



Federal Reserve Bank
of San Francisco

Small Business Credit Survey Results

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CAMEO Microlender Forum; Sept. 29, 2021

2020 Small Business Credit Survey

- Survey responses were collected from employer firms in September and October 2020
- In California, there were 354 responses for the 2020 SBCS
- Nationwide, there were 9,693 responses

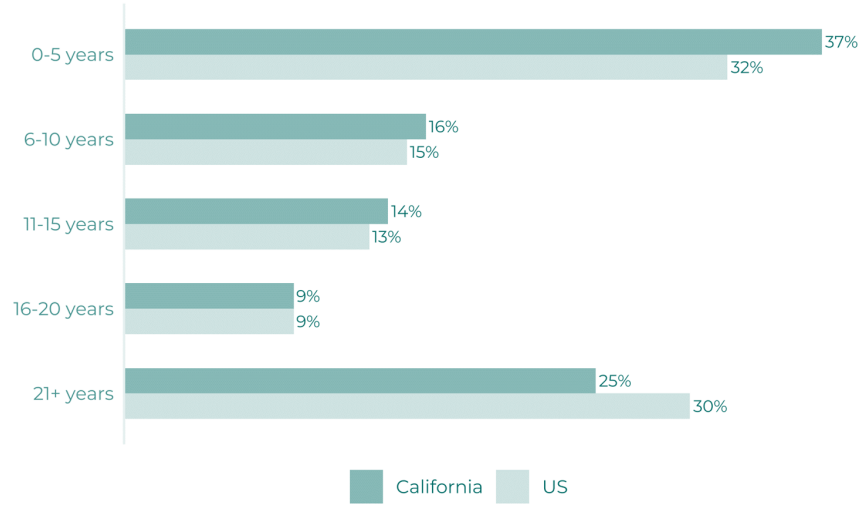
2021 Survey is LIVE!

Small business owners can take the survey at:

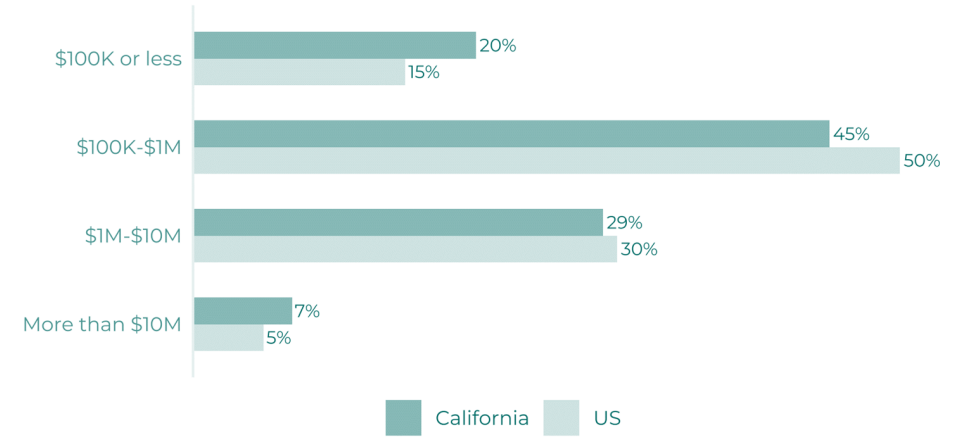
http://frb.col.qualtrics.com/jfe/form/SV_9FfRVIJv9ABKFq6?reserve_bank=SF&orgid=SFfed

California Employer Firms

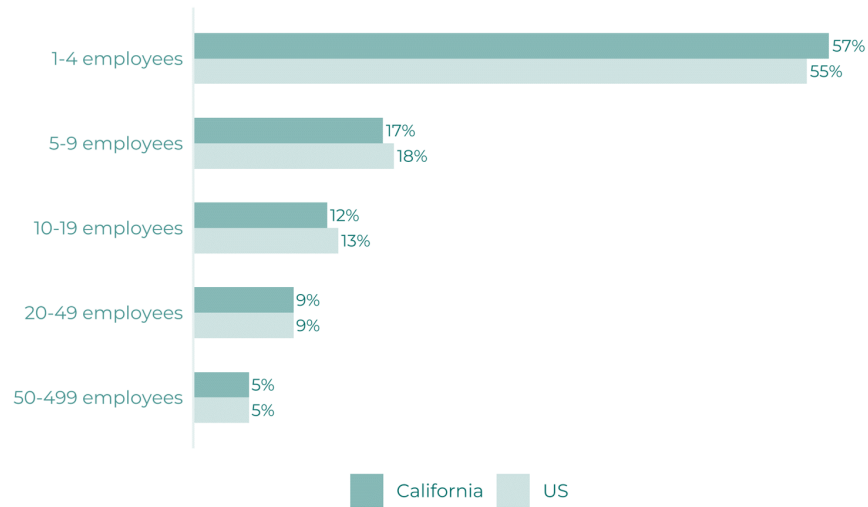
Age of firm



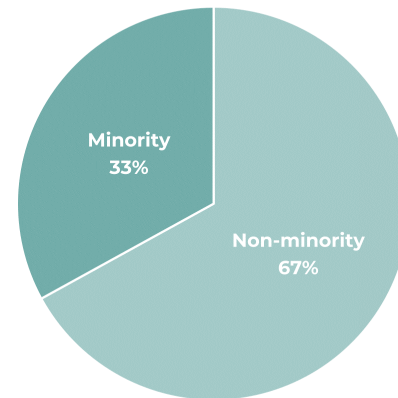
Annual revenue



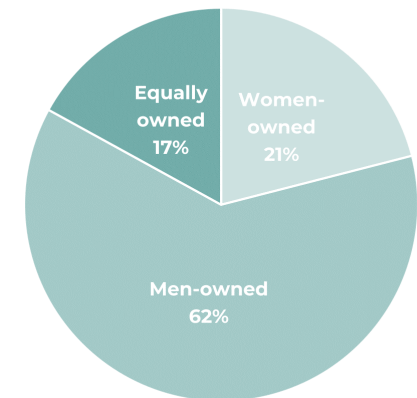
Number of employees



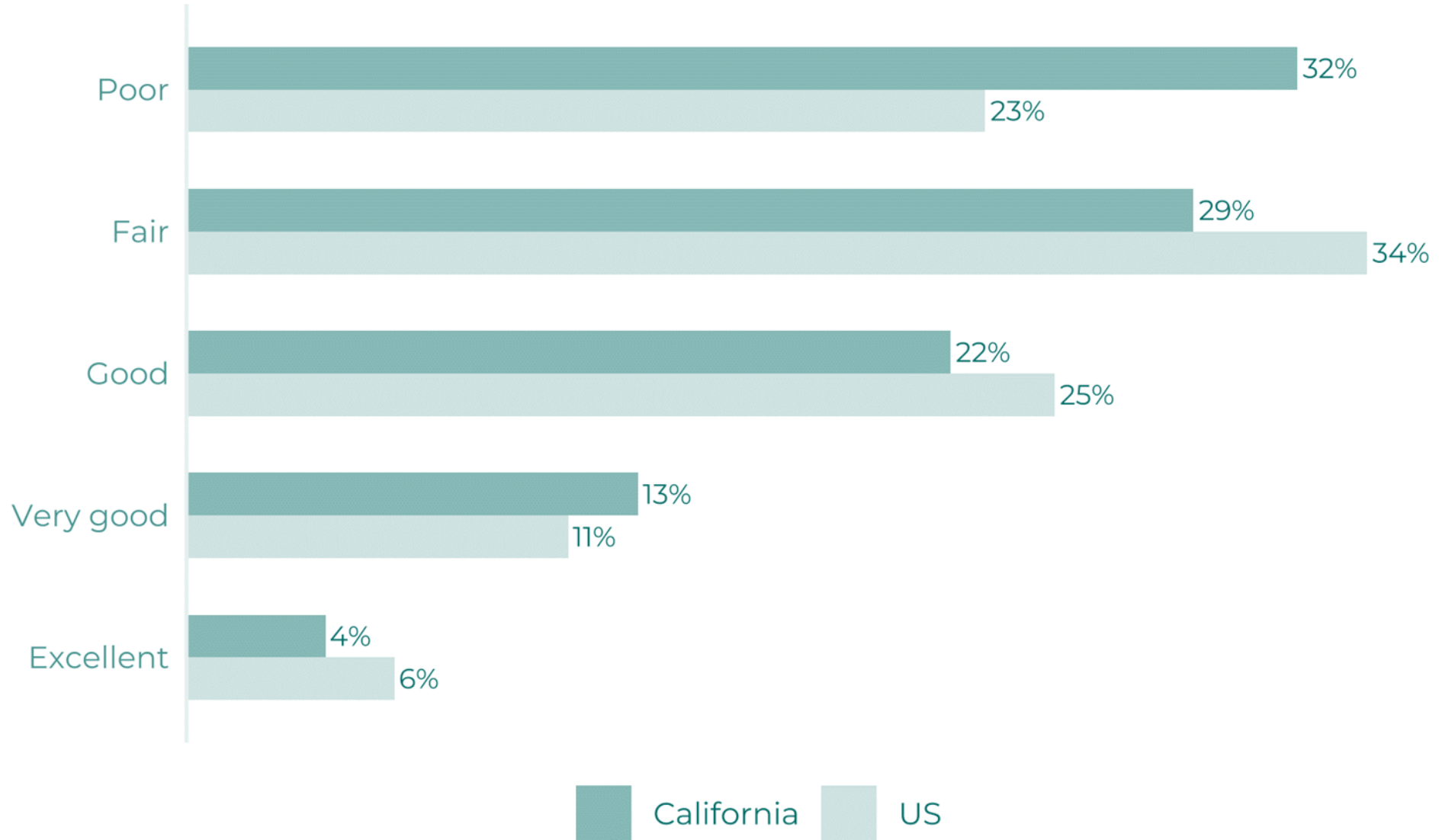
Minority status of ownership



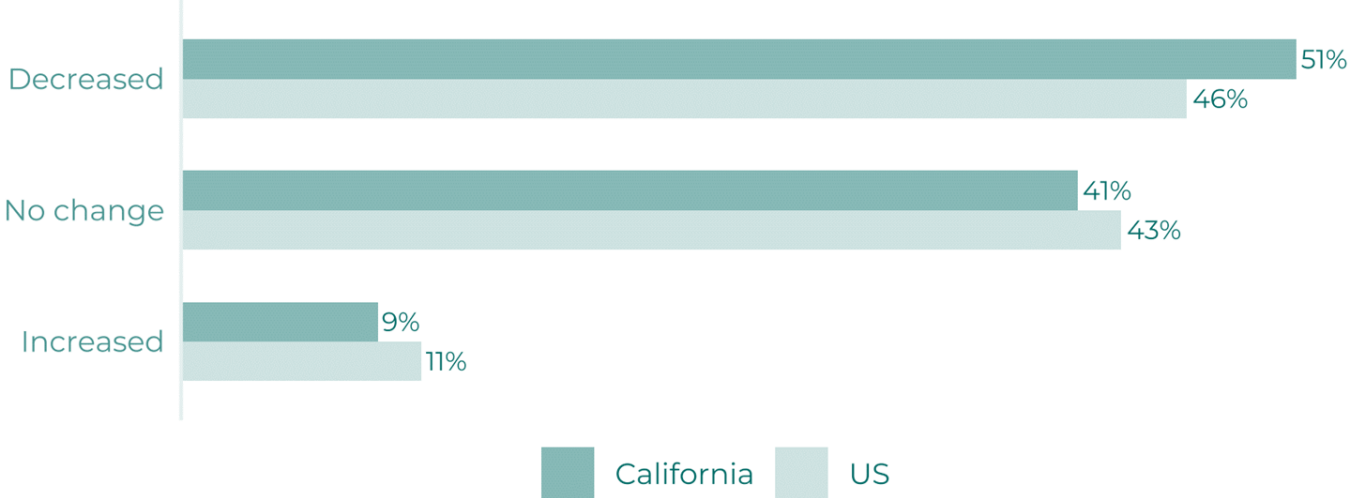
Gender of owner(s)



