

SMALL BUSINESS CREDIT SURVEY

**2023 Report on Employer Firms:
Findings from the 2022
Small Business Credit Survey**

*USC Capital Access Workshop
June 22, 2023*

The views expressed do not necessarily represent those of the Federal Reserve Bank of San Francisco or the Federal Reserve Board of Governors.



Background on the SBCS

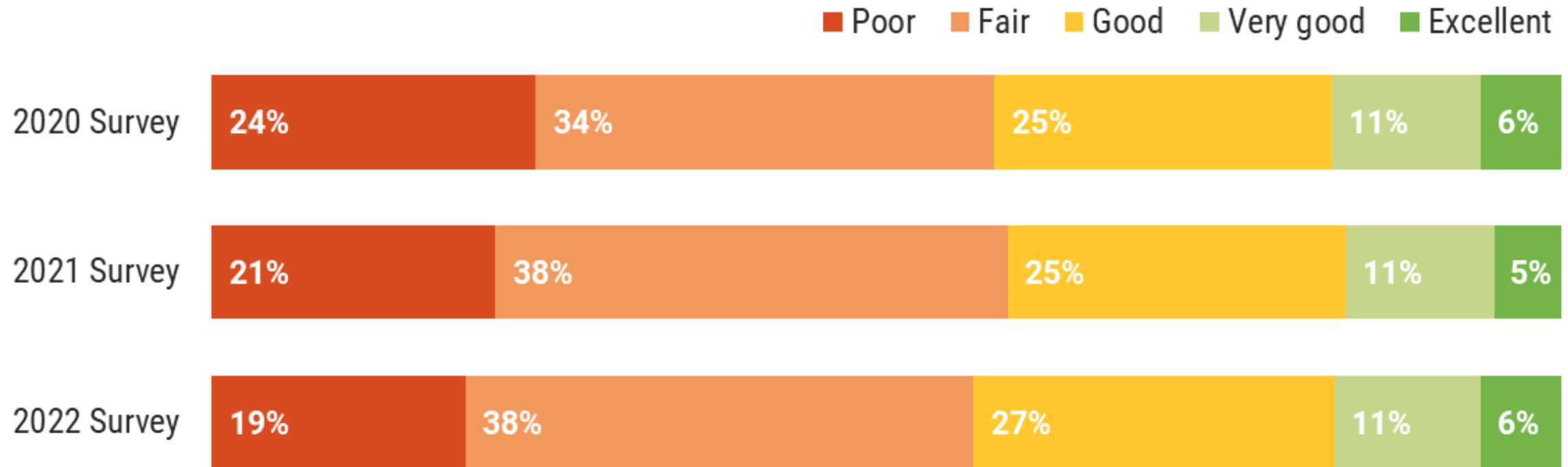
- The Small Business Credit Survey (SBCS) is a national online survey administered annually through a collaboration of the 12 Reserve Banks
- The questionnaire, which focuses on business performance, financing needs, and emerging issues, is distributed to small businesses through a network of local, regional, and national nonprofit partner organizations
- The 2022 survey was administered from September 8 to November 18, 2022, gathering responses from nearly 14,000 small businesses across the country
- The 2023 survey will launch in early September; please help by taking the survey, or sharing it with a small businesses you know!

Key findings for employer firms: Still a credit gap

- Small businesses continue to face operational and financial challenges
- With the end of pandemic-related government funding programs, applications for traditional financing have increased
- While approval rates for the most common types of traditional financing have improved year-over-year, the share of applicants fully approved remains lower than prior to the pandemic
- Firms owned by people of color are less likely to be approved than white-owned firms

