

# THE FINANCIAL SERVICES ROUNDTABLE



## *Financing America's Economy*

To: Representatives of the Financial Services Roundtable, GAC, Public Affairs Council, Changing the Dialogue, Vital Links

My name is Abby McCloskey. I am the new Director of Research at the Financial Services Roundtable. From time to time, I will be sending you important facts about the financial services industry and our role in financing the economy. I promise that “Fast Facts” will be data-based and a quick read. Please note this report is also attached as a PDF. If you have questions or comments about this issue, please do not hesitate to contact me at [abbyresearch@fsround.org](mailto:abbyresearch@fsround.org).

### **Fast Facts: SMALL BUSINESS LENDING**

*The following data is taken from the FDIC's Statistics on Depository Institutions Report; National Federation of Independent Business' report on Small Business Economic Trends – July 2010; and SBA's Economic Recovery Efforts and Impact, released July 12, 2010.*

**MYTH:** Small business lending has dried up.

**FACT:** In June 2010, 90% of small business owners reported all their credit needs were met or they did not want to borrow. Only 6% of the owners reported “finance” as their top business problem.

**FACT:** Commercial banks provided over \$664 billion in outstanding loans to small businesses in the first quarter of 2010. While this is less than lending in the second quarter of 2009 (\$692 billion), many financial services firms have pledged to increase loans substantially in 2010:

- **Wells Fargo & Company** plans to increase small business lending by nearly 20% this year – committing \$16 billion to small business loans.
- **Bank of America Corporation** loaned \$19.4 billion to small businesses in Q1 2010 – nearly 20% more loans than the same quarter last year.
- **JPMorgan Chase & Co., Citigroup Inc., Huntington Bancshares Inc., BB&T Corporation, U.S. Bancorp, Webster Bank**, and others have made similar commitments.

**FACT:** Loans approved by the SBA increased significantly between 2009 and 2010 for the following categories: start-ups (29%↑), \$150K and under (29%↑), existing (92%↑), minority (50%↑), veterans (83%↑). *See chart.*

**FACT:** From February 2009 to July 2010, weekly SBA loan dollar volumes rose more than 90% in the 7(a) and 504 programs. *See program definitions.*

*July 28, 2010*

**SBA Business Loan Approval (\$ thousands)**

<i>Type of Loan</i>	<b>FY 2009</b>		<b>FY 2010</b>		<b>FY 2009 - 2010</b>
	<i>Number of Loans</i>	<i>Amount Approved (\$)</i>	<i>Number of Loans</i>	<i>Amount Approved (\$)</i>	<i>Change in Approved Loans (\$)</i>
<b>Start-up</b>	10,009	\$2,078,244	11,544	\$2,687,256	<b>29%↑</b>
<b>\$150K &amp; Under</b>	20,457	\$1,020,808	27,126	\$1,318,614	<b>29%↑</b>
<b>Existing</b>	20,123	\$4,171,497	31,355	\$8,035,101	<b>92%↑</b>
<b>Minority</b>	7,095	\$1,642,941	8,200	\$2,469,231	<b>50%↑</b>
<b>African American</b>	2,225	\$391,311	1,233	\$186,659	<b>47%↓</b>
<b>Hispanic</b>	1,563	\$256,033	2,379	\$465,570	<b>81%↑</b>
<b>Asian</b>	3,063	\$960,935	4,281	\$1,760,702	<b>83%↑</b>
<b>Native American</b>	190	\$22,846	293	\$54,345	<b>54%↑</b>
<b>Rural</b>	7,428	\$1,487,888	11,196	\$2,618,006	<b>76%↑</b>
<b>Women</b>	5,923	\$957,575	7,723	\$1,490,519	<b>55%↑</b>
<b>Veterans</b>	2,642	\$405,962	3,448	\$744,825	<b>83%↑</b>

*SBA Activity through July 9, 2010*

**Definitions: SBA Loan Programs**

**SBA itself does not make loans, but rather guarantees a portion of loans made and administered by commercial lending institutions.**

**7(a) Loans** are SBA's primary way to finance start-up and existing small businesses.

**504 Loans** provide small businesses with financing for major assets, such as land or a building.

*For more information, please visit [www.sba.gov](http://www.sba.gov).*