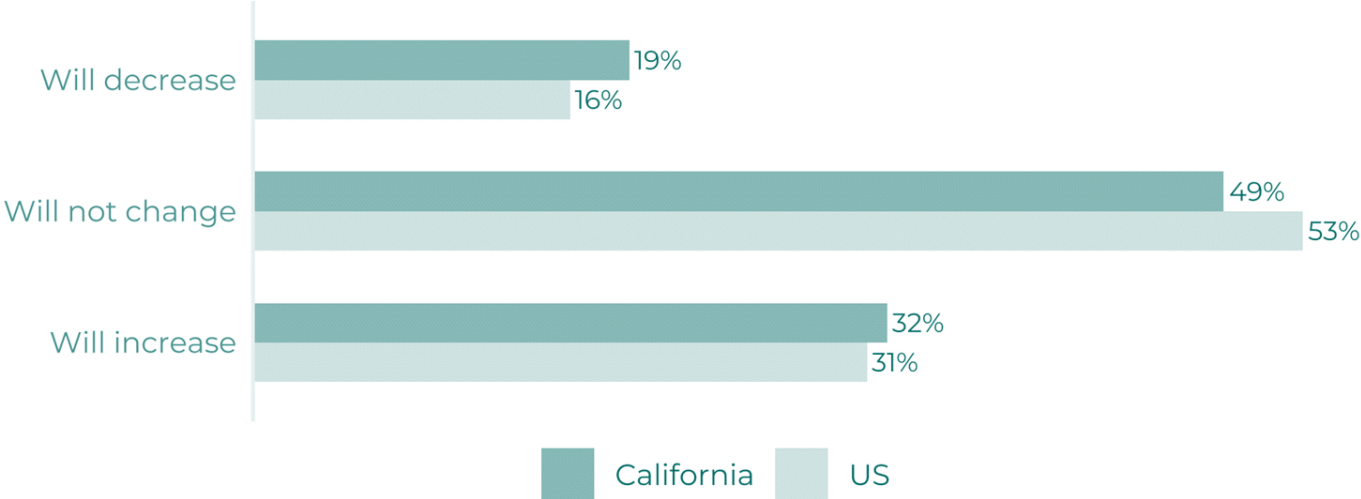
Current financial condition



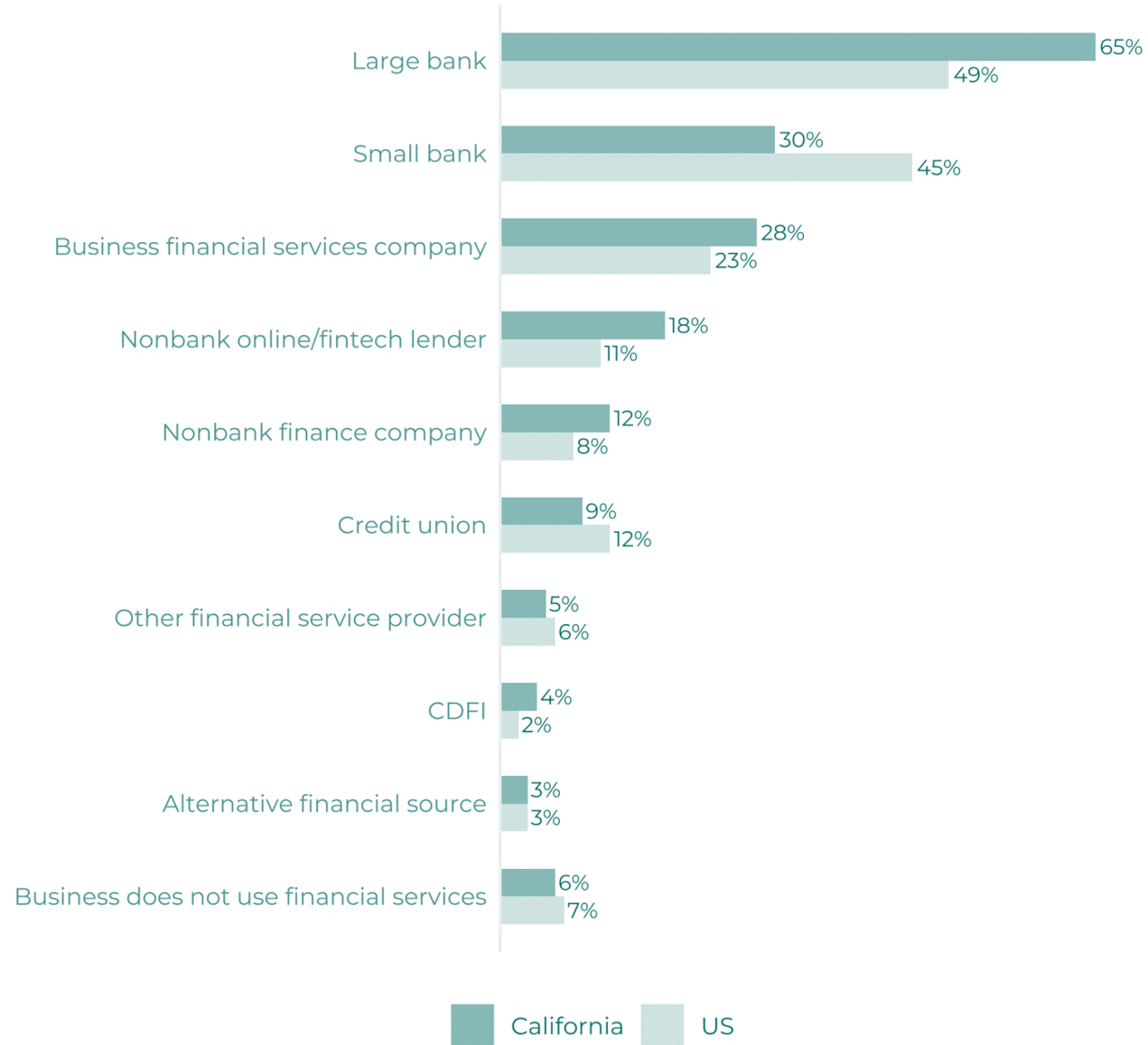
Change in number of employees, prior 12 months