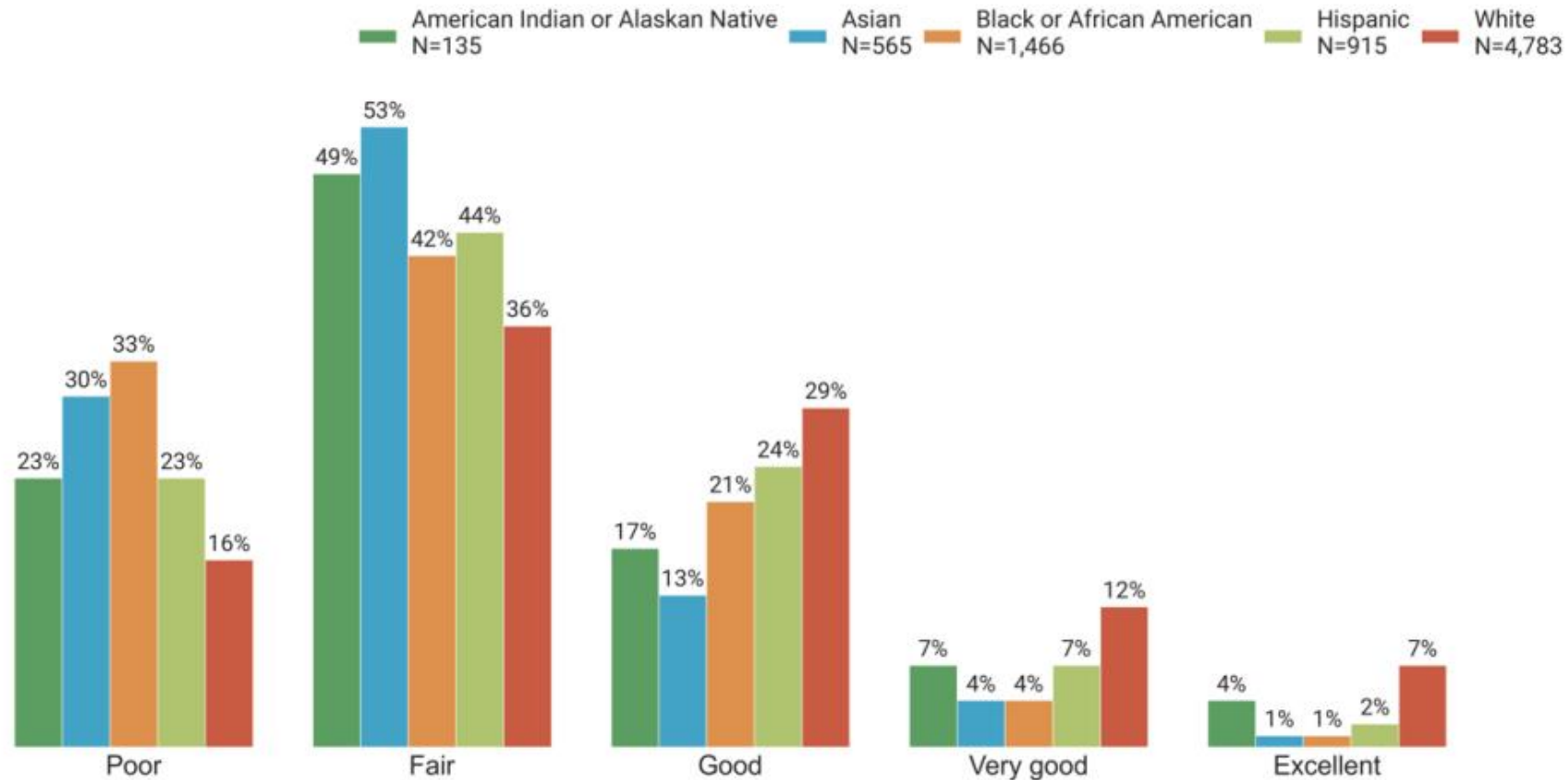
Firms' self-reported financial condition remains little-changed

FINANCIAL CONDITION, At Time of Survey (% of employer firms)



