

Small Business Lending in the United States, 2019

**Office of Advocacy
U.S. Small Business Administration**

September 2020



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Acknowledgments

This edition of *Small Business Lending in the United States, 2019*, which covers trends in small business lending in 2019, was written and compiled by Economists Daniel Brown and Victoria Williams under the supervision of the Director of Economic Research, Patrick Delehanty. Economist Richard Schwinn assisted with the appendix tables. George Haynes of Montana State University prepared the data for the analysis under purchase order 73351018P0054 to the Office of Advocacy. The editor of the report is David Tokarz.

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Introduction

Purpose

Access to credit from lenders is vital for the survival and growth of small firms, an important source of economic growth to the U.S. economy. 99 percent of American firms are small businesses, which employ 47.1 percent of the private sector (SBA Advocacy, 2020a). Bank lenders continue to be important suppliers of credit to small businesses, lending over \$644 billion in small business loans in 2019. The growth of small businesses depends on how banks and other financial intermediaries respond to their credit needs. This report uses the latest publicly available lending data from banks to examine changes in small business credit for June 2017 through June 2019 (see Box 1). The data used was collected prior to the 2020 COVID-19 pandemic and provides a pre-crisis benchmark on the state of small business lending.

Structure and Coverage.

This report captures the lending patterns of banks and other depository institutions in the small business credit market for loans \$1 million or less. The Call Report and Community Reinvestment Act (CRA) databases show the changes for small business loans, all commercial loans \$1 million or less from banks, and the small business loan size subcategories under \$100,000 and \$100,000 to \$1 million. Both these databases cover only a portion of the credit extended to small businesses annually, excluding lending from nonbank institutions such as finance companies and alternative lenders. This report presents findings from the Call Report data (lending data from all FDIC reporting depository institutions) and the CRA data (lending data from banks above \$1 billion in assets by geographic area of the borrower) on small business lending by size and type of loan and size of lender. Additionally, the small business lending performance of banks is measured to indicate how lenders are meeting the credit needs of small businesses. The four performance metrics of small business lending used are:

- Number of loans
- Aggregate lending
- Total asset ratio
- Total small business loan ratio

The report uses these measures to evaluate bank lending at the national level, and, in the state tables online, to highlight individual bank's lending activity to small businesses. This report covers all federal insured depository lending institutions filing Call Reports (savings banks, cooperative banks, savings and loan associations, and commercial banks) except for credit unions and foreign banks. While the report provides analyses for all small business lenders, the information available does not make it possible to distinguish SBA-guaranteed lenders or SBA-guaranteed loans. Geographic coverage includes the 50 states, the District of Columbia, and selected U.S. territories.¹

¹ The territories covered are the Federated States of Micronesia, Guam, Puerto Rico, and the U.S. Virgin Islands.

Data

Data presented ranges from 2015-2019, with analyses focusing on changes for 2017-2019 for the June Call Reports and for calendar year 2015-2018 for the CRA.² These reports are filed by depository lending institutions with their respective regulatory agencies and cover two types of small business loans:

- Loans secured by nonfarm nonresidential properties, or commercial real estate (CRE) loans
- Commercial and industrial (C&I) loans.

Data are available for the size of the loan, not for the size of the business borrower. Loan categories reported by lenders are done in three loan sizes:

- Loans of \$250,000 through \$1 million
- Loans of \$100,000 through \$250,000
- Loans \$100,000 or less

Additional sizes are:

- \$1 million and under, classified as small business loans
- \$100,000 to \$1 million³

This report provides summary tables and figures to present national statistics on small business loans. Detailed information on U.S. banks and other depository institutions for each state are provided in table format on the U.S. Small Business Administration Office of Advocacy's webpage at <https://advocacy.sba.gov/>.

Comparison of Call Report and CRA Data

While the Call Report and CRA data complement each other, the datasets measure different aspects of bank performance and are not directly comparable. The Call Reports measure outstanding loan balances by location of the lender's headquarters for the reporting year ending in June. The CRA data, on the other hand, show loans originated in the state in which they are made during the calendar year. **Box 1** summarizes each source's characteristics.

² See the Appendix for additional information on these data sources.

³ Previously referred to as "macro business loans."

Box 1. Comparison of Call Report and CRA Data in the Small Business Lending Study

	Call Report Data	CRA Data
Data year	2017-2019	2016-2018
Loan information provided	Stock of outstanding business loan balances, bi-annually. ⁴	Loans originated and purchased over the calendar year.
How loan location is identified	State in which lender’s headquarters is located.	State in which the lender made the loan.
Lenders reporting	All reporting lenders—depository lending institutions and bank holding companies.	Depository lending institutions and bank holding companies with approximately \$1 billion or more in assets.

These databases are the only publicly available comprehensive sources of small business bank lending statistics. However, they reflect only loans provided by federally insured lenders. There is a tendency to attribute all changes in small business lending solely to bankers’ willingness to extend credit. However, small firms have access to other sources of credit, such as their suppliers, finance companies, marketplace lenders, family and friends, and others. To fully understand the small business loan market, reliable loan demand data from traditional lenders (such as banks), nonbank lenders, and marketplace lenders are needed, which is not included in this report. Thus, this report should be cautiously interpreted since demand data is lacking.

Accessing the Data

Readers can learn about the banks in their own communities and states by visiting Advocacy’s webpage, where a list of all reporting banks in each state can be found. Detailed tables show state rankings of either the top 10 or the top 10 percent of lenders in each state. Visit Advocacy’s webpage at <https://advocacy.sba.gov/2020/09/10/small-business-lending-in-the-united-states-2019/> for the full listing or <https://advocacy.sba.gov/tag/banking-finance/>

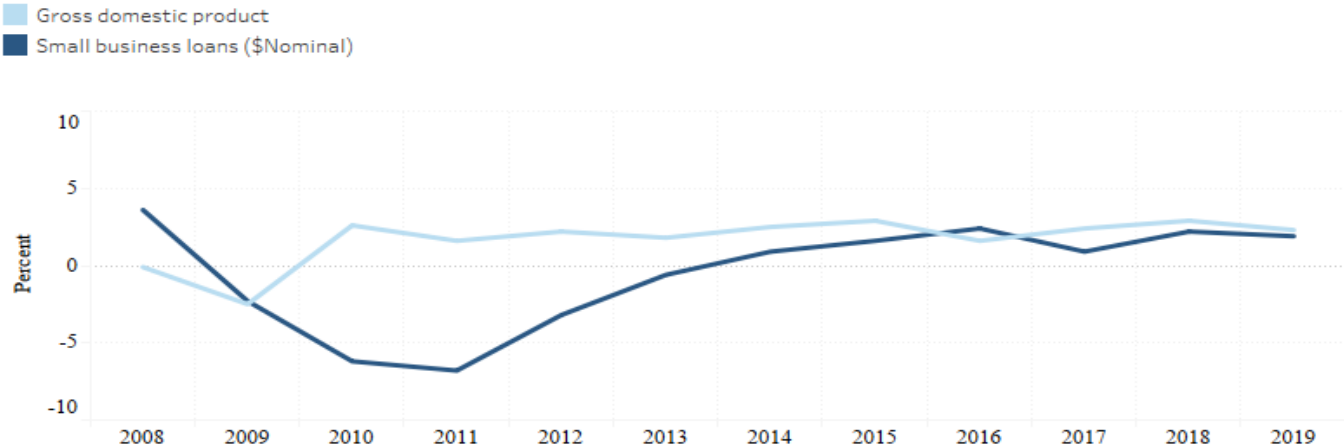
⁴ Starting in March 2017, data for small business loans for the Call Report is collected twice a year, June and December, instead of quarterly.