Expected employment change, next 12 months

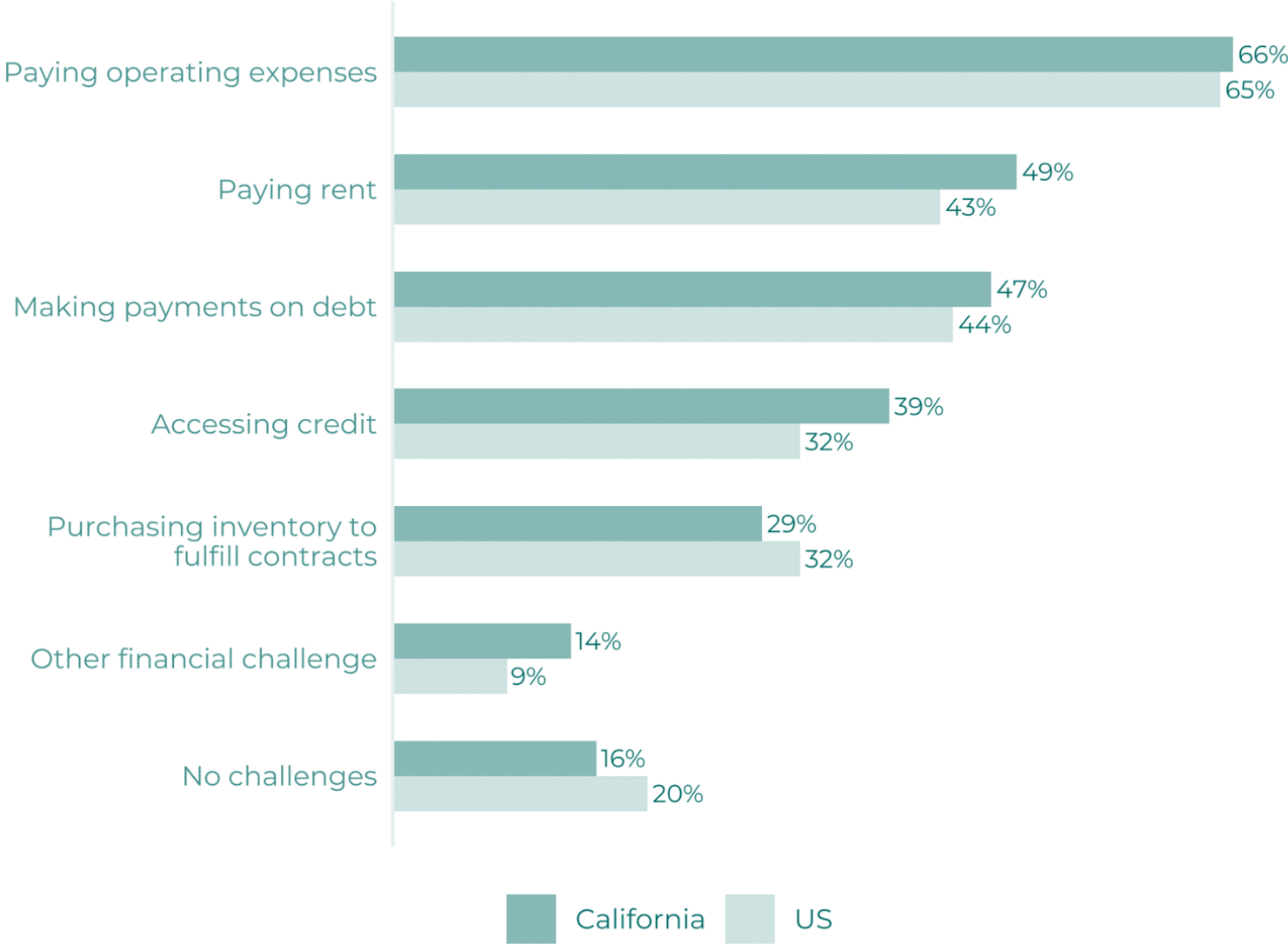


Use of financial services



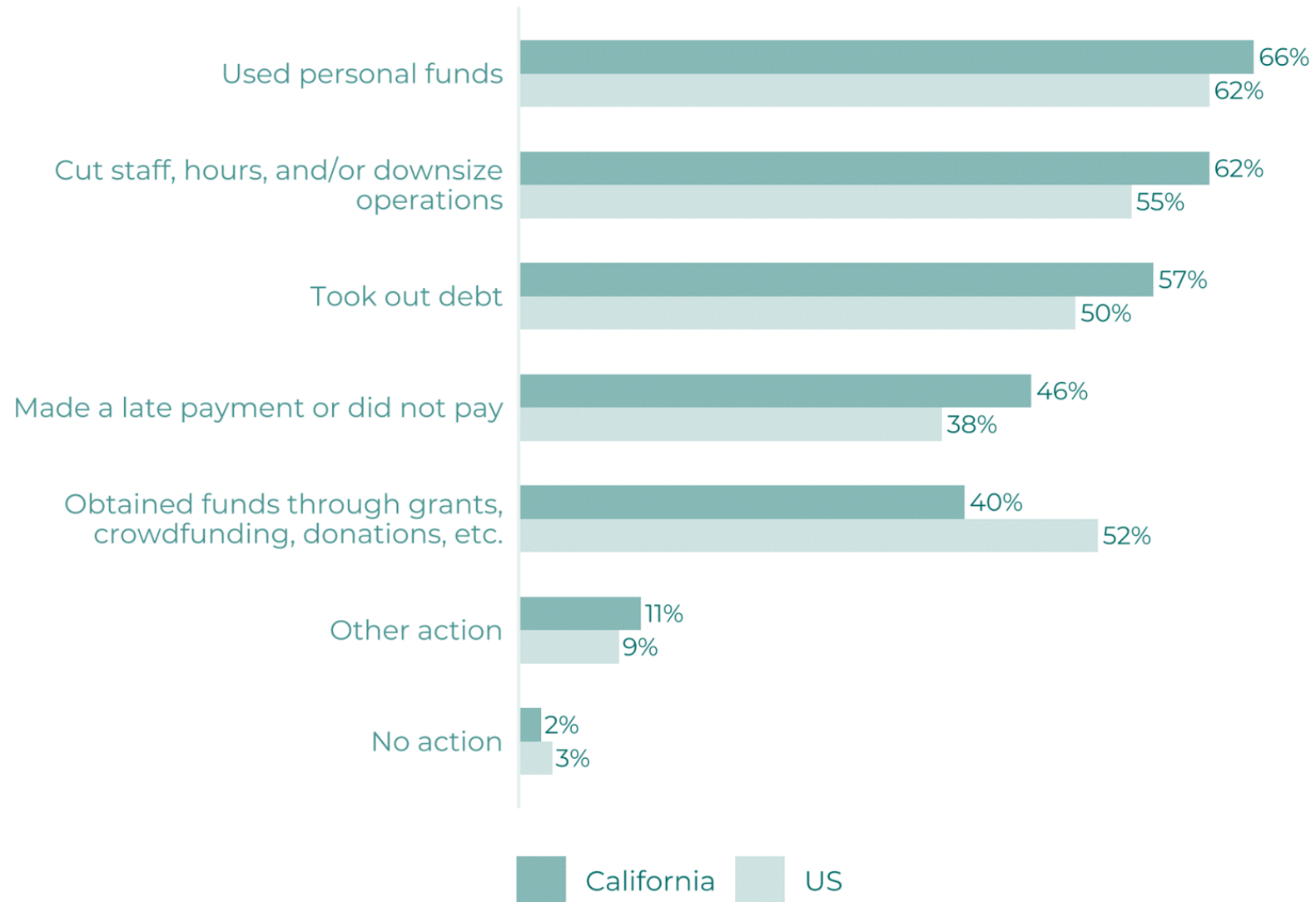
Respondents could select multiple options.

Financial challenges experienced in the last 12 months



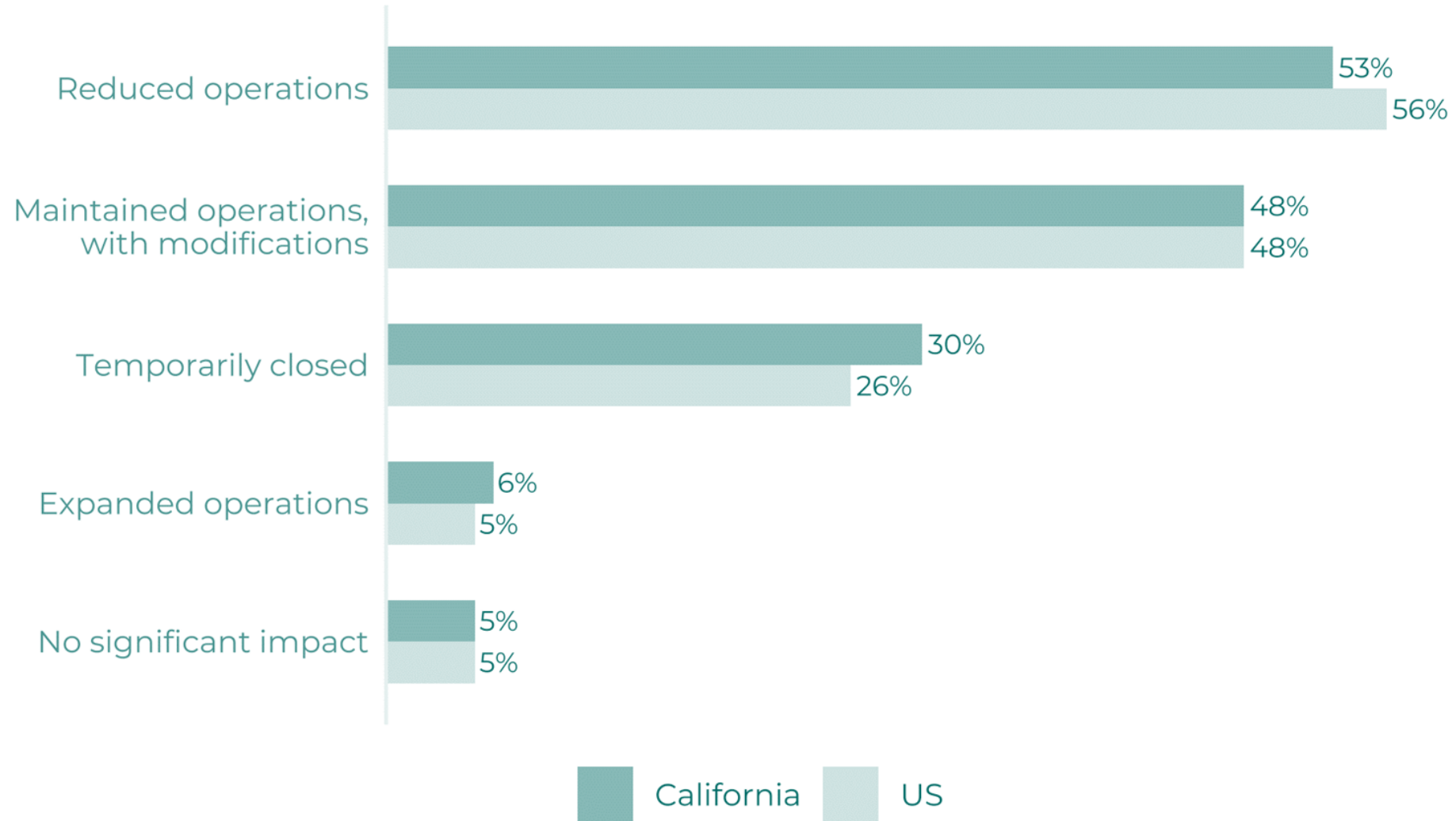
Respondents could select multiple options.

Actions taken by firms reporting financial challenges, prior 12 months



Respondents could select multiple options.

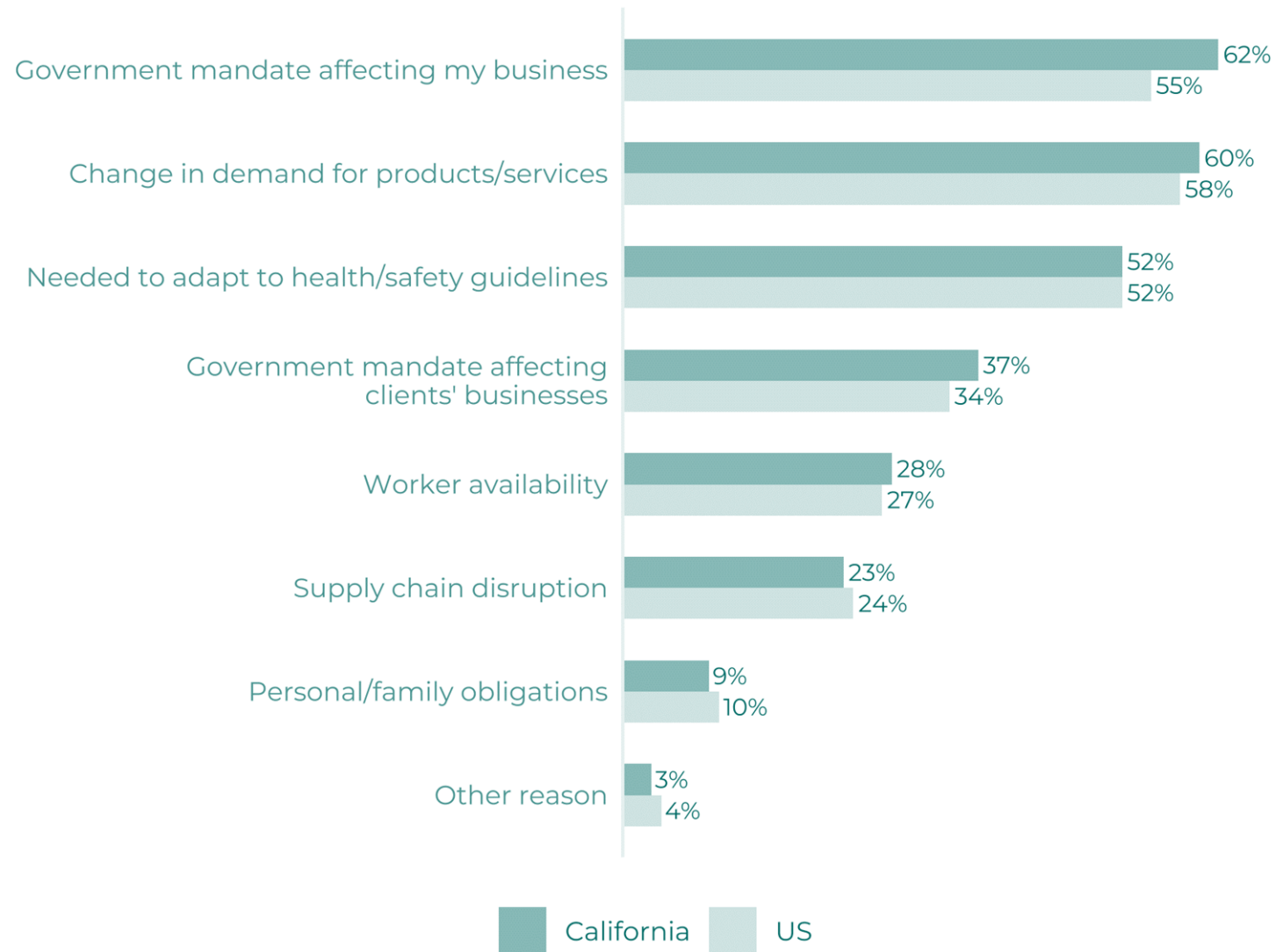
How has the COVID-19 Pandemic impacted your business?