Firm financial condition by race & ethnicity of owner

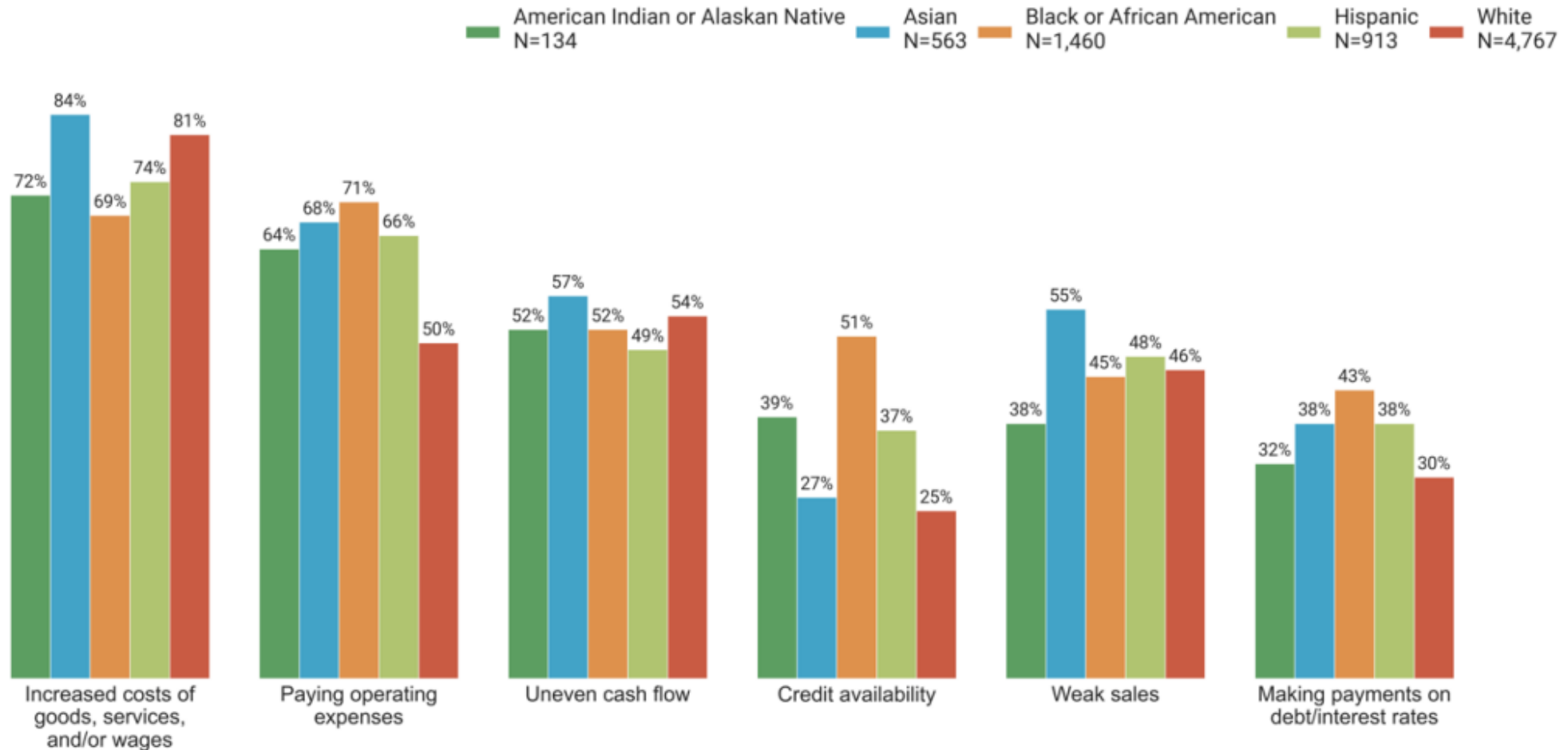
FINANCIAL CONDITION, At Time of Survey (% of employer firms)



Note: Percentages across response options may not sum to 100 within firm categories because of rounding.

