PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Releases Report on Small Business Lending Survey

The Federal Deposit Insurance Corporation (FDIC) today published a report on the findings of its Small Business Lending Survey, which collected data on how banks conduct their lending to small businesses. The report found that banks of different sizes approach small business lending differently, but that, overall, relationships are important for both small and large banks.

Small banks, defined in the report as those with assets of less than $10 billion, are more likely to focus on relationship-based practices to conduct small business lending. Large banks, those with assets of $10 billion or more, are more likely to rely on transaction-based methods. However, both small and large banks place importance on relationships with their small business borrowers, and small business lending by banks of all sizes is characterized by high-touch, staff-intensive interactions that are primarily at the local level.

“Small businesses comprise almost half of private-sector employment in the United States, and banks are the most common source of external credit for these businesses. Despite holding only 13 percent of banking industry assets, our data shows that community banks hold 42 percent of small business loans. In light of ongoing consolidation in the banking industry, banks’ ability to meet the credit needs of this important sector is of vital interest to the FDIC,” said FDIC Chairman Jelena McWilliams.

Topics in the survey included, but were not limited to, banks’ small business borrowers, market areas and competitive environments, competitive practices and advantages, and underwriting practices, including for loans to start-ups. Banks were also asked about their overall volume of small business lending to assess how well current reporting measures capture their actual lending to small businesses.

About 2,000 banks were selected at random to participate in the large-scale, nationally representative survey. Approximately 1,200 banks—more than one-sixth of all FDIC-insured institutions in the United States—ultimately responded, yielding a 60 percent survey response rate. The data was collected in 2016 and 2017.

More information can be found on the FDIC’s small business lending page, https://www.fdic.gov/sbls.

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