Respondents could select multiple options.

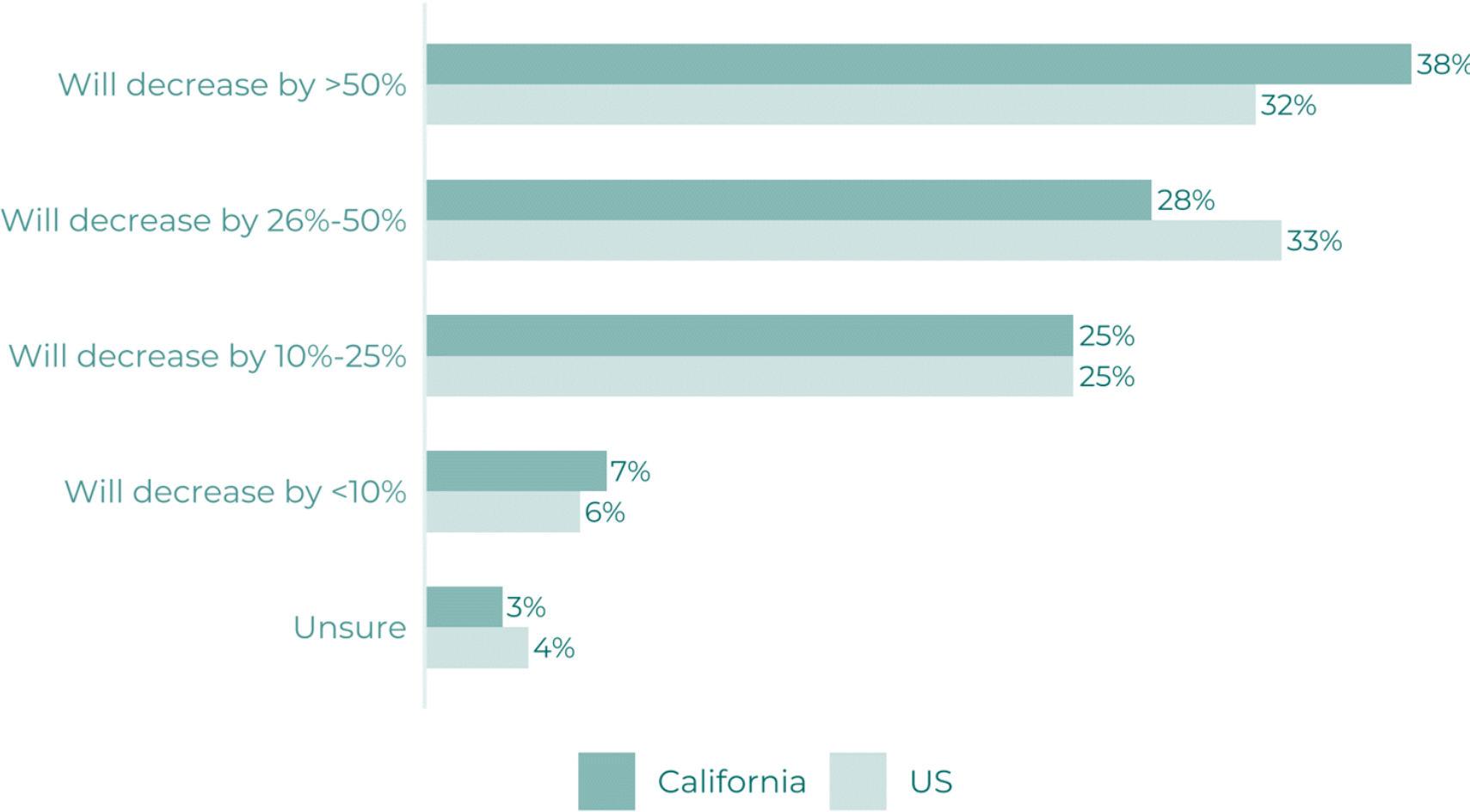


Why did your business close or modify operations during the pandemic?



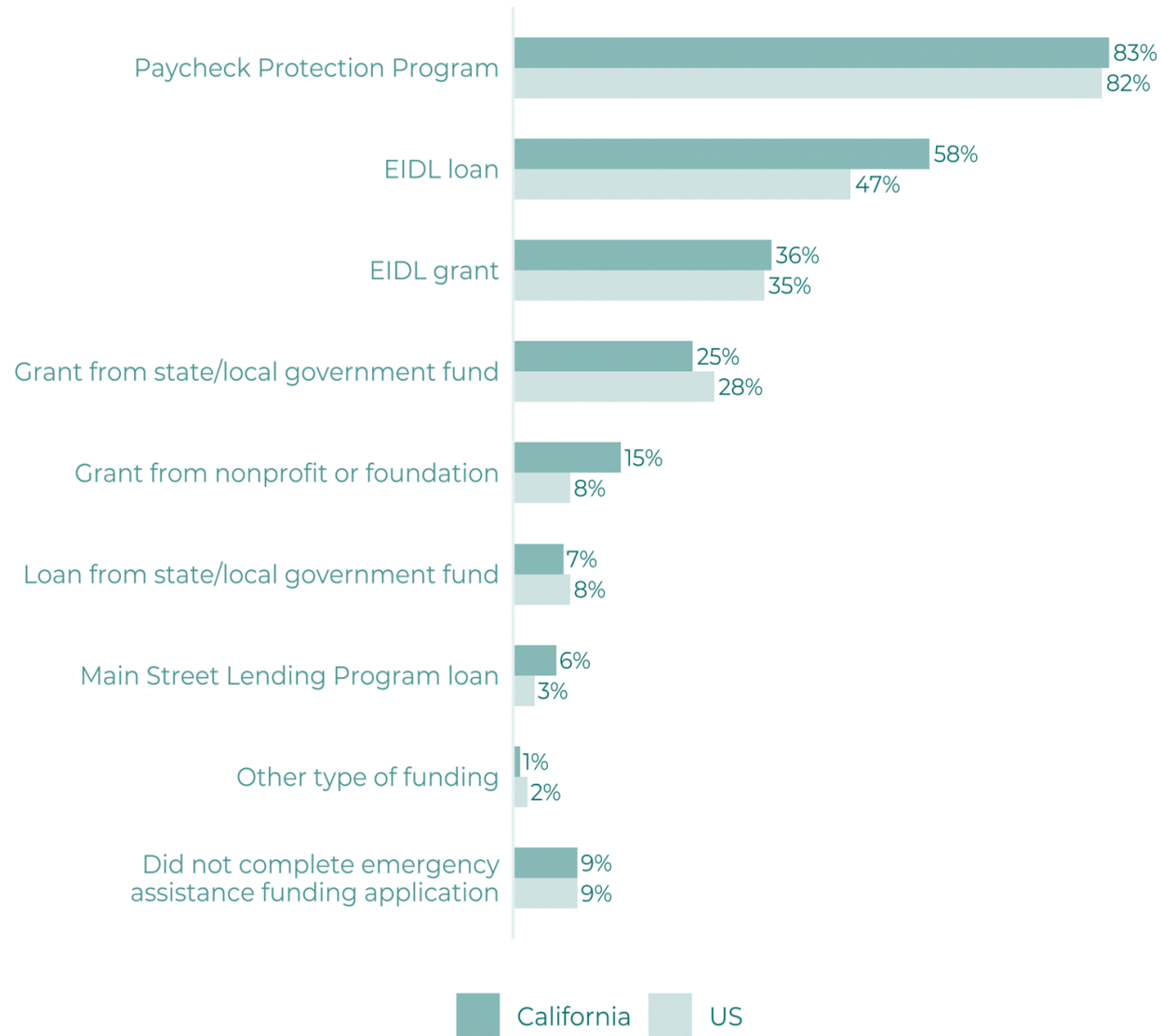
Respondents could select multiple options.

If sales revenue is expected to decrease due to the COVID-19 pandemic, what do you expect will be the effect?