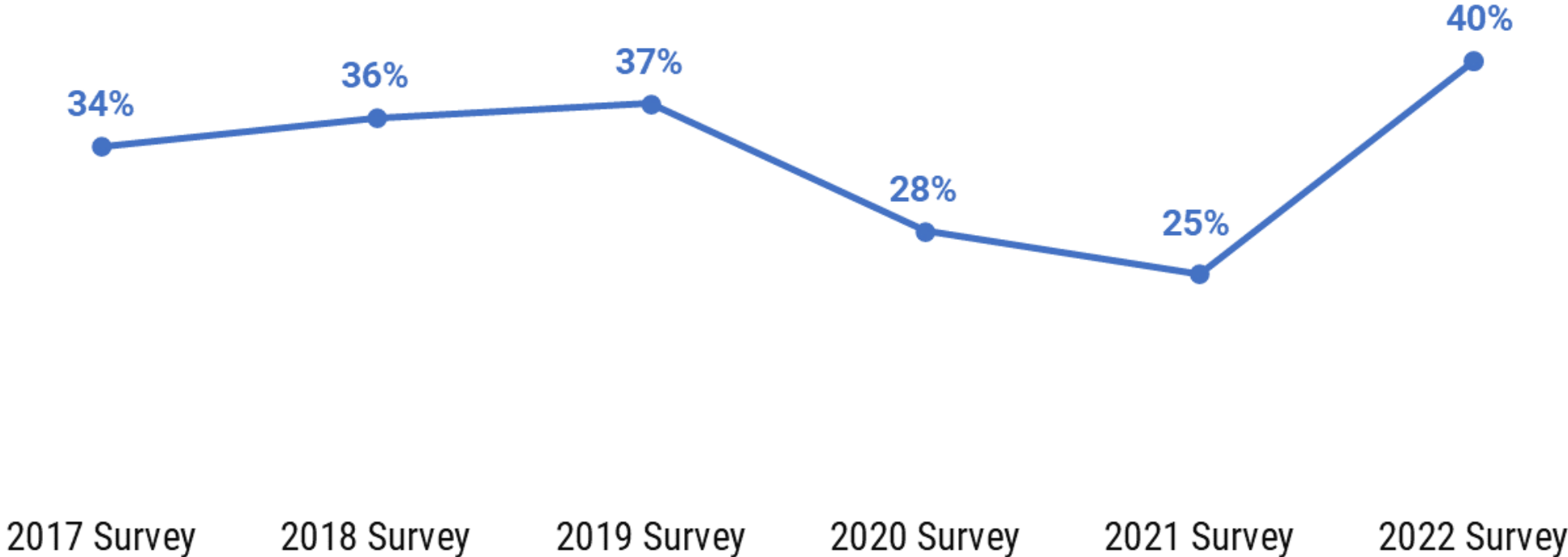
Firms owned by people of color were more likely than white-owned firms to report challenges with credit availability

FINANCIAL CHALLENGES, *Prior 12 Months* (% of employer firms)



In 2022, applications for the most common types of traditional financing—loans, lines of credit, and cash advances—rose above prepandemic levels

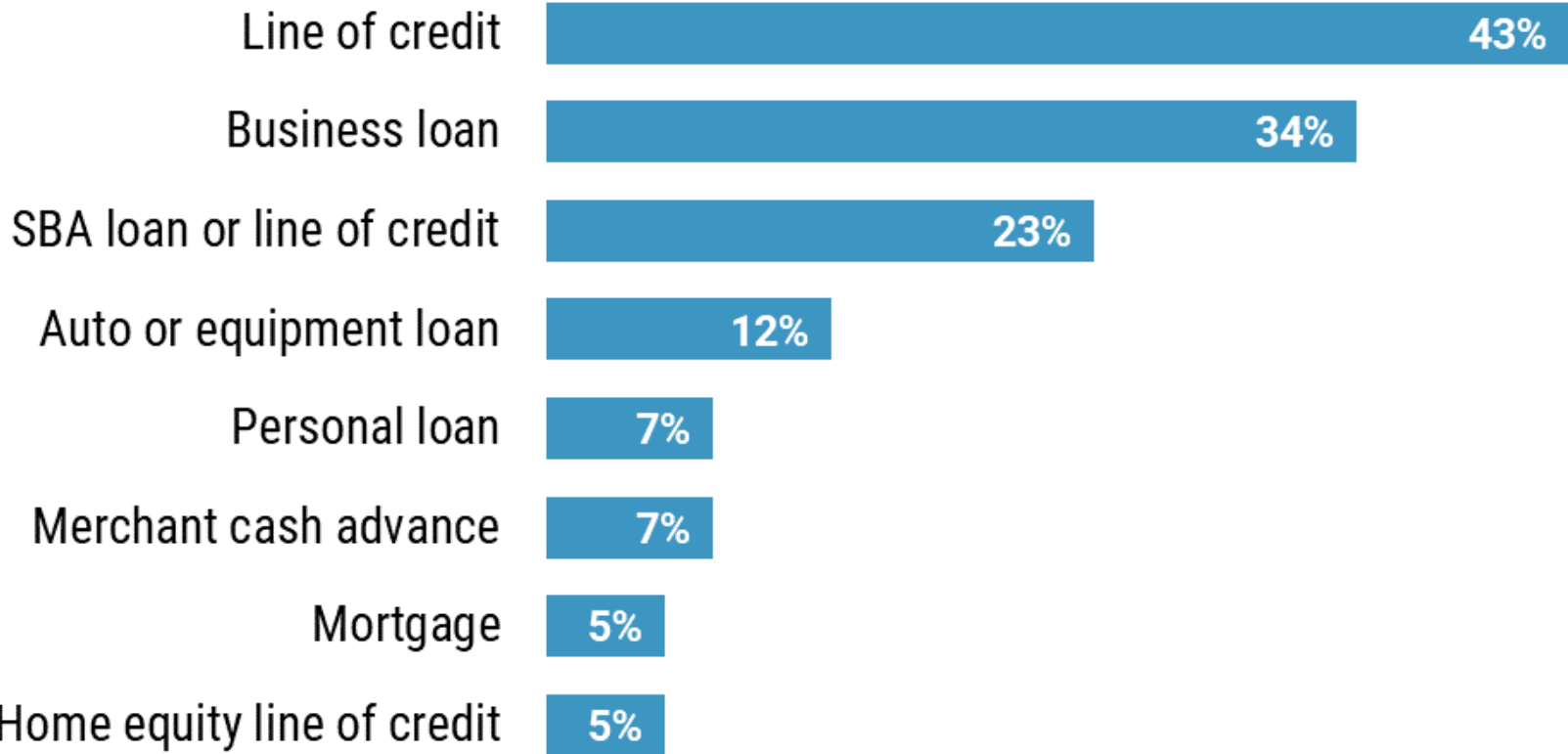
SHARE OF FIRMS THAT APPLIED FOR LOANS, LINES OF CREDIT, OR CASH ADVANCES, Prior 12 Months, By Survey Year (% of employer firms)