Recent Developments in the Small Business Credit Market

America’s small businesses have struggled to navigate the current economic environment resulting from the COVID-19 pandemic. As small businesses experienced disruption from social distancing orders, the economic effects of the pandemic were deep and immediate. Consequently, policymakers took action to assist small firms through the economic challenges and help stabilize the economy by creating programs such as the Paycheck Protection Program (PPP), established by the CARES Act. Between April to August 2020, banks of all sizes played a key role in distributing vital PPP loans to provide relief to small businesses for retaining workers and covering expenses so they could stay afloat.⁵ While the current impacts of the pandemic on small businesses are evolving and real-time data is limited, the data herein provides a benchmark of small business lending activities by banks prior to the pandemic.

Prior to the pandemic, financial market conditions were conducive to economic growth as the U.S. economy continued to improve. Small business lending remained stable as it had been over nearly a decade. However, the annual growth rate for real gross domestic product (GDP) was uneven over the last few years and grew at a slower pace in 2019 when compared with 2017 (**Figure 1**). While estimates of small business contributions to GDP are not available yet for recent years, the latest study on the topic found that small business GDP has grown by 25 percent in real terms from 1998 to 2014 (Kobe & Schwinn, 2018). Loan terms remained favorable for businesses. Bankers reported easing several terms on commercial and industrial (C&I) loans, but demand for these loans to small firms continued to weaken (FRB, 2019).⁶ According to the Senior Loan Officer Opinion Survey (SLOOS), the decline in demand was partly due to firms making use of internally generated funding or the use of alternative financing sources. While loan approval rates at banks remained strong at the end of 2019, alternative lenders had even higher approval rates (SBA Advocacy, 2020).

Figure 1. Percent Change in Small Business Loan Balances and Gross Domestic Product



Note: Real Gross Domestic Product is seasonally adjusted.
 Source: Call Reports FDIC, and Gross Domestic Product, BEA.

⁵ As of June 9, 2020, lenders with less than \$10 billion in assets accounted for 44 percent of all PPP loans.
⁶ The Senior Loan Office Opinion Survey on Bank Lending Practices is conducted quarterly by The Federal Reserve Board. Visit Senior Loan Officer Opinion Survey on Bank Lending Practices or <https://www.federalreserve.gov/data/sloos.htm>.

Research has shown that banking institutions have been major suppliers of small business credit. Nonetheless, alternative lenders such as online lenders have been slowly gaining market share by providing financial assistance to small business borrowers who have difficulty securing traditional credit. Small banks have encountered an increasingly dynamic competitive landscape, with greater competition from both large banks and nonbank institutions as lending technology has improved (Jagtiani & Lemieux, 2016). Based on the Federal Reserve Small Business Credit Survey on Employer Firms, banks remain small firms’ top choice when applying for credit, while online lenders have become small firms’ second choice. The speed of credit decisions and the chance of being funded are listed as top reasons why firms seek an online lender (Federal Reserve Banks, 2020).

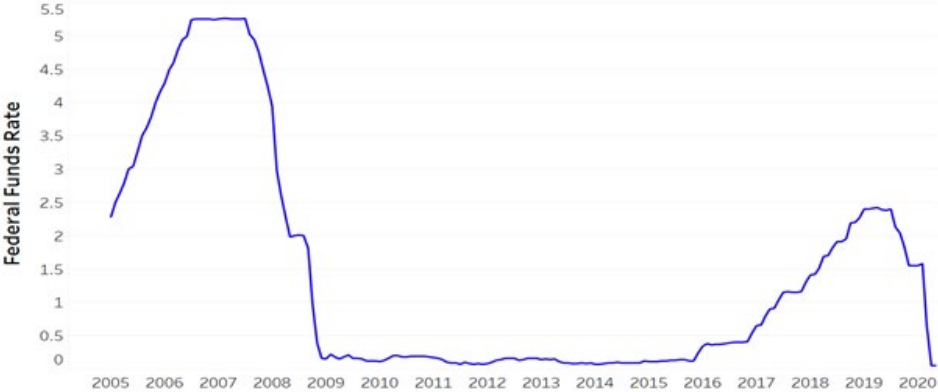
I. Findings from the June 2019 Call Reports

The June 2019 Call Reports show that small business lending increased, driven by growth in smaller C&I loans, but at a slower pace than lending to large businesses. The vast majority of small business loans were from larger lenders, an expanding source of small business loans recently as they represent a growing share of the industry’s assets. The number of small business loans from medium-sized lenders increased, particularly loans of \$100k - \$1 million, while the number of small business loans from large lenders fell.

A. Small Business Loans Outstanding from all Reporting Lending Institutions

Between June 2017 and June 2019, the pace of lending from depository lenders was brisker for large business lending compared to small business lending. Even though the Federal Open Market Committee (FOMC) continued to increase rates, they remained low relative to the mid-2000s (**Figure 2**). The rate of growth for small business loans (\$1 million or less) outstanding by depository lenders from June 2017 to June 2019 was 4.1 percent, an increase from \$619 billion to \$645 billion (**Tables A & B**). During this period, large business loans exceeding \$1 million grew by roughly 12 percent. The one-year increase for small business loans outstanding between June 2018 to June 2019 was roughly half that of the two-year growth rate at 1.9 percent, while for large business loans the one-year growth rate was 6.7 percent. The number of small business loans declined during the two-year period by 11.3 percent (**Table C**).

Figure 2. Relatively Low Interest Rates Over the Decade.



Source: FRED

Small business loans consist of two categories: commercial industrial loans (C&I) and commercial real estate (CRE) loans (\$1 million or less).⁷ Outstanding small business C&I loans totaled \$368 billion in 2019, up from \$337 billion in 2017, a healthy growth rate of 9.2 percent. The corresponding growth rate for CRE was down 1.9 percent. The share of small C&I loans of all small business loans has consistently increased over the last 8 years and was 57 percent in 2019, up from 54 percent over the two years.

B. Loan Size

The value and number of C&I and CRE loan categories are provided under three loan size buckets (under \$100,000, \$100,000-\$250,000, and \$250,001-\$1 million). The smallest loan size (under \$100,000) was the most active in terms of percentage changes for June 2017 to June 2019. The largest dollar volume decline for CRE was in loans of \$100,000 to \$250,000, which were down by \$2.4 billion, representing 45 percent of the overall decline in CRE loans over the two-year period. C&I loans under \$100,000 had the largest dollar increase of \$18.6 billion and accounted for 60 percent of the total increase in C&I loans. The percentage change in the number of loans for both the total number of C&I and CRE was negative at double digits for the smallest loan size categories, along with the total number of small business loans (**Table C**). The statistic for the smallest loan size is difficult to interpret because of the inclusion of short-term credit from credit cards and continued efforts made by small business card issuers to consolidate their data reporting.⁸

Table A: Value of small business loans outstanding for depository lenders by loan type and size, 2015-2019.

