 through June 2009); the second reviews developments based on the CRA database for the year 2008. Part Two provides a listing of the top small and micro business lenders in the 50 states, the District of Columbia, and some U.S. territories.

This report covers savings banks and savings and loan associations in addition to commercial banks. Geographic coverage includes the territories of American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands, in addition to the 50 states and the District of Columbia.

Overall Findings

Lending and borrowing by lending institutions and small firms declined in response to uncertain economic conditions in 2008-2009. For the first time since the Call Reports became available in 1994, the total amount of business lending, as well as lending in all loan size categories, declined. The drop was most severe in the micro loan market for loans under \$100,000, as borrowers and lenders held off on new lending activities.

Highlights

- Both small business loans under \$1 million and large loans exceeding \$1 million declined in value and number in 2009. Loans outstanding by small businesses in June were valued at \$695.4 billion, down 2.2 percent from \$711.3 billion the previous year.
- The value of micro loans outstanding was \$161.8 billion in 2009, compared with \$170.5 billion in 2008—a decline of 5.1 percent. The number of micro loans and small business loans dropped by 16 and 15 percent, respectively. Decreases in the dollar amount and loan volume of micro loans may be attributable to less small business credit card promotion.
- Although the value of loans between \$100,000 and \$1 million declined by just over 1 percent, from \$540.7 billion to \$533.6 billion; the number of loans in this category had a negligible increase.
- The number of bank holding companies and other financial services institutions totaled 7,246 in June 2009, down 134 from 7,380 the previous year.

- Findings in the CRA reports mirror the trends in the Call Report data. In 2008, 808 CRA-reporting institutions extended 10.7 million small business loans valued at of \$294.9 billion in 2008. This compares with 13.5 million loans valued at \$326.4 billion made by 816 lending institutions in 2008.

Scope and Methodology

This study covers the lending activities of depository institutions for the years 2008-2009. It uses two types of data reported by lending institutions to their regulating agencies—the Call Reports for June 2009 (for the amount and number of outstanding loans) and the CRA reports for 2008 (for loans made during the year). The reported data are available only by the size of the loan, not by the size of the business; thus small business loans are defined as business loans under \$1 million; micro business loans are defined as loans under \$100,000. Developments in lending activities over time by lending institutions are analyzed based on the Call Report statistics for several variables. However, because of the changing number of lending institutions required to file CRA reports, year-to-year changes in these institutions' activities are more difficult to interpret than they are for the Call Reports.

Large lending institutions (with total domestic assets of more than \$10 billion) are ranked and reported separately, under the assumption that they serve a national market. Rankings by state are made for all reporting lenders on the basis of the designated headquarters state of the reporting lending institutions. Two ranking methods are used, depending upon the availability of data. With lending institutions for which information on total assets and total business loans are available (those filing call reports), four criteria are used as the basis for a lender's performance ranking.

For state lending using the CRA data, lenders were listed in order of the dollar amount of small business loans made in each state in 2008; therefore, large institutions appear at the top. Simple rankings were used for multi-billion-dollar lending institutions because only a small number of lenders are involved.

This report was peer reviewed consistent with Advocacy's data quality guidelines. More informa-

tion on this process can be obtained by contacting the Director of Economic Research at advocacy@sba.gov or (202) 205-6533.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research. Copies are available for purchase from:

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