Applications for emergency assistance funds

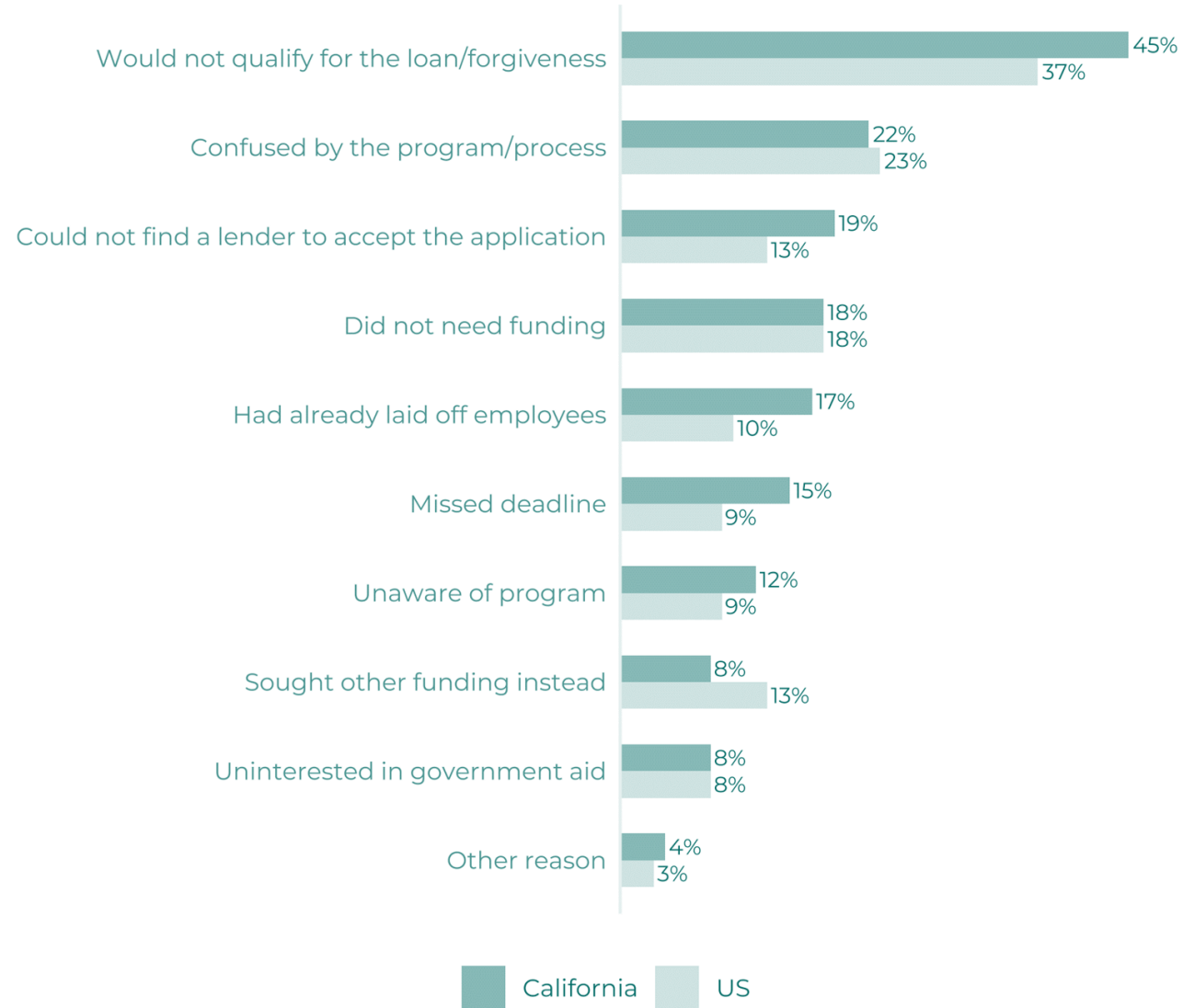
Among businesses that applied for pandemic-related emergency assistance funding



Respondents could select multiple options.

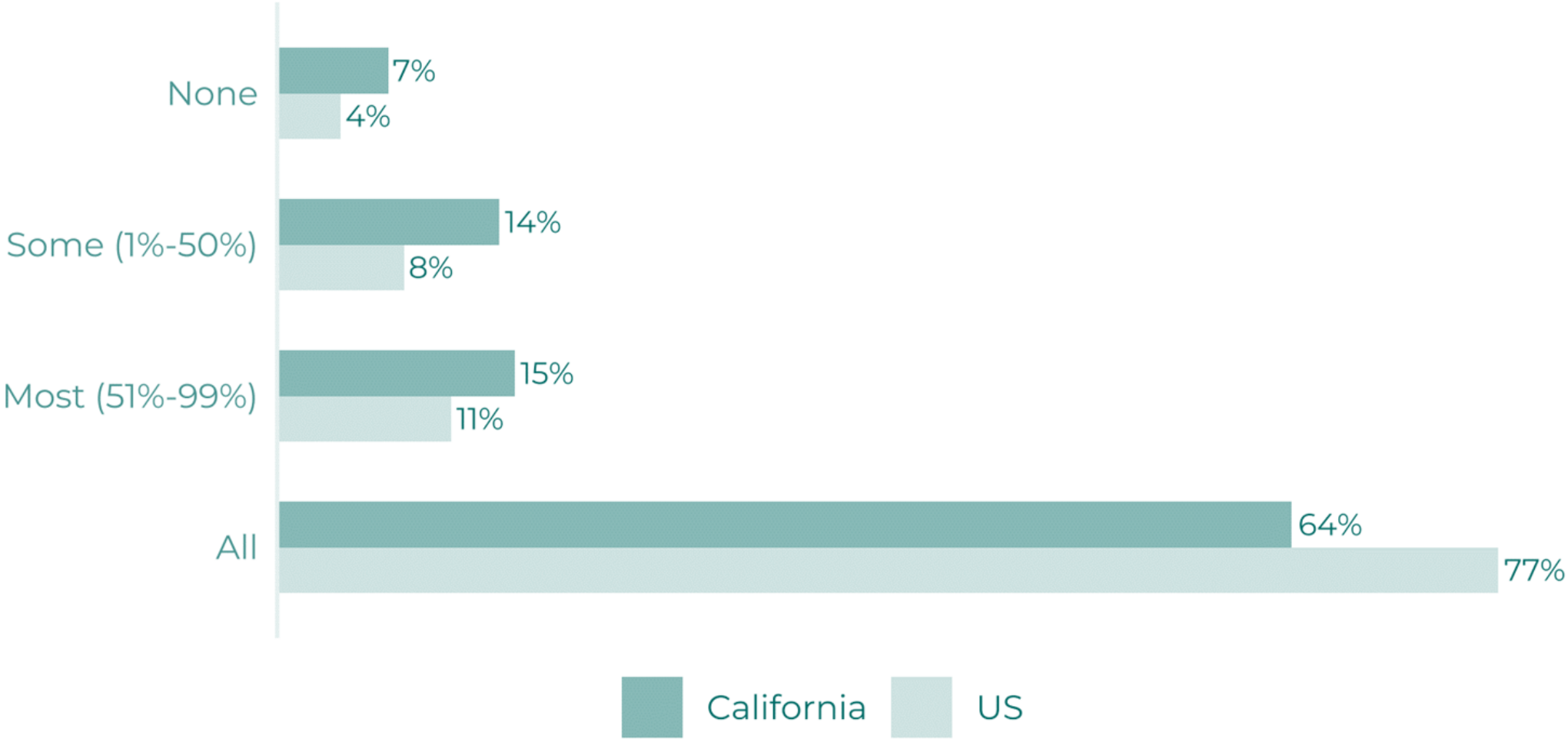
Reasons businesses did not apply for a PPP loan

Among businesses that did not apply for PPP



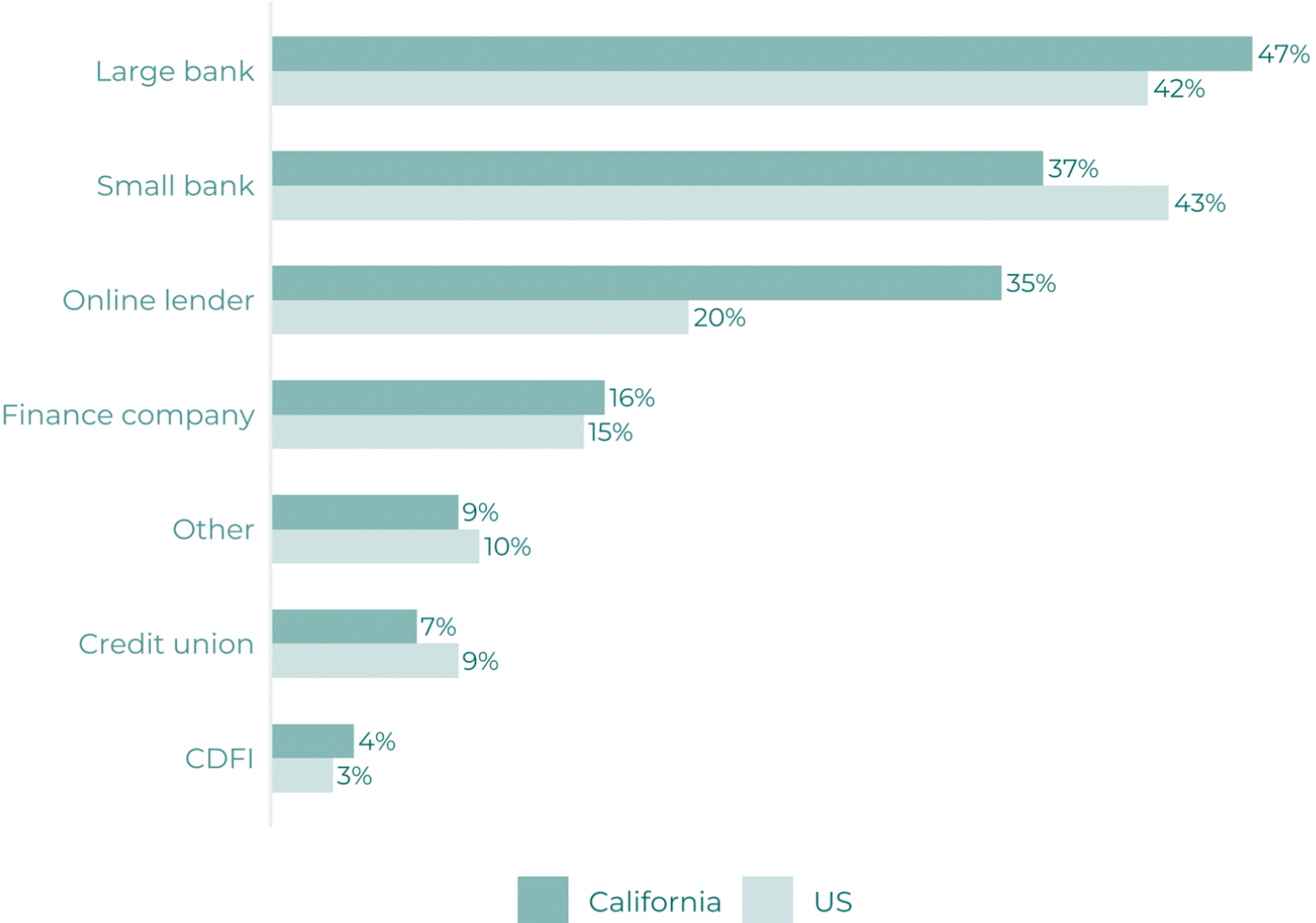
Respondents could select multiple options.
Survey question had fewer than 100 responses for the state of California.