Loan, line of credit, and cash advance applicants include those firms that sought a range of related products

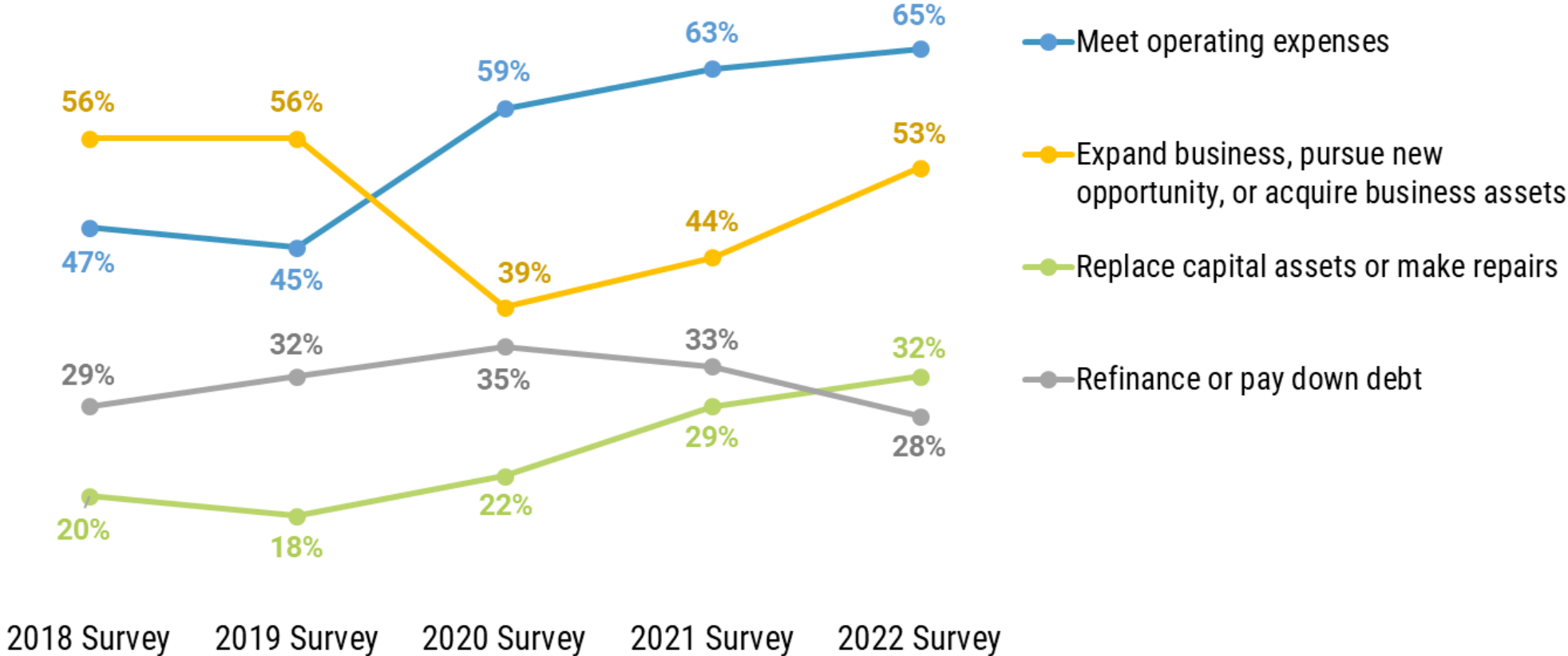
APPLICATION RATE BY TYPE OF LOAN, LINE OF CREDIT, OR CASH ADVANCE

(% of loan, line of credit, and cash advance applicants)