Billions of Dollars

Loan Type and Size at Origination	2015	2016	2017	2018	2019	Percentage Change, 2017-2019
Commercial Real Estate						
Less than \$100,000	15.0	14.2	13.2	12.5	11.9	-10.4
\$100,000 to \$250,000	47.8	46.6	45.2	44.2	42.7	-5.4
\$250,000 to \$1 million	224.4	224.7	223.4	222.9	221.8	-0.7
Total Commercial Real Estate	287.3	285.5	281.8	279.6	276.4	-1.9
Commercial and Industrial						
Less than \$100,000	135.8	145.2	152.5	162.2	171.2	12.2
\$100,000 to \$250,000	50.3	53.8	54.6	57.2	60.4	10.6
\$250,000 to \$1 million	125.6	129.3	129.9	133.5	136.6	5.2
Total Commercial and Industrial	311.8	328.3	337	352.8	368.1	9.2
Total						
Small Business Loans (\$1 million or less)	599.0	613.8	618.9	632.5	644.5	4.1
Large Business Loans (more than \$1 million)	2,119.7	2,333.0	2,465.4	2,585.3	2,758.3	11.9
Business Loans	2,718.8	2,946.8	3,084.3	3,217.8	3,402.8	10.3
Assets of Depository Lenders	14,095.2	14,886.2	15,414.1	15,762.4	16,357.1	6.1
Number of BHC's and Independent Lenders	5,917	5,652	5,416	5,192	4,958	-8.5

Note: Total domestics assets = assets less foreign assets.

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

⁷ Commercial industrial loans and commercial real estate loans when combined make up small business loans.

⁸ Small business credit cards continue to play an important role in this loan size category where they account for majority of loans in this small business loan size category.

C. Lending by Size of Lender and Number of Small Business Loans

Bank lending activity to small businesses varied by bank size. Six bank sizes are presented in **Table B**. The sizes of these banks range from lenders with less than \$100 million in assets to lenders with \$50 billion or more in assets. Lenders with assets under \$10 billion as a group had declines in outstanding small business loans from June 2017 to June 2019. Within this group, lenders with assets between \$100 million to \$499 million had the largest dollar decline in outstanding small business loans, more than \$8 billion. The largest percentage decline was by lenders with less than 100 million. Conversely, lenders with \$10 billion or more in assets experienced increases which helped offset the declines of other lenders. Lenders with \$10 billion to \$49 billion had the largest dollar and percentage increase of \$29 billion, or roughly 34 percent. The number of small business loans is dominated by lenders with assets of \$50 billion or more. These lenders hold more than 76 percent of in the number of small business loans (**Table D**). The change in the number of small business loans varied across bank sizes. The number of loans declined in all lender sizes except for those in the \$10 billion to \$49 billion range. The gap in the number of small business loans has widened among banks with assets under \$10 billion and those with \$10 billion or more in assets. The gap narrowed in 2019 as the number of loans made by lenders with \$10 billion or more declined (**Figure 3**).

Table B: Value of Small Business Loans Outstanding by Depository Lender Size, 2015-2019

Billions of Dollars, Nominal

Lenders by Total Asset Size	2015	2016	2017	2018	2019	Percent Change 2017-2019
Less than \$100 million	12.9	11.5	10.4	10.0	8.5	-18.1
\$100 million to \$499.9 million	100.0	96.0	90.5	86.4	82.2	-9.2
\$500 million to \$999.9 million	53.5	52.8	55.6	54.0	51.9	-6.6
\$1 billion to \$9.9 billion	131.7	139.5	133.0	127.0	129.9	-2.4
\$10 billion to \$49.9 billion	72.4	73.5	85.6	106.9	114.5	33.8
\$50 billion or more	228.6	240.5	243.7	248.2	257.4	5.6
Total Small Business Loans	599.0	613.8	618.9	632.5	644.5	4.1

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table C: Number of Small Business Loans Outstanding by Loan Type and Size, 2015-2019

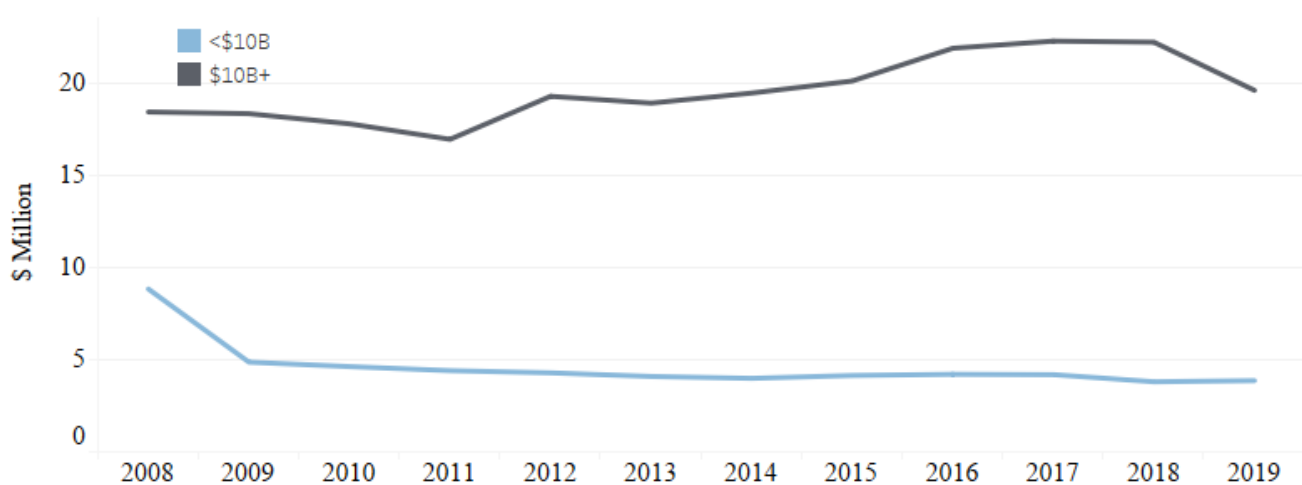
Loan Type and Size at Origination	2015	2016	2017	2018	2019	Percent Change 2017-2019
Commercial Real Estate						
Less than \$100,000	0.35	0.33	0.31	0.30	0.28	-10.1
\$100,000 to \$250,000	0.38	0.37	0.37	0.36	0.35	-5.7
\$250,000 to \$1 million	0.57	0.57	0.58	0.57	0.57	-1.9
Total Commercial Real Estate	1.30	1.28	1.26	1.22	1.19	-5.0
Commercial and Industrial						
Less than \$100,000	21.97	23.78	24.13	23.67	21.10	-12.5
\$100,000 to \$250,000	0.52	0.57	0.59	0.62	0.66	12.1
\$250,000 to \$1 million	0.43	0.45	0.46	0.48	0.49	6.2
Total Commercial and Industrial	22.92	24.79	25.18	24.77	22.25	-11.6
Total Small Business Loans	24.22	26.07	26.43	25.99	23.44	-11.3

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table D: Number of Small Business Loans Outstanding by Lender Size, 2015 to 2019

Lenders by Total Asset Size	2015	2016	2017	2018	2019	Percent Change 2017-2019
Less than \$100 million	0.19	0.15	0.15	0.13	0.12	-21.9
\$100 million to \$499.9 million	0.96	1.01	0.94	0.90	0.81	-14.8
\$500 million to \$999.9 million	1.43	1.43	1.42	1.40	1.31	-8.0
\$1 billion to \$9.9 billion	1.56	1.62	1.66	1.36	1.63	-2.3
\$10 billion to \$49.9 billion	1.20	1.29	1.44	1.62	1.66	15.9
\$50 billion or more	18.89	20.57	20.81	20.58	17.92	-13.9
Total Small Business Loans	24.22	26.07	26.43	25.99	23.44	-11.3

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Figure 3. The Gap in the Number of Small Business Loans by Bank Size Has Widened Since 2009

Source: Call Reports FDIC.