PPP funding received



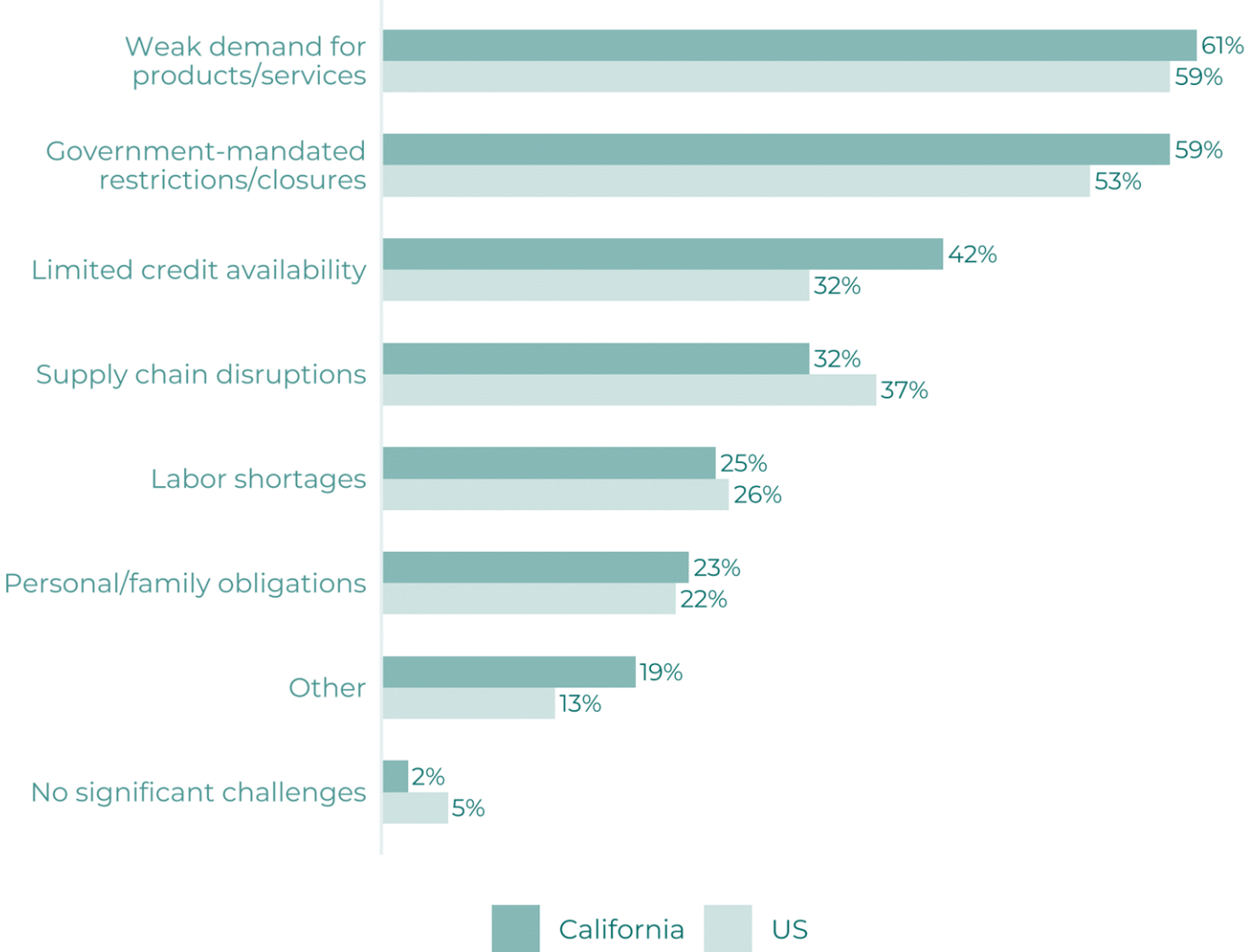
Credit sources applied to

Among businesses that applied for PPP



Respondents could select multiple options.

Over the next 12 months, what challenges do you expect your business will face as a result of COVID-19?

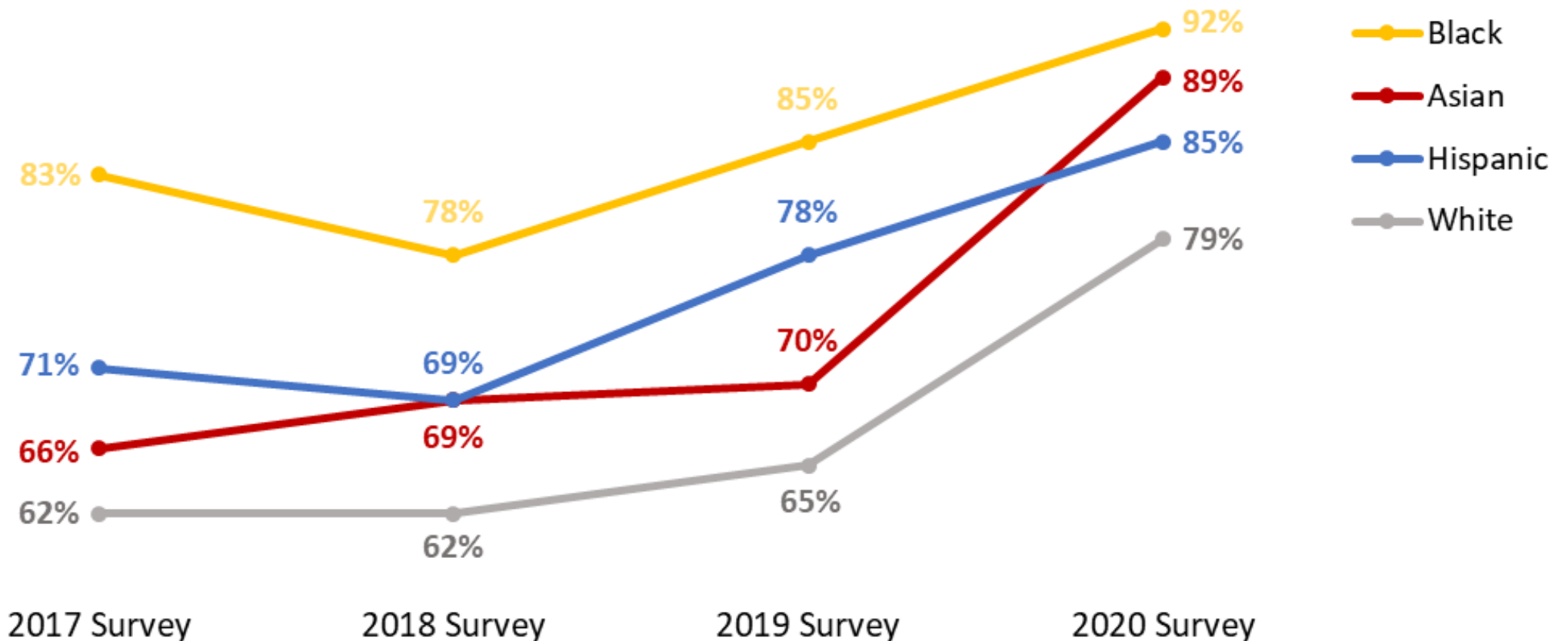


Respondents could select multiple options.

Firms Owned by People of Color (National Data)

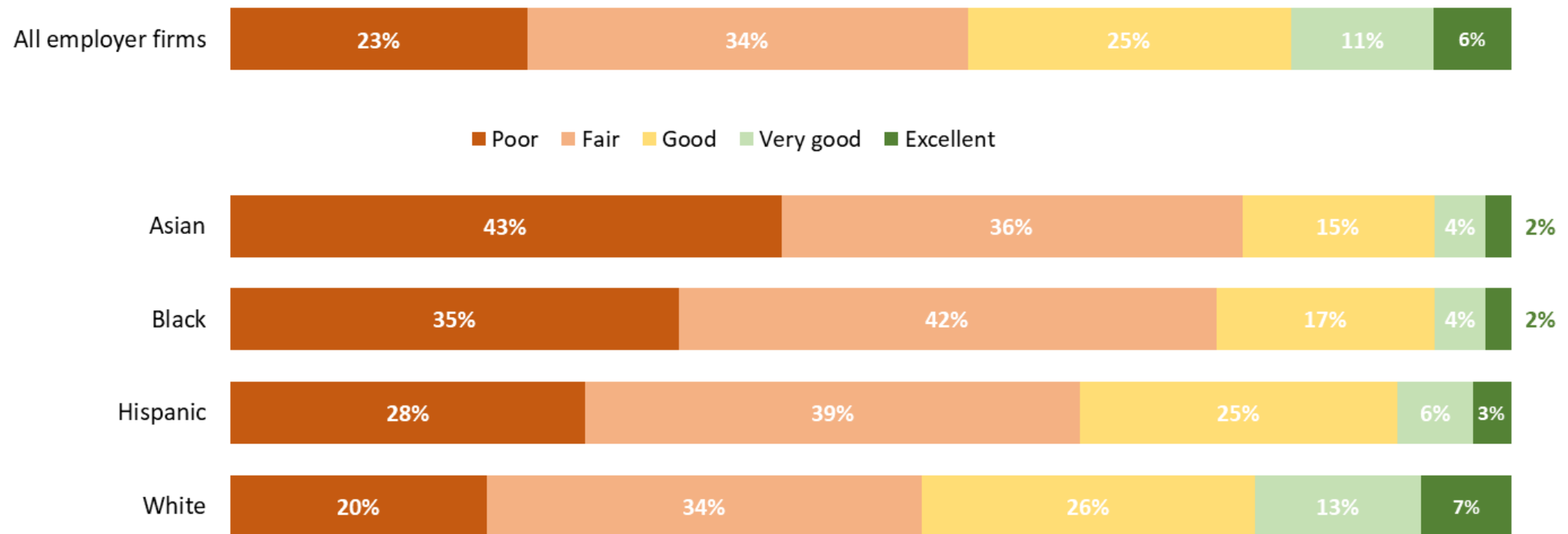
Firms owned by people of color reported more financial challenges than White-owned firms

Financial Challenges by Race and Ethnicity of Owner(s), Prior 12 Months
(percent of employer firms)



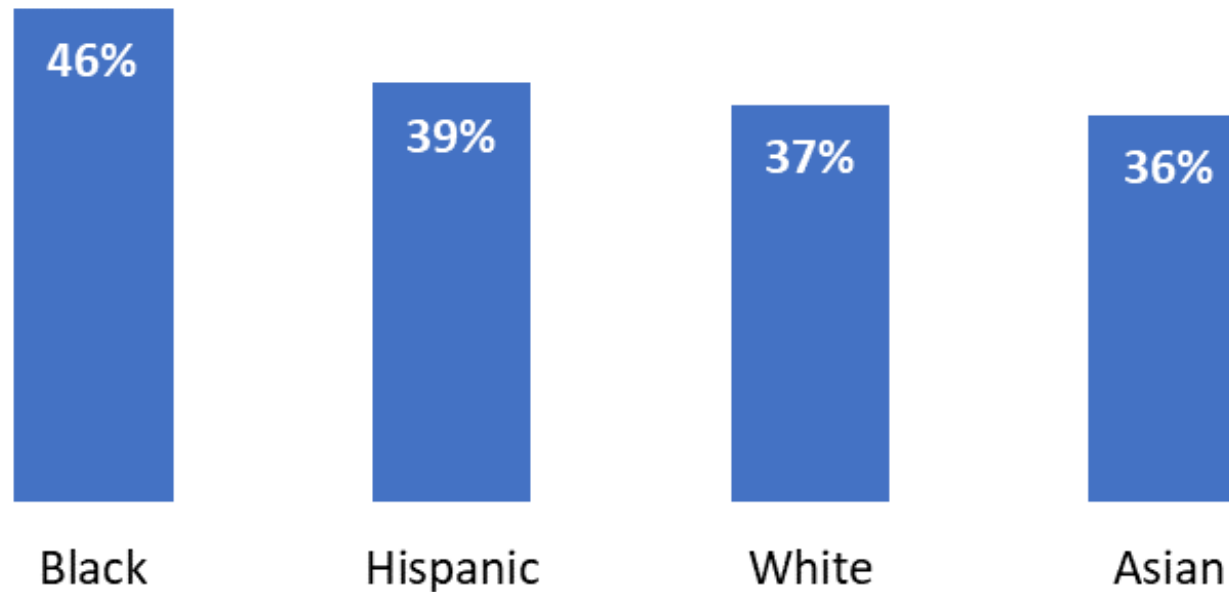
Firms owned by people of color were in weaker financial condition than white-owned firms at the time of survey