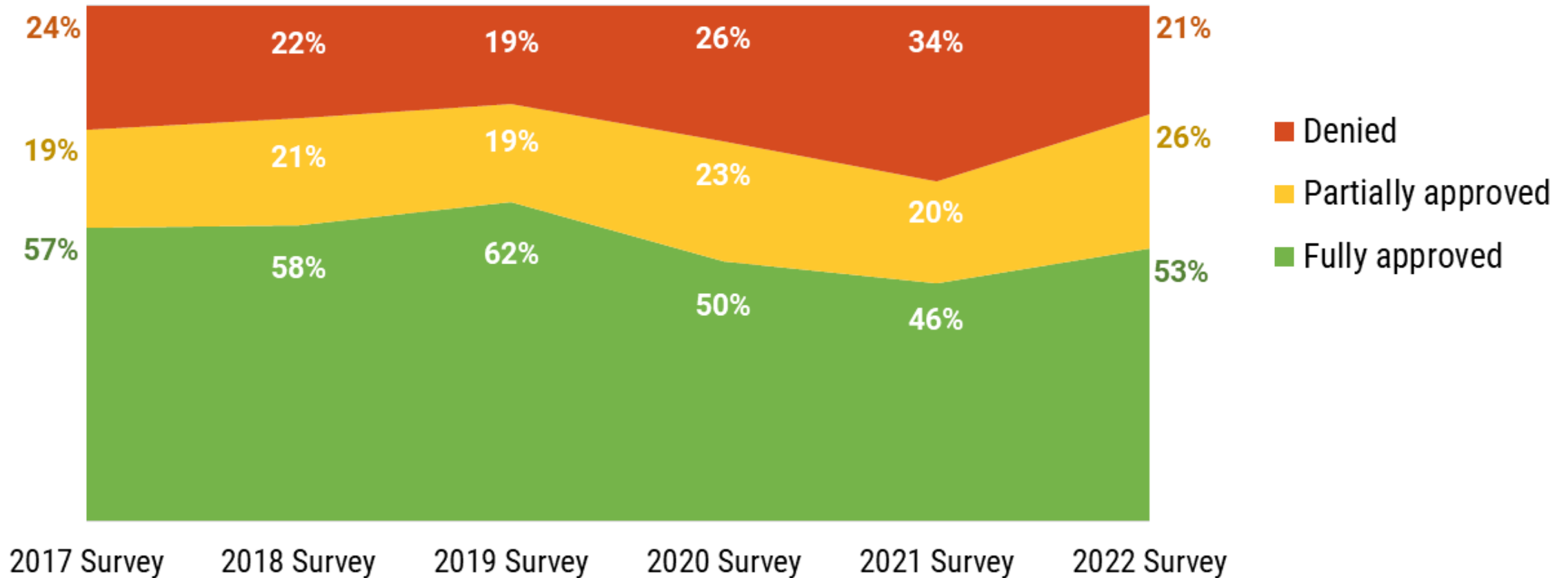
The top reason firms applied for financing was to cover their operating expenses

REASONS FOR APPLYING, Prior 12 Months, By Survey Year (% of loan, line of credit, and cash advance applicants)