D. Small Business Lending Measures: The Total Asset Ratio and Total Small Business Loan Ratio

Small business lending performance is measured in this report as: small business loans as a percentage of a firm’s total assets and a firm’s total business loans. The ratio between total amount of small business loans to the lender’s total assets is called the “total asset ratio.”⁹

The Total Asset Ratio represents the percentage of a lender’s assets that is allocated to small business borrowers. **Tables E** and **F** show the total asset ratios by loan size, loan category, and asset size of lender. **Table E** shows that small business borrowers seeking CRE loans were less successful, indicated in a drop of 4.2 percent, while C&I loans were relatively unchanged between 2017 and 2019. Overall, the total asset ratio for small business loans has consistently declined over the decade, with the largest declines occurring in the smallest loan sizes.

⁹ The ratios used in Tables E-G are the mean ratios for all lenders. These ratios are derived by computing the ratio for each lender, then computing the mean for all lenders in each category shown. See the Appendix for additional information.

The total asset ratio in **Table F** declines as the lender asset size increases, a trend that has continued over the decade. For example, in 2019, the smallest lenders held about 13 percent of their total assets in small business loans. The largest lenders had a small business loan share of less than 3 percent. The largest lenders also had the largest percentage declines. While the total asset ratio has declined for small business loans from all lenders, lenders with asset sizes between \$1 billion to \$49 billion increased their small business shares between June 2017 – June 2019.

Table E. Total Asset Ratios, 2015-2019

(value of small business loans outstanding to the value of loan type, percent)

Loan Type and Size at Origination	2015	2016	2017	2018	2019	Percent Change 2017-2019
Commercial Real Estate						
Less than \$100,000	1.00	0.94	0.89	0.85	0.80	-10.4
\$100,000 to \$250,000	1.56	1.53	1.49	1.47	1.43	-4.1
\$250,000 to \$1 million	5.47	5.37	5.32	5.25	5.14	-3.2
Total Commercial Real Estate	8.03	7.84	7.70	7.57	7.37	-4.2
Commercial and Industrial						
Less than \$100,000	1.76	1.74	1.72	1.72	1.71	-0.7
\$100,000 to \$250,000	1.14	1.15	1.13	1.15	1.16	2.3
\$250,000 to \$1 million	2.31	2.31	2.29	2.31	2.30	0.3
Total Commercial and Industrial	5.21	5.20	5.15	5.18	5.17	0.4
Total Small Business Loans (\$1 million or less)	13.24	13.04	12.85	12.75	12.54	-2.4

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table F. Total Asset Ratio by Lender Size, 2015-2019

(value of small business loans outstanding to the value of lender assets by lender size, percent)

Lenders by Total Asset Size	2015	2016	2017	2018	2019	Percent Change 2017-2019
Less than \$100 million	13.11	12.88	12.83	12.74	12.60	-1.8
\$100 million to \$499.9 million	14.59	14.44	14.23	14.14	13.97	-1.8
\$500 million to \$999.9 million	12.00	12.05	12.05	12.04	11.73	-2.6
\$1 billion to \$9.9 billion	9.47	9.37	9.12	9.22	9.27	1.7
\$10 billion to \$49.9 billion	5.24	5.06	5.40	6.16	5.99	11.0
\$50 billion or more	3.05	2.91	2.94	2.68	2.61	-11.2
Total Small Business Loans	13.24	13.04	12.85	12.75	12.54	-2.4

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

The Total Small Business Loan Ratio is used to evaluate the performance of small business loans by showing the total small business share of total business loans. **Tables G** and **H** present small business loan ratios by loan and lender size. Like the total asset ratio, the small business loan ratio has steadily declined over the last few years, dropping from 64.9 percent in 2015 to 59.6 percent in 2019. The total small business loan ratio declined by 3.8 percent between 2017-2019 and declined the most for the smallest loans (**Table G**). C&I loans between \$100k to

\$1 million had better outcomes that helped counterbalance the total decline in the small business loan ratio. The total ratios for both CRE and C&I continued to fall, suggesting that small business borrowers seeking loans have been less successful than large businesses in obtaining business loans.

Table H shows the ratio for small business loans by lender size and indicates that the business loan portfolio of smaller lenders is dominated by small business loans (**Figure 4**). Between 2017 and 2019, all lender categories (except those with \$10 billion to \$49 billion) had declines. The largest lenders had the largest decline at 7 percent.

Table G. Total Small Business Loan Ratio by Loan Type and Size, 2015-2019

Ratio (percent of total business loans outstanding)

Loan Type and Size at Origination	2015	2016	2017	2018	2019	Percent Change 2017-2019
Commercial Real Estate						
Less than \$100,000	7.29	6.93	6.49	6.11	5.68	-12.4
\$100,000 to \$250,000	8.20	8.05	7.83	7.56	7.35	-6.2
\$250,000 to \$1 million	22.76	22.32	21.95	21.43	21.03	-4.2
Total Commercial Real Estate	38.25	37.31	36.27	35.10	34.07	-6.1
Commercial and Industrial						
Less than \$100,000	11.50	11.18	10.91	10.73	10.53	-3.4
\$100,000 to \$250,000	5.47	5.44	5.32	5.28	5.39	1.5
\$250,000 to \$1 million	9.65	9.58	9.43	9.50	9.60	1.8
Total Commercial and Industrial	26.62	26.20	25.66	25.52	25.53	-0.5
Total Small Business Loans (\$1 million or less)	64.87	63.51	61.93	60.62	59.60	-3.8