Financial Condition by Race and Ethnicity of Owner(s), At time of survey
(percent of employer firms)



Black-owned firms were most likely to seek financing

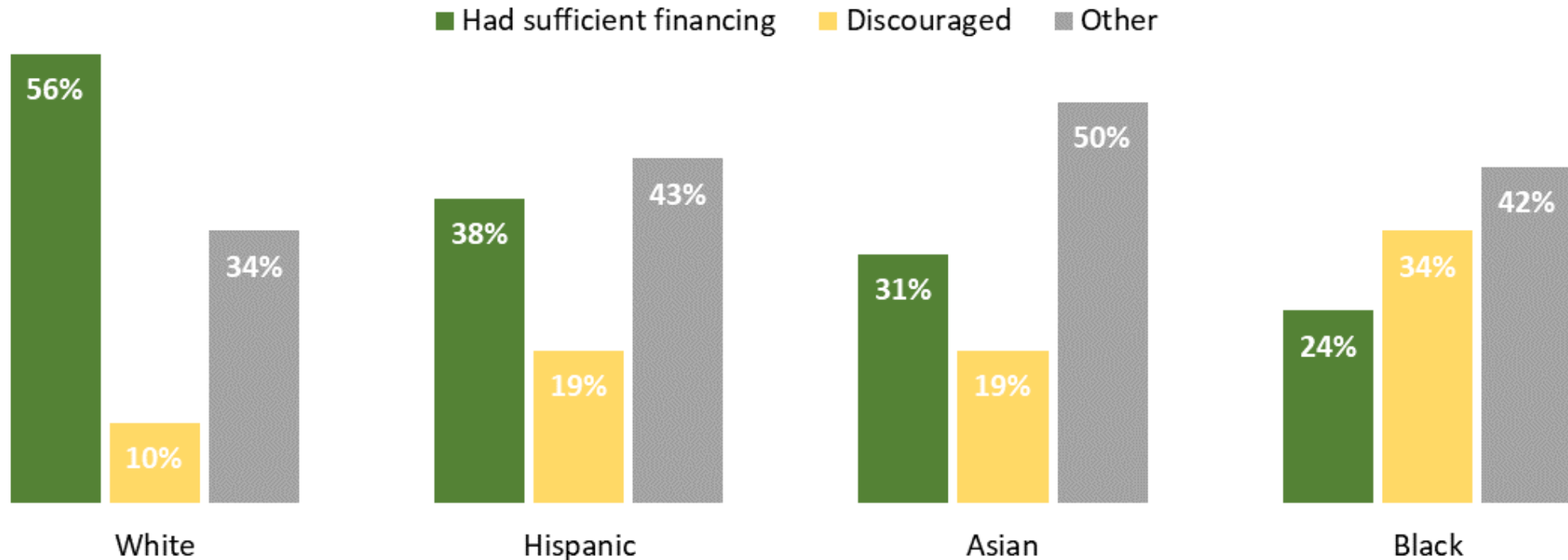
Share that Applied for Financing, by race/ethnicity of firm ownership
(percent of employer firms)



Note: Applications shown exclude PPP and other pandemic-related emergency funding applications

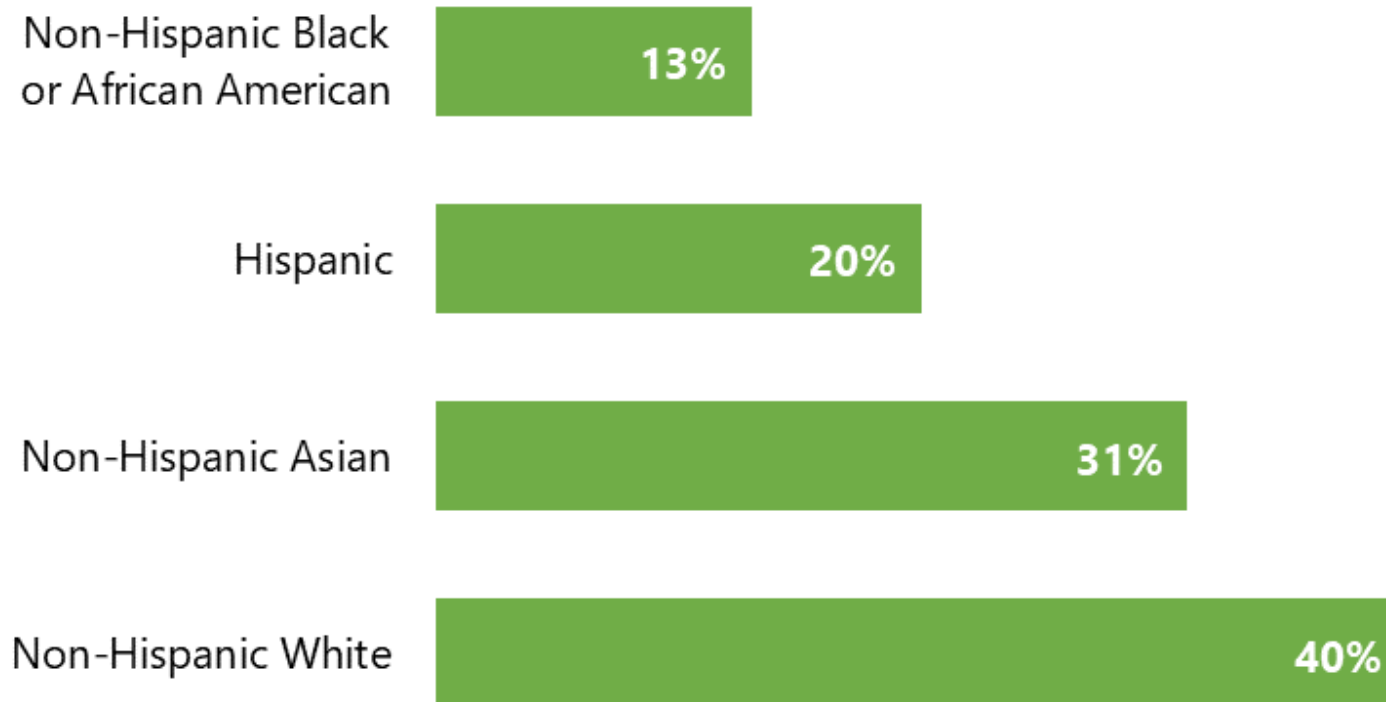
Firms of color often chose not to apply for financing despite needing it

Reasons Firms Did Not Apply for Financing, by race/ethnicity of firm ownership
(percent of nonapplicants)



Firms owned by people of color were less likely than White-owned firms to receive all of the financing they sought

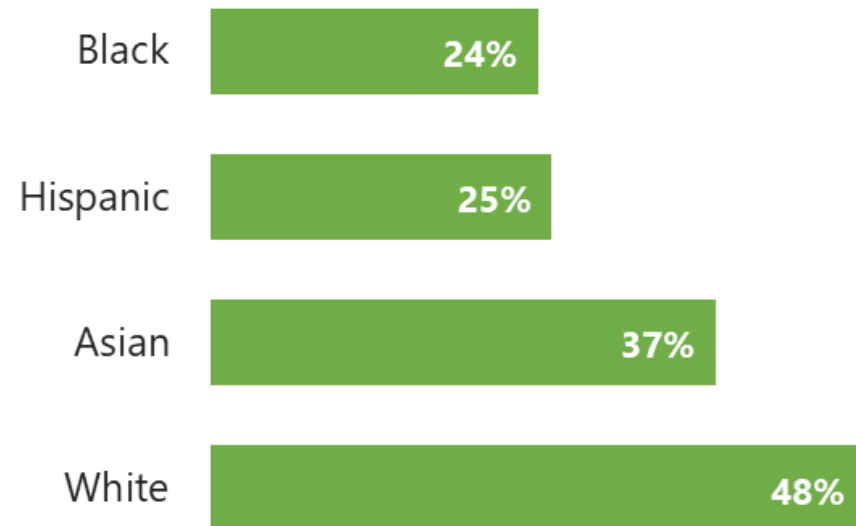
Share Receiving All Financing Sought, by race/ethnicity of firm ownership
(percent of applicants; excludes emergency funding)



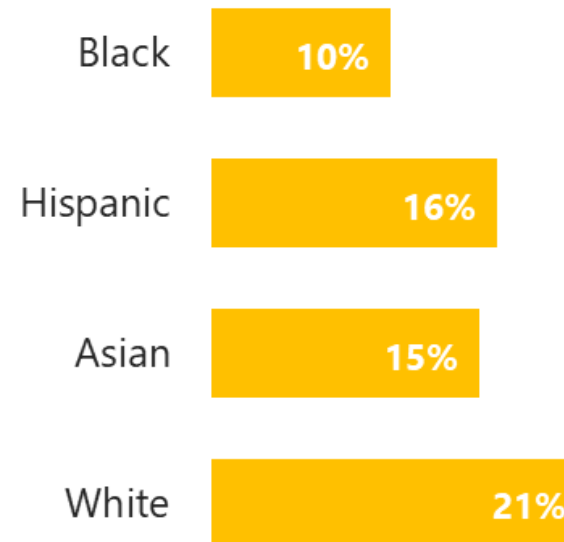
Firms owned by people of color were less likely than White-owned firms to receive all of the financing they sought

Share Receiving All Financing Sought, by credit risk and race/ethnicity of firm ownership
(percent of employer firm applicants)