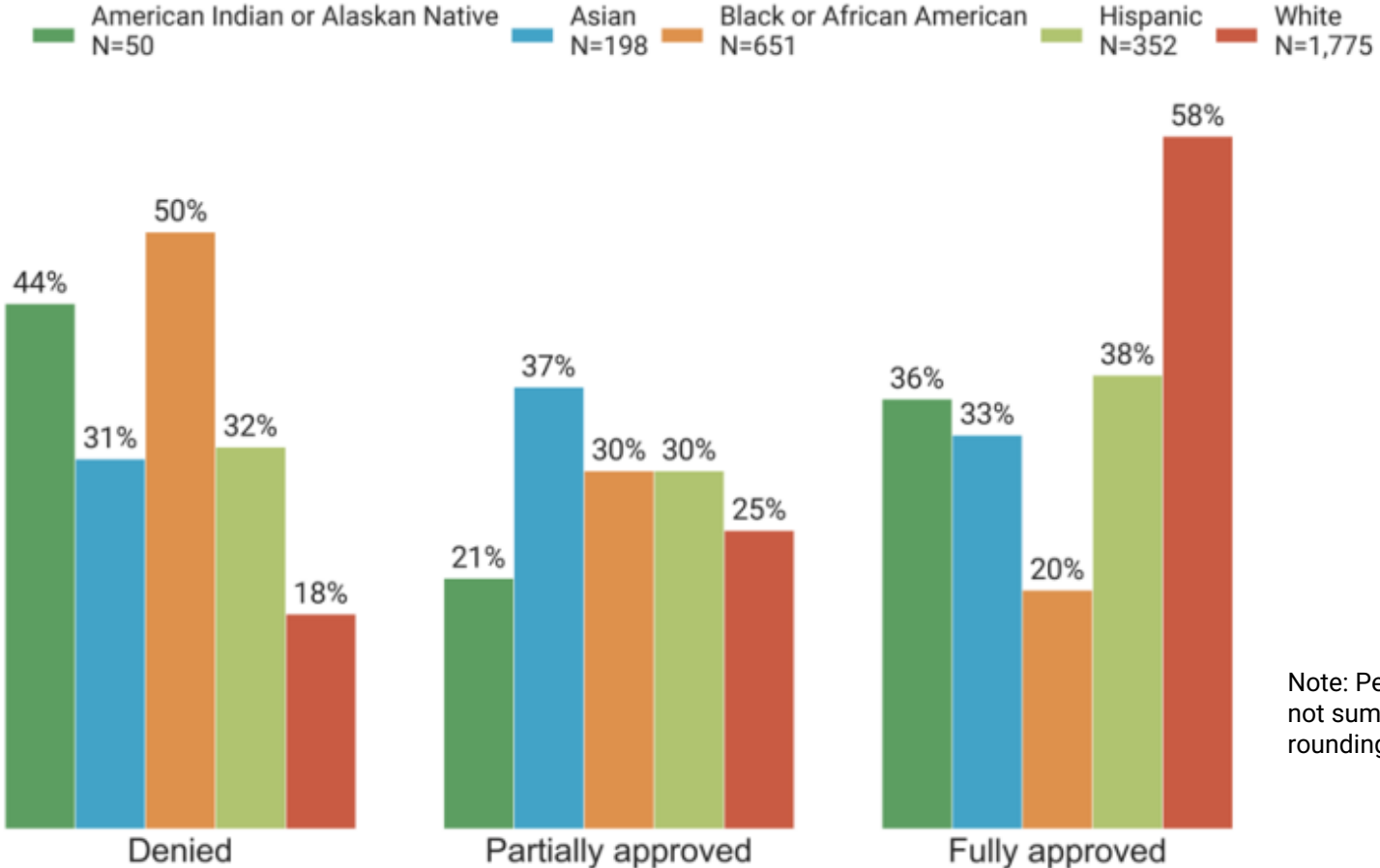
Approval rates improved year-over-year, but the share fully approved remains below pre-pandemic levels

OUTCOMES FOR LOAN, LINE OF CREDIT, OR CASH ADVANCE APPLICANTS, Prior 12 Months, By Survey Year
(% of loan, line of credit, and cash advance applicants)



Firms owned by people of color were less likely than white-owned firms to be fully approved for the financing they sought

OUTCOMES FOR LOAN, LINE OF CREDIT, OR CASH ADVANCE APPLICANTS, Prior 12 Months, By Survey Year (% of loan, line of credit, and cash advance applicants)



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For more information

- The *2023 Report on Employer Firms* and the 2022 questionnaire are available at <https://www.fedsmallbusiness.org/survey>
- Analysis from the 2022 SBCS includes reports on firms by demographic characteristics and by state & MSA:
 - [California State Chartbook](#)
 - [Los Angeles-Long Beach-Anaheim MSA](#)
- Help us with the 2023 survey! The 2023 survey will be fielded this fall; organizations interested in partnering on the distribution of the survey should visit <https://www.fedsmallbusiness.org/partnership>