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

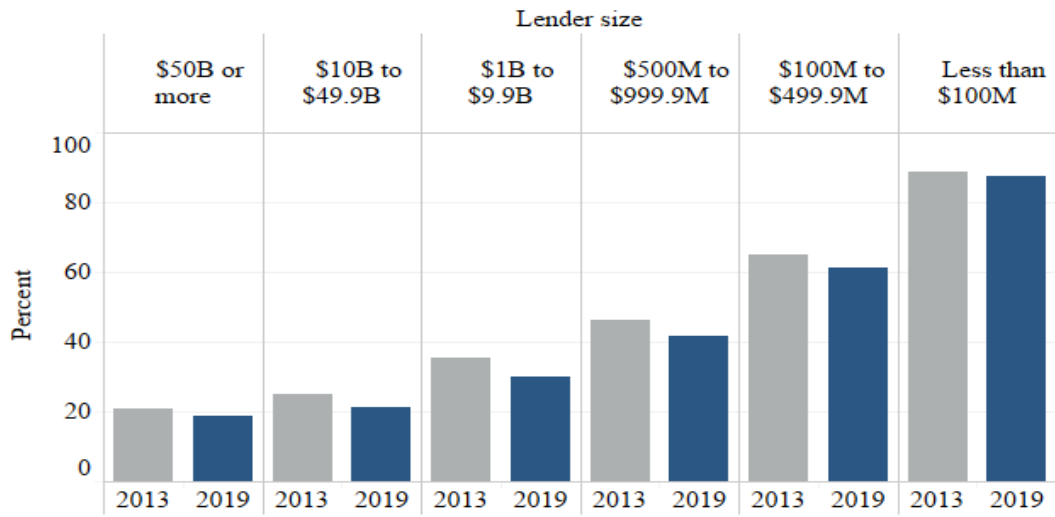
Table H. Total Small Business Loan Ratio by Lender Size, 2015-2019

Ratio (percent of total business loans outstanding)

Lenders by Total Asset Size	2015	2016	2017	2018	2019	Percent Change 2017-2019
Less than \$100 million	88.05	87.99	87.83	87.40	87.67	-0.2
\$100 million to \$499.9 million	64.29	63.65	62.88	61.76	61.35	-2.4
\$500 million to \$999.9 million	44.82	43.98	42.75	41.73	41.48	-3.0
\$1 billion to \$9.9 billion	32.74	31.76	30.61	30.63	30.16	-1.5
\$10 billion to \$49.9 billion	21.68	20.54	20.78	21.23	21.29	2.4
\$50 billion or more	20.26	20.27	20.12	20.91	18.71	-7.0
Total Small Business Loans	64.87	63.51	61.93	60.62	59.60	-3.8

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Figure 4. Small Business Loan Ratio by Bank Size



Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

E. All Small Loans Outstanding from Multi-billion Dollar Lending Institutions

Consolidation continues to affect the total number of banks in the industry. Mergers and acquisitions allow banks to achieve economies of scale, enhance revenues and cut costs through operational efficiencies, and diversify by expanding business lines or geographic reach (Kowalik, et al., 2015). Bank consolidations from 2017-2019 led to 458 fewer banks, totaling 4,958 in June 2019 (**Tables A & I**). Over the two-year period, the number of lenders with assets of \$10 billion or more increased by 22, to a total of 139 (**Table I**). These lenders held 83.2 percent of the industry’s total assets in 2019, up from 81.5 percent in 2017. Large lenders dominated the small business loan market and held about 58 percent of the total value of loans of \$1 million or less in 2019, up from 53 percent two years ago.¹⁰ The most significant concentration of small business loans is in C&I loans for the smallest loan size, where the largest lenders hold nearly 83 percent of the total value.

¹⁰ See Advocacy’s previous report for additional information, *Small Business Lending in the United States, 2017*.

Table I. Share of Business Loans and Total Assets by Size of Depository Institutions, 2019

Year and Loans by Size	Total Asset Size of the Lending Institution or Bank Holding Company							Total
	>50B	10B-50B	>10B	1B-10B	500M-1B	100M-500M	<100M	
2019	(percentage)							
Total Assets of the Institution	70.6	12.6	83.2	10.0	2.7	3.7	0.4	100.0
Commercial Real Estate								
Less than \$100,000	8.4	13.0	21.4	21.0	13.8	36.0	7.8	100.0
\$100,000 to \$250,000	16.0	19.3	35.3	26.7	12.8	22.9	2.3	100.0
\$250,000 to \$1 million	22.1	21.9	44.0	27.1	11.2	16.5	1.2	100.0
Commercial and Industrial								
Less than \$100,000	74.7	8.2	82.9	7.7	3.1	5.3	1.0	100.0
\$100,000 to \$250,000	40.2	19.5	59.8	19.4	7.3	12.1	1.4	100.0
\$250,000 to \$1 million	35.5	22.2	57.7	22.6	7.6	11.1	1.0	100.0
Total Small Business Loans	39.9	17.8	57.7	20.2	8.1	12.8	1.3	100.0
Total Large Business Loans	60.1	19.0	79.1	14.7	3.3	2.8	0.1	100.0
Total Business Loans	56.3	18.7	75.0	15.7	4.2	4.7	0.3	100.0
Number of Institutions	42	97	139	615	636	2,457	1,111	4,958

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

F. Small Business Loans and Minority Depository Lending Institutions

Minority Depository Institutions (MDIs) perform a vital role by fostering economic sustainability and providing small business loan products and services in the communities they serve.¹¹ The share of depository institutions that are MDIs is fairly small, with only 151 compared to over 4,000 other banks in 2019. Between 2017 and 2019, the total number of minority banks declined, a trend that mirrors the industry. MDIs also account for a very small share of the total banking sector deposits (less than 2 percent), and they tend to be concentrated in particular areas such as Los Angeles and Miami, which, in turn, have a sizeable share of deposits (Toussaint-Comeau & Newberger, 2017; Breitenstein *et al.*, 2019). Fourteen states have never had a minority depository institution (Toussaint-Comeau & Newberger, 2017).

MDIs dedicate a portion of their business portfolio to small business loans. In 2019, MDIs total outstanding small business loans (\$1 million or less) totaled \$13 billion, a drop from nearly \$14 billion in 2017. Increases in MDIs small business C&I loans outstanding helped offset the declines in small business loans (**Table J**). All loan size categories were down, except for loans in the smallest size category which had incremental increases over the two-year period.¹²

¹¹ MDIs are defined as a federally insured depository institutions where 51 percent or more of the voting stock is owned by minority individuals, but also allows insured depository institutions to choose MDI status if a majority of the Board of Directors is made up of minority individuals and the community that the institution serves is predominantly minority. Minority is defined as Black American, Asian American, Hispanic American, Native American, or Multi-racial American see www.fdic.gov/regulations/resources/minority/MDI_Definition.html or <http://www.fdic.gov/regulations/resources/minority/MDI.html>.

¹² Due to rounding, the incremental increases cannot be seen in the table. The amounts for 2017, 2018, 2019 are \$767.3M, \$785.5M, and \$810.5M respectively.

MDIs are concentrated in CRE loans. 32 percent of MDIs had no lending specialty early in the decade. By 2018, the number had declined to 14 percent, and the share of MDI CRE specialists reached 60 percent compared to 25 percent at community banks (Breitenstein *et al*, 2019). The share of MDI small business CRE loans as a total of MDIs small business loans over the last few years has hovered around 70 percent.

The total share of small business loans by lender size is shown in **Table K**. Lenders with assets of \$10 billion or more held 37 percent of the total value of small businesses loans, compared to 39 percent in 2017. Their total share of assets inched upward during this period. MDI lenders exist in all size categories except for the largest category, lenders with assets exceeding \$50 billion in assets.

