

Small Business Lending In the United States, 2019

By U.S. Small Business Administration, Office of Advocacy, Office of Economic Research.
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Small Business Lending in the United States, 2019 provides information on the lending patterns of traditional bank lenders to small businesses in 2019 from the latest publicly available banking data. This report provides statistics on small business lending by size and type of loan and size of bank for 2015 - 2019, as well as recent trends from 2017 - 2019. The report defines small business loans as all commercial loans of \$1 million or less. Small business loans are made up of small commercial real estate (CRE) and small commercial and industrial (C&I) loans. This version combines two annual reports (the annual report for 2018 and 2019) into one this year. The statistics presented here reflect sources of data collected prior to the COVID-19 pandemic.

Highlights

Small Business Lending by All Banks

- Outstanding small business loans increased between June 2017 to June 2019 by 4.1 percent, less than the nearly 12 percent lending increase to large businesses during this time, and totaled \$645 billion in 2019. Small business C&I loans had a healthy growth rate of 9.2 percent during the same two-year period. Small business CRE loans contracted during this time by 1.9 percent (Table 1). The share of C&I loans of all small business loans has consistently increased since 2015 and was 57 percent in 2019, up from 54 percent in 2017.

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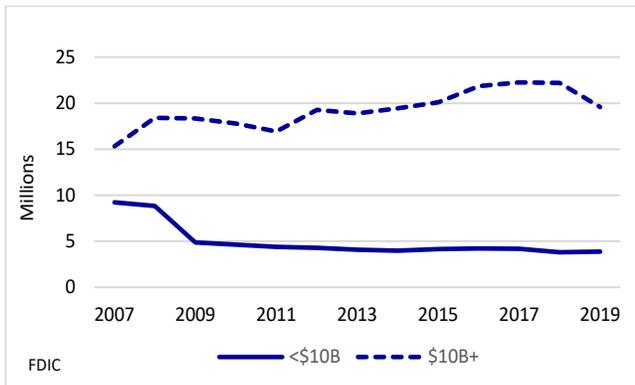
Table 1: Change in Small Business Loans

	\$(billions)		Percent Change 2017-2019
	2017	2019	
Small Business loans	618.9	644.5	4.1
Commercial real estate	281.8	276.4	-1.9
Less than \$100,000	13.2	11.9	-10.4
Commercial & industrial	337	368.1	9.2
Less than \$100,000	152.5	171.2	12.2

Source: FDIC

- The smallest loan size, under \$100,000, was the most active. The percentage changes for both C&I and CRE outstanding loans were 12.2 percent and -10.4 percent, respectively. C&I loans under \$100,000 had the largest dollar increase of \$18.6 billion, accounting for 60 percent of the total increase in C&I loans.
- Bank lending activity to small businesses varied by bank size. Lenders with assets under \$10 billion had declines in their outstanding small business loans from 2017 - 2019. Lenders with assets of \$100 million to \$499 million had the largest dollar decline. The largest percentage decline was by lenders with assets under \$100 million. The largest dollar increases were generated by lenders with \$10 billion or more in assets, which counterbalanced the declines of other lenders.

Figure 1: The Gap in the Number of Small Business Loans Has Widened



- The gap in the number of small business loans widened over the decade among banks with assets under \$10 billion and those with \$10 billion or more in assets but narrowed in 2019 (Figure 1). The total number of business loans contracted by 11.3 percent from June 2017 through June 2019.

Small Business Lending by Minority Lenders

- In 2019, Minority Depository Institutions (MDI) outstanding small business loans totaled \$13 billion, a drop from nearly \$14 billion in 2017. Increases in MDIs outstanding small business C&I loans helped offset the declines in small business CRE loans.
- MDI lenders with assets of \$10 billion or more in assets held 37 percent of the total value of small business loans in 2019, compared to 39 percent in 2017.

Small Business Lending Trends in the CRA Data

- A total of 587 lending institutions submitted Community Reinvestment Act (CRA) reports in 2018, compared to 611 in 2016, accounting for 74 percent of the dollar volume of small business loans and over 88 percent of the banking industry’s total domestic assets.
- CRA lenders extended a total of 7.1 million loans valued at roughly \$253.5 billion in 2018, down from 7.4 million loans valued at roughly \$257 billion in 2016. These institutions were also active in loans under \$100k, but a slight dip from two years ago. In 2018, CRA

lenders made 6.6 million under \$100k loans valued at \$98.2 billion compared with 7.0 million loans worth \$105 billion in 2016.

Scope and Methodology

Two sources of data are analyzed in this report. The Consolidated Reports of Condition and Income (Call Report) from the Federal Deposit Insurance Corporation (FDIC) provide information on loan balances for all reporting depository institutions. The Community Reinvestment Act (CRA) reports from the Federal Financial Institutions Examination Council (FFIEC) provide information for loan originations and purchases for depository institutions with more than \$1 billion in assets.

The data is aggregated and categorized into various loan and bank asset size categories. This report examines all institutions filing Call Reports, but the data provided does not make it possible to distinguish SBA-guaranteed lenders or SBA-guaranteed loans. Because of the changing number of banks required to report under the CRA, year-to-year changes in the lending activities for this group of banks are more difficult to interpret.

The appendix to the report contains six sets of tables ranking lenders by various factors, as well as providing tables of small lending activity by state.

This report was peer-reviewed consistent with Advocacy’s data quality guidelines. More information on this process can be obtained by contacting the Office of Economic Research at 202-205-6533. Questions or feedback should be emailed to advocacy@sba.gov.

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