2016 SMALL BUSINESS CREDIT SURVEY

**WHO**
10,303 SMALL EMPLOYER FIRMS

**WHAT**
BUSINESSES, a majority of which have 1 to 4 employees and annual revenues of $1M or less

**WHERE**
ALL 50 STATES AND WASHINGTON DC

**WHEN**
Surveyed in FALL 2016

**WHY**
To learn about FINANCING and BUSINESS CONDITIONS of small firms

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**THE CRITERIA**

1. Profitable as of year-end 2015
2. Low credit risk (business or owner has good or excellent credit score)
3. Uses retained earnings (does not primarily use owner’s personal funds or credit to fund the business)

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**SMALL FIRM FINANCIAL HEALTH SPECTRUM**

- **HEALTHY**
  - Meet all 3 criteria
  - 30%

- **STABLE**
  - Meet 2 of 3 criteria
  - 33%

- **AT RISK**
  - Meet 1 of 3 criteria
  - 27%

- **DISTRESSED**
  - Meet none of the criteria
  - 10%

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**DEMAND FOR FINANCING AND FINANCING OUTCOMES**

- Applied for financing: 45%
- Received some: 16%
- Received all: 18%
- Received none: 10%
- Funding needs met: 42%
- Funding shortfall: 26%
- Debt averse: 14%
- Sufficient financing: 24%
- Discouraged: 9%
- Didn’t apply for financing: 55%
- Other: 8%
- May have unmet funding needs: 31%

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**WHERE FIRMS APPLIED FOR LOANS AND LINES OF CREDIT, WERE APPROVED, AND WERE SATISFIED**

- **APPLICATION RATE**
  - LARGE BANK: 50%
  - SMALL BANK: 46%
  - ONLINE LENDER: 21%
  - CREDIT UNION: 11%
  - CDFI: 6%

- **APPROVAL RATE**
  - LARGE BANK: 77%
  - SMALL BANK: 67%
  - ONLINE LENDER: 62%
  - CREDIT UNION: 54%
  - CDFI: 46%

- **NET SATISFACTION**
  - LARGE BANK: 77%
  - SMALL BANK: 75%
  - ONLINE LENDER: 75%
  - CREDIT UNION: 47%
  - CDFI: 26%

* Share approved for at least some credit.
** Among approved firms, the share satisfied minus the share dissatisfied.

Source: Small Business Credit Survey, Federal Reserve Banks