Table J. Value of Business Loans Outstanding for Minority Depository Lenders, 2015 to 2019

Billions of Dollars, Nominal

	2015	2016	2017	2018	2019	Percentage Change 2017-2019
Less than \$100,000	0.8	0.8	0.8	0.8	0.8	5.6
\$100,000 to \$250,000	1.9	2.0	1.9	1.8	1.7	-7.1
\$250,000 to \$1 million	11.1	11.3	10.9	10.8	10.5	-3.7
Total						
Commercial Real Estate	9.7	9.9	9.6	9.4	9.0	-6.6
Commercial and Industrial	4.1	4.2	3.9	4.0	4.1	3.7
Small Business Lending	13.8	14.1	13.6	13.4	13.1	-3.6
Large Business Loans (greater than \$ 1 million)	54.9	62.3	65.5	70.1	75.2	14.8
Business Loans	68.8	76.3	79.1	83.5	88.3	11.6
Assets of Depository Lenders	183.3	199.3	208.9	224.5	237.7	13.8
Number of BHC's and Independent Lenders	163	162	156	158	151	-3.2

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table K: Share of Business Loans and Total Assets by Minority Lender Size, 2019

Year and Loans by Size	Total Asset Size of the Lending Institution or Bank Holding Company							Total
	>50B	10B-50B	>10B	1B-10B	500M-1B	100M-500M	<100M	
	(percentage)							
Total Assets of the Institution	0.0	59.2	59.2	26.5	5.9	7.4	0.9	100.0
Total Small Business Loans	0.0	37.0	37.0	30.8	9.5	19.2	3.5	100.0
Total Large Business Loans	0.0	60.1	60.1	27.3	6.6	5.8	0.3	100.0
Total Business Loans	0.0	56.6	56.6	27.8	7.0	7.7	0.8	100.0
Number of Institutions	0	6	6	25	20	67	33	151

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

II. Findings from 2018 CRA Reporting Institutions

A. Small Business Lending by CRA Reporting Lending Institutions

This section examines the geographic lending activities of depository lending institutions under the Community Reinvestment Act (CRA). The purpose of the CRA is to encourage federally insured depository lenders to help meet the credit needs of the local communities in which they are located. The CRA program requires lending institutions with total assets of approximately \$1 billion or more to report their small business lending activities. Data from the CRA covers the lending activities of depository institutions within a calendar year. Much like the Call Report, the CRA defines small business lending as loans of \$1 million or less. Data is categorized by the borrower's location, which gives an idea of the geographic activities of small business lending in an area. Although the CRA data provide information on extensions of credit in a geographic area, they do not indicate the amount or nature of the overall demand for credit in that area. Readers should be cautious about drawing conclusions solely using the CRA data as differences in loan volume across areas may reflect differences in local demand for credit (FFIEC, 2018).¹³

CRA data are composed primarily of loan originations and loan purchases. Typically loan purchases are a smaller share (less than 5 percent) of the reported activity. Both numbers are aggregated and reported in tables below. **Table L** compares the Call Report information for all depository lenders with CRA information for those depository lenders required to submit CRA reports while **Table M** reports the dollar amount and number of loans made by lending institutions submitting CRA reports.

The number of lending institutions that submitted CRA reports 2018 totaled 587 (13 fewer than the previous year). **Table L** shows that Call Report lenders submitting reports in CRA program accounted for 74 percent of the dollar volume of small business loans and 88 percent of the industry's total domestic assets and business loans. The percentage of these lenders participating in the market for smallest loan size has increased from 77 to 83, and 86 percent for 2015, 2017 and 2019, respectively. The value of loans originated by Call Report lenders in the CRA program in December 2018 totaled \$476 billion compared with \$459.7 billion in 2017. Because the CRA does not include all the lenders in the Call Reports, the balance tends to be lower compared to the Call Reports. The aggregate number and amount of loans originated is presented in **Table M**. CRA lending institutions extended a total of 7.1 million loans valued at \$253.5 billion in 2018. Small business lending increased from 2017 to 2018, with the value of loans less than \$100,000 up 8.2 percent, and loans between \$100,000 to \$1 million up 3.4 percent. **Figure 5** shows the average small business loan per employee by county for 2018, with the average county having \$1,454.50 in small business loans per small business employee. As the figure shows, the areas with the largest amounts of small business loans per employee were in the Northwest in states like Idaho and Montana, as well as states in the South, such as Texas, Arkansas, and Tennessee.

¹³ See notes from the FFIEC at https://www.ffiec.gov/hmcrpr/cra_fs19.htm.

Table L. Comparison of Assets and Business Loans of Depository Lending Institutions

Description	Call Report Information (Loans and Assets in Billions of Dollars)			
	June 2018	June 2019	December 2017	December 2018
	All Institutions		CRA Institutions	
Small Business Loans				
Less than \$100,000	174.7	183.0	147.6	156.5
\$100,000 to \$1 million	457.8	461.5	312.1	319.5
Total Small Business Loans	632.5	644.5	459.7	476.0
Total Business Loans	3,217.8	3,402.8	2,791.2	2,978.0
Total Assets	15,771.0	16,357.1	13,830.6	14,435.6
Number of Lending Institutions	5,192	4,958	600	587

Percentage of Call Report Institutions Submitting CRA Information					
Description	2015	2016	2017	2018	2019
Small Business Loans					
Less than \$100,000	77	82	83	84	86
\$100,000 to \$1 million	66	67	67	68	69
Total Small Business Loans	69	71	72	73	74
Total Business Loans	87	86	86	87	88
Total Assets	81	86	86	88	88

Note: The CRA column is the value of FDIC loans outstanding by lenders reporting CRA information. These are "outstanding" loans as of 06/2018 and 06/2019, not CRA loans as of 12/2017 and 12/2018.