Low Credit Risk



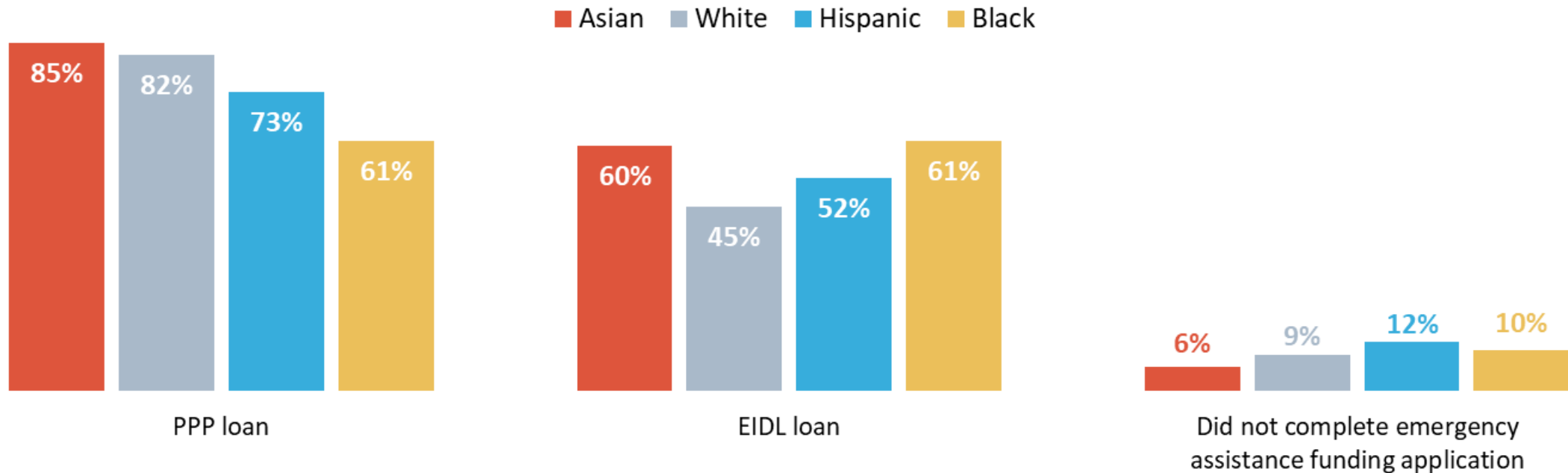
Medium/High Credit Risk













Note: Credit risk is determined by the self-reported business credit score or personal credit score, depending on which is used for the business: “low credit risk” (80–100 business score or 720+ personal score); “medium credit risk” (50–79 business score or 620–719 personal score); or “high credit risk” (1–49 business score or <620 personal score)

Hispanic- and Black-owned firms were less likely than White- and Asian-owned businesses to apply for a PPP loan

Applications for Emergency Assistance Funds, by race/ethnicity of the owner(s)
(percent of employer firm applicants)

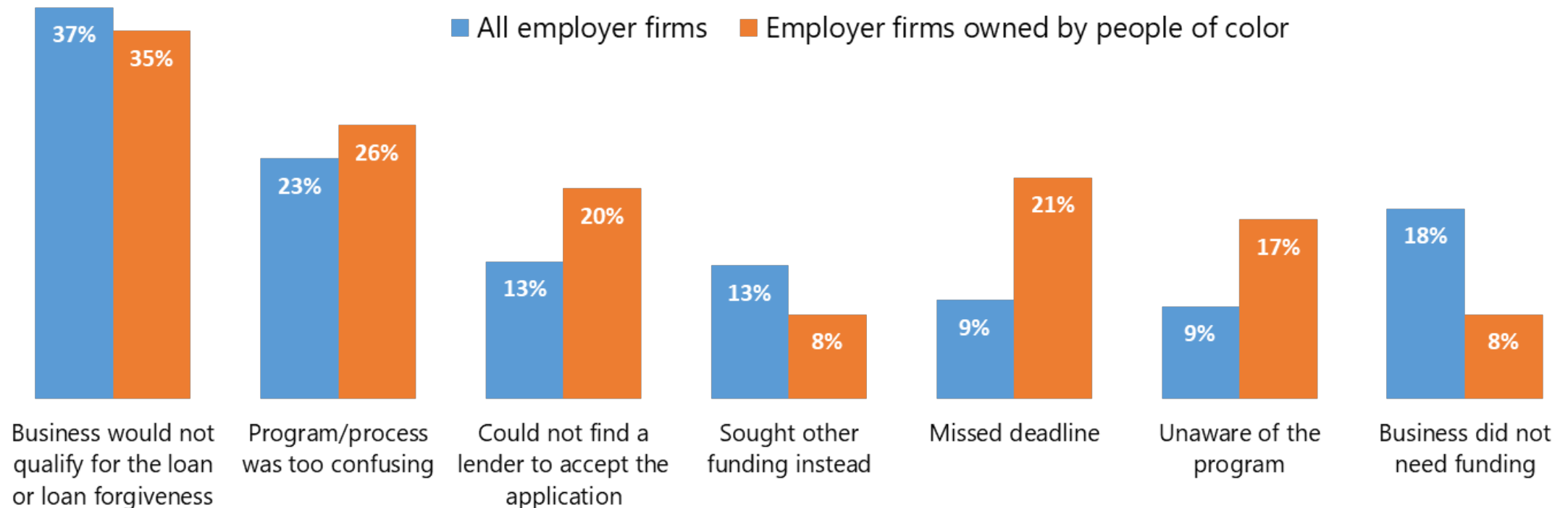


PPP application rates and outcomes varied by firm owners' race and ethnicity

	<i>Share of firms that applied for PPP funding</i>	<i>Share of PPP applicants that received <u>all</u> of the PPP funding they sought</i>
All employer firms	 82%	 77%
<i>Employer firms by owners' race/ethnicity:</i>		
White	 82%	 79%
Asian	 85%	 68%
Hispanic	 73%	 61%
Black	 61%	 43%

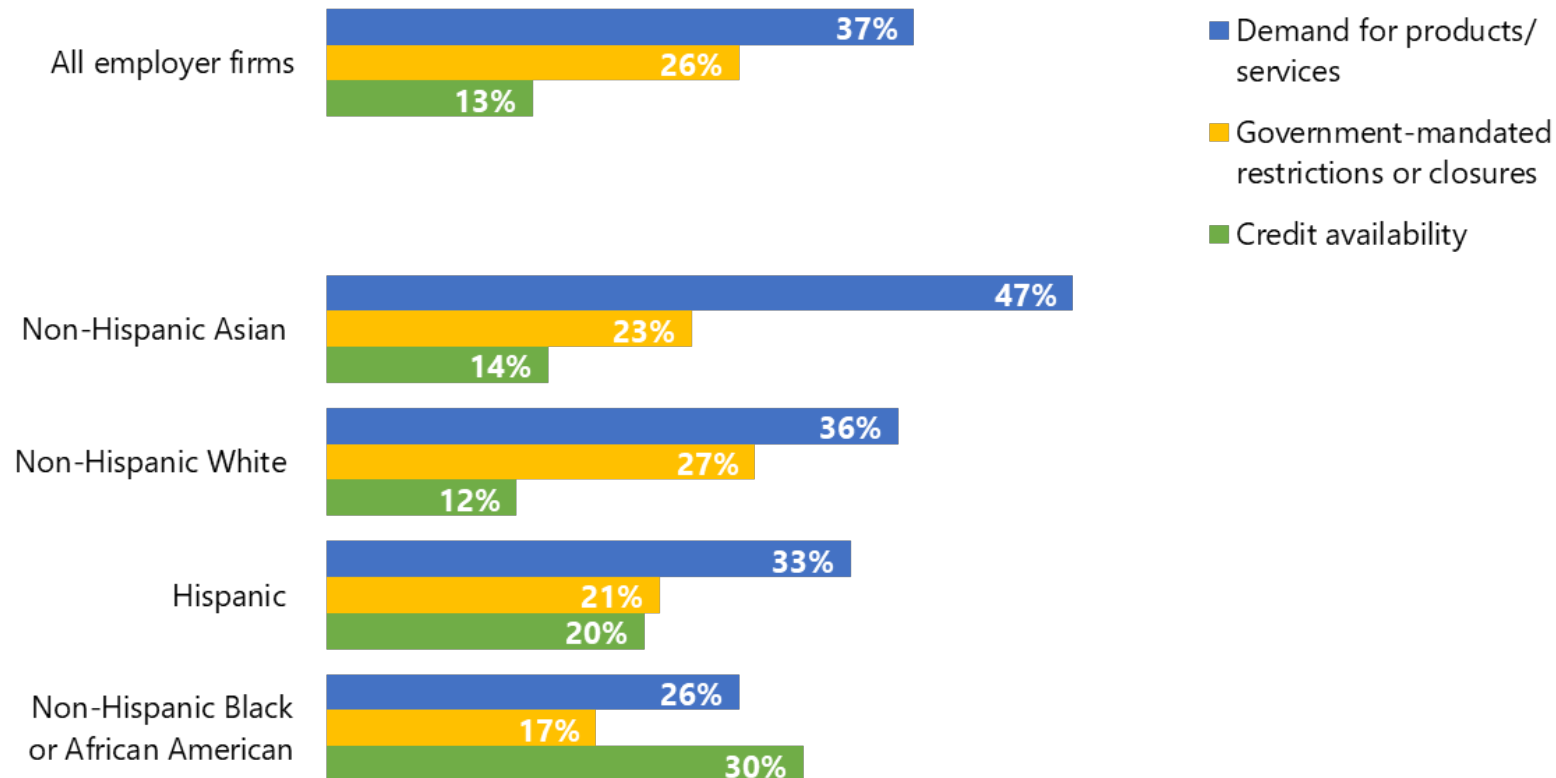
Firms that did not seek PPP loans most often cited concerns about qualifying for the loan or loan forgiveness

Reasons Firms Did Not Apply for a PPP Loan, *Top Reasons*
(percent of employer firm PPP nonapplicants)



Firms were most concerned about demand, but the top expected challenge varied by owner's race or ethnicity

Single Most Important Challenge Firms Expect to Face as a Result of the Pandemic, Next 12 Months (percent of employer firms that expected a challenge due to the pandemic)



More information

More information on the Small Business Credit Survey is available at www.fedsmallbusiness.org

- Past/present reports
- Data files
- Questionnaires

Reports from the 2020 SBCS:

- *Small Business Credit Survey 2021 Report on Employer Firms* (February 2021)
- *Small Business Credit Survey 2021 Report on Firms Owned by People of Color* (April 2021)
- *Small Business Credit Survey 2021 Report on Nonemployer Firms* (August 2021)



SMALL BUSINESS CREDIT SURVEY



Small-business owners,
help inform decisions that will impact the future
of for-profit small businesses like yours.

- *Did your business seek financing such as loans or lines of credit in the last 12 months?*
- *How would you rate the financial condition of your business?*
- *What effect is the COVID-19 pandemic currently having on your business?*

Take the survey:

http://frb.col.qualtrics.com/jfe/form/SV_9FfRVIJv9ABKFq6?reserve_bank=SF&orgid=SFfed

The annual survey is open to all for-profit businesses with fewer than 500 employees. The survey closes November 19, 2021.

Learn more: fedsmallbusiness.org



FEDERAL RESERVE BANKS

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New York • Philadelphia • Richmond • St. Louis • San Francisco

Upcoming Events

Oct 7, 12-1 PT: Enduring a Global Pandemic: The Stats and the Story Behind Small Businesses' Journey through COVID-19 (more from SBCS)

<https://bsr.stlouisfed.org/connectingcommunities/>

Oct 14, 10-1 PT: Equitable Access to Small Business Credit

<https://www.frbsf.org/our-district/events/equitable-access-small-business-credit-oct-2021/>





Federal Reserve Bank
of San Francisco

Thank you

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