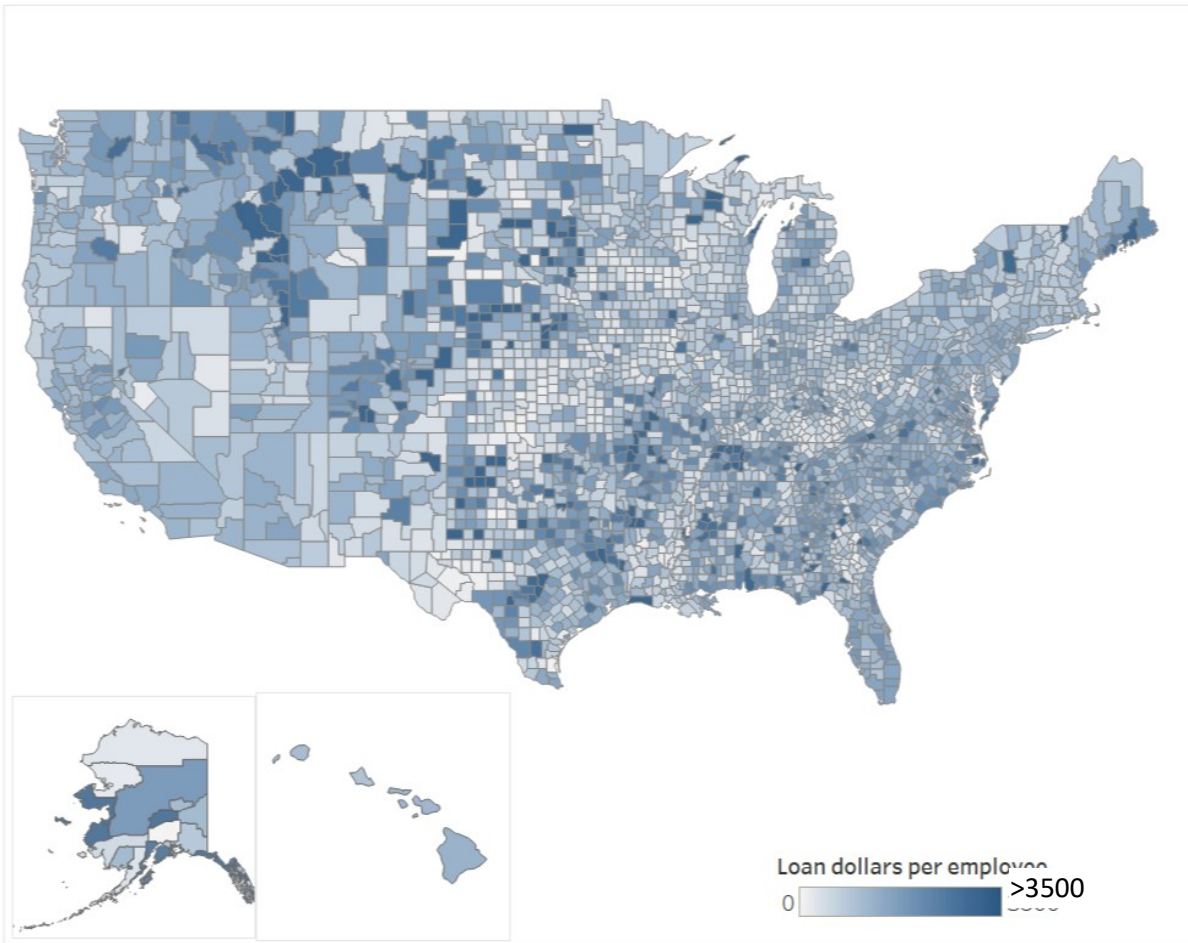
Source: SBA Office of Advocacy, tabulations from the FFIEC Community Reinvestment Act reports.

Table M. Value and Number of Loan Originations and Purchases by CRA Reporting Institutions, 2015-2018

Loan Size and Assets	2015	2016	2017	2018	17-18 Difference	
Value of Small Business Loans						
Less than \$100,000	82.0	104.9	90.8	98.2	7.4	8.2%
\$100,000 to \$1 million	143.0	151.6	150.2	155.3	5.1	3.4%
Total Value of Small Business Loans	225.0	256.5	241.0	253.5	12.5	5.2%
Number of Small Business Loans						
Less than \$100,000	5.6	7.0	6.1	6.6	0.5	8.2%
\$100,000 to \$1 million	0.4	0.4	0.4	0.4	0.0	0%
Total Number of Small Business Loans	6.0	7.4	6.5	7.1	0.6	9.2%
Number of CRA Reporting Lenders	630	611	600	587		

Source: SBA Office of Advocacy, tabulations from the FFIEC Community Reinvestment Act reports.

Figure 5. Small Business Loan Amount per Employee by County

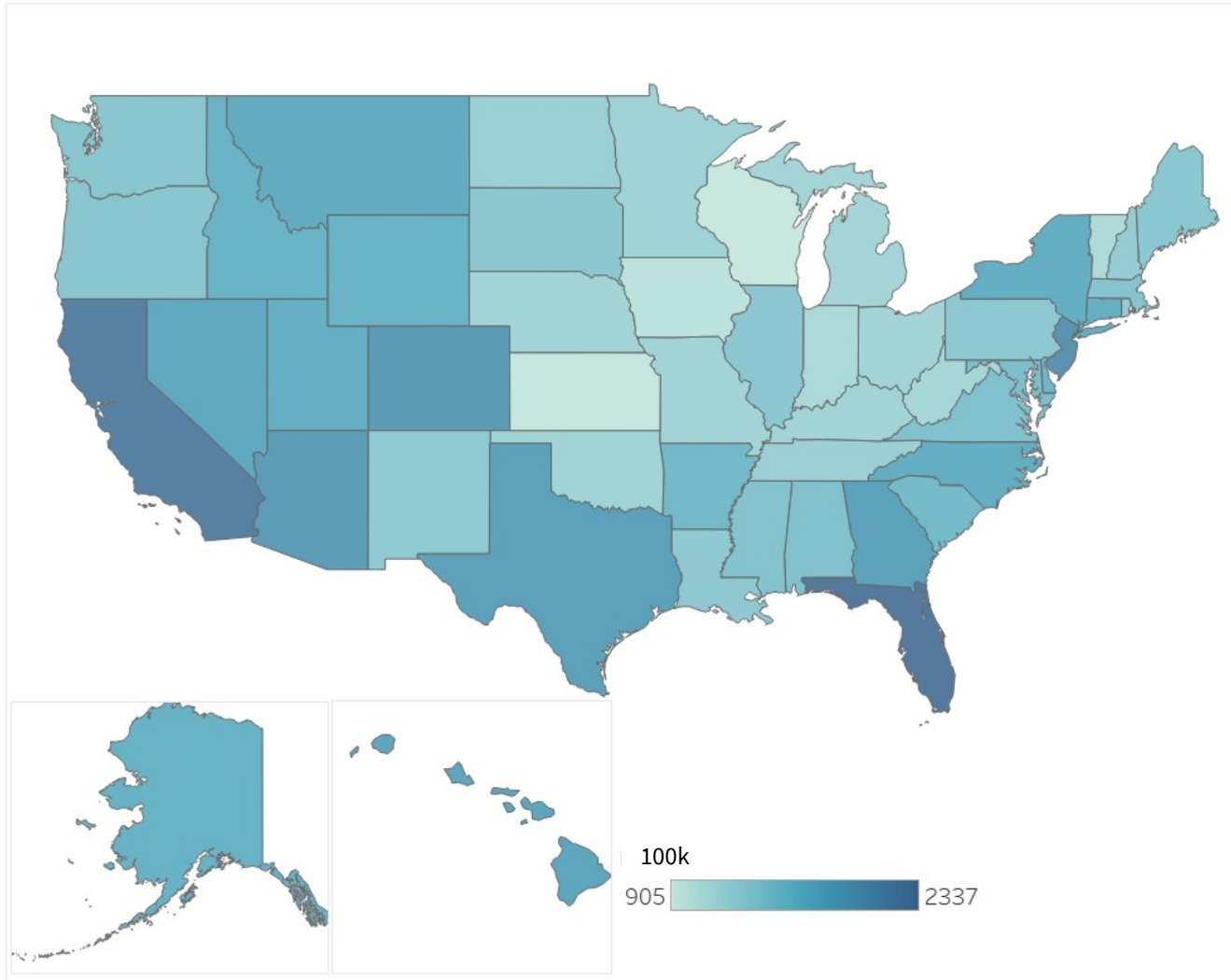


Source: SBA, Office of Advocacy, tabulations from the Community Reinvestment Act Reports and the Statistics of U.S. Businesses.

B. Loans \$100K or Less and Loans \$100K–\$1 Million by CRA Lending Institutions

The value and number of loans made by multi-billion dollar banks and other lenders increased from the previous year. These lenders were active in the market for loans under \$100k and made 6.6 million loans valued at \$98.2 billion in 2018, compared to 6.1 million loans worth \$90.8 billion the year prior. Loans ranging from \$100K–\$1 million had an uptick of 3.4 percent in the value of loans during this period. **Figure 6** below shows CRA loans less than \$100K per employee by state. As seen in the figure, California and Florida accounted for the most loans under \$100k per employee in 2018.

Figure 6. Small Business Loan Amount of \$100,000 per Employee by State



Source: SBA, Office of Advocacy, tabulations from the Community Reinvestment Act Reports and the Statistics of U.S. Businesses.

Conclusion

According to the CRA and Call Reports, the amount of small business lending increased steadily in the last few years. However, even though smaller banks lend a higher share of their assets to small businesses, the growth in overall small business lending predominately came from larger banks as they continue to gain market share of the industry. According to the 2017-2019 Call Report data, banks with greater than \$50 billion in assets had amounts of outstanding small business loans increase by 5.6 percent, and banks with between \$10 and \$50 billion in assets increase by 33.8 percent. The gap in the number of outstanding small business loans by banks with under \$10 billion in assets compared to those with \$10 billion or more widened over the decade, but slightly narrowed in 2019. The CRA data, which only has information on banks with about \$1 billion or more in assets, showed a 5.2 percent increase in loan origination from 2017-2018.

Data Sources and Limitations

Data Sources

Data for this report are compiled by the three federal banking agency members of the Federal Financial Institutions Examination Council (FFIEC): the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The report uses Call Report data from the FDIC website and Community Reinvestment Act (CRA) data from the FFIEC's web page, which were tabulated for the Office of Advocacy by George Haynes, Ph.D. of Montana State University.

The Call Reports, officially the Consolidated Reports of Condition and Income, are bi-annual reports filed by financial institutions with their appropriate depository regulators. Call Reports provide detailed information on the current status of a financial institution.

The Community Reinvestment Act (CRA) data are important for understanding small business lending activities by lenders and bank holding companies in a given state. These data show activities of local reporting depository lenders, including large lenders that have a local presence in a state or territory, but are headquartered out of the state. The criteria for CRA lenders filing the reports changed in 2005. For more information see www.federalreserve.gov/newsevents/press/bcreg/20081217a.htm and www.ffiec.gov/cra/reporter.htm. For detailed information on loan originations and purchases visit and the CRA reporting program, <https://www.ffiec.gov/cra/default.htm>.

Data Limitations

The Call Report and CRA data provide a useful look at small loans held by all depository institutions, but the picture remains incomplete. On the demand side, the Call Report and CRA data do not provide information on the personal or demographic characteristics of the borrowers, or characteristics of the businesses (such as employment or sales data, income or balance sheet information). Thus, these statistics do not shed light on the demand for financial capital by small business owners.

The Call Report and CRA data provide information on the aggregate value and number of loans for \$1 million or less, including those secured by nonfarm, nonresidential property, and commercial and industrial loans. The data do not provide information about whether the loan is a line of credit or an asset-backed loan (such as a capital lease, vehicle, or equipment loan). Small and large business lending is defined by the loan size. However, there may be some overlap, as some small firms may have outstanding/originated loans of more than \$1 million and some large businesses may have originated loans of less than \$1 million.

Call Report data likely underestimate the loan balances with larger lenders because these lenders are more likely to securitize loans with SBA loan guarantees. Hence, only the unguaranteed portion of the loan will still be reported by the lending institution. Smaller institutions are more likely to hold the entire small business loan in house, even if the loan has an SBA loan guarantee attached.

Household assets are often pledged against the debt of the business, and business and household financial assets occasionally are intertwined. Hence, a complete picture of the financial condition of small businesses requires a careful review of income statement and balance sheet information for both the household and the business.

Finally, the CRA data provides useful information on current lending primarily for larger depository lenders required to submit CRA reports. While the current size threshold at which lenders must submit a CRA report is total assets of just over \$1 billion, the CRA data set includes lenders with total assets of less than \$1 billion. CRA data include originations and purchases of small business loans. Originations are new loans or extensions of lines of credit and purchases are loans purchased from another lending institution in the current year.

For more information about the limitations of CRA data, see “A Guide to CRA Data Collection and Reporting” at www.ffiec.gov/cra/guide.htm, and for other limitations of Call Report data, see the “Disclaimer and Notes” section of the FDIC webpage at www2.fdic.gov/sdi/main.asp.

Methodology

The data obtained from the CRA, BHC, and Call Reports are linked by a common identifier. The common identifier allows for the data to be consolidated. The BHCs and independent institutions along with other variables are generated. All foreign banks are excluded, and the data is segmented and aggregated into different bank size categories for analysis. The CRA data is then generated. **Tables E** through **H** employ the total assets ratios (ratios of small business loans to total assets) and the total business loan ratios (ratios of small business loans to total business loans), which are the mean ratios for all lenders. These ratios are derived by computing the ratio for each lender, then computing the mean for all lenders in each category shown.

Definitions

Bank. Any national bank and state bank, and any federal branch and insured branch; includes any former savings association.

BHC—bank holding company. A company that owns and/or controls one or more U.S. banks or one that owns, or has controlling interest in, one or more banks. A bank holding company may also own another bank holding company, which in turn owns or controls a bank. The company at the top of the ownership chain is called the top holder.

Call Report. Officially known as the Report of Condition and Income, a Call Report must be filed by all regulated financial institutions in the United States on a quarterly basis. Banks are required to file no later than 30 days after the end of each quarter.

C&I loan. Commercial and industrial loan; one of the two categories of a business loan.

CRA. The Community Reinvestment Act.

CRE loan. Commercial real estate loan; one of the two categories of a business loan.

Commercial bank. A financial institution that is owned by stockholders, operates for a profit, and engages in lending activities.

Community bank. A depository institution that is typically locally owned and operated. In general, community banks are owned by organizations with less than \$10 billion in assets.

Depository lending institution. A financial institution in the United States that is legally allowed to accept monetary deposits from consumers into safekeeping and use them to make loans to other customers. Important categories include savings banks, commercial banks, savings and loan associations, and credit unions. This report covers all of these categories except credit unions and refers to them collectively as “lenders.”

FDIC. Federal Deposit Insurance Corporation.

Large business loan. A loan greater than \$1 million.

Mega lender. A bank holding company with more than \$50 billion in assets.

MDI—Minority Depository Institution. A federally insured depository institution where 51 percent or more of the voting stock is owned by minorities. Insured depository institutions may choose MDI status if a majority of the Board of Directors is made up of minorities and the community that the institution serves is predominantly minority.

Online lending. A term used interchangeably with “marketplace lending” that generally includes any internet platform that connects lenders and borrowers.

Other depository institution. Financial institutions not specifically listed with authority to accept deposits of funds.

Savings bank. Banking institutions organized to encourage thrift by paying interest dividends on savings. Savings banks can have state and federal affiliations(e.g., state savings banks and federal savings banks).

Small business loan. A loan of \$1 million or less.

Small business. A firm with fewer than 500 employees.

State bank. Any bank, banking association, trust company, savings bank, industrial bank (or similar depository institution which the board of directors finds to be operating substantially in the same manner as an industrial bank), or other banking institution which is engaged in the business of receiving deposits, other than trust funds and is incorporated under the laws of any state.

Traditional lender. Any lender that is FDIC insured.

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