

# How the Financial Services Industry Is Supporting Small Business

November  
2011



## Letter from Steve Bartlett, President and CEO

*We dedicate this report to the tens of thousands of men and women across America who work in the financial services industry as lending officers, insurance agents and financial planners and who support small businesses every day in their local communities.*

*America's small businesses – now more than 27 million of them, or nearly one for every 10 citizens – have generated 64 percent of new jobs.*

Small businesses are vital to our nation's economy and job creation, and the financial services industry is supporting them in unprecedented and innovative ways.

Over the past 15 years, America's small businesses – now more than 27 million of them, or nearly one for every 10 citizens – have generated 64 percent of new jobs. This proportion of small business job creation is *even higher* in the early stages of an economic recovery.

This special report highlights two primary ways our industry supports small businesses:

- **Lending:** More than 25 large banks have increased small business lending in 2011, with one bank boosting lending by 90 percent from 2010 levels. Other findings: Banks are lending more than \$600 billion to small businesses of all sizes; the largest banks have pledged *an additional \$100 billion* for 2011 and beyond; and commercial banks with more than \$10 billion in assets make half of all small business loans.
- **Non-Lending:** More than 30 major financial services companies say they have extended non-lending support to small businesses in 2011. Other findings: Millions of small business owners rely on financial institutions for insurance, retirement planning and financial planning; many financial services companies offer free education, networking, online portals and rebates to small

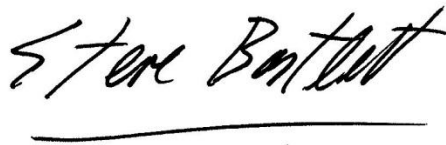
*The largest banks have pledged an additional \$100 billion for 2011 and beyond.*

business owners; and financial services companies help small businesses manage disasters by relaxing collection efforts, reducing pricing and offering disaster bridge loans.

In short, members of the Financial Services Roundtable are helping small businesses in myriad ways throughout the year. We will continue to share with you how our members and financial services companies in general are helping the vital small business community.

I give special thanks to Abby McCloskey, the Roundtable's Director of Research, for directing and authoring this report. Please do not hesitate to contact me at [Steve@fsround.org](mailto:Steve@fsround.org), or Abby, at [Abby@fsround.org](mailto:Abby@fsround.org), if you have questions or comments.

Best regards,



Steve Bartlett  
President and CEO  
The Financial Services Roundtable

## Small Business

*The real story about what the financial services industry is doing to assist small businesses in 2011*

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**November 2011**

## Key Takeaways

- **Historic Steps:** The financial services industry and the federal government have taken historic steps to help support small businesses.
- **Credit Needs Met:** The vast majority of small businesses report their credit and capital needs are met.
- **Billions Lent and Pledged:** The financial services industry has extended \$607 billion in loans to small businesses of all sizes in 2011. The nation's largest financial services companies have committed to increase their small business lending by an additional \$100 billion.
- **Support Beyond Lending:** Small business assistance is about much more than lending. The financial services industry offers continuing education, insurance, retirement security, financial planning and many other benefits for millions of small businesses.

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## Executive Summary

As America continues its path to economic recovery, small businesses must be an integral part of fueling job creation. The member companies of the Financial Services Roundtable understand this – they serve small businesses in communities all across the nation. They are dedicated to helping these companies and their owners be successful, and offering them increased tools to do so.

Financial services companies have committed billions in additional funds, and they're strengthening their small-business loan officer ranks to handle the loan activity. They're also delivering a wide range of nonfinancial help. All of this assistance forms the basis of this Financial Services Roundtable report.

Financial institutions extended \$607 billion in loans to small businesses in the first half of 2011. Most recently, the largest of them committed to boost their small-business lending by an additional \$100 billion in 2012 and beyond. The help already has made a difference: 93 percent of small businesses surveyed report their credit and capital needs are met.

A record amount of Small Business Administration-backed also have been extended by financial institutions. At the end of September 2011, small business loans backed by the SBA reached \$30 billion, the highest mark in the agency's history.

Support to small businesses goes beyond lending. The industry offers continuing education, insurance, retirement security, financial planning and many other nonfinancial benefits to help the industry get back on their feet.

*Most recently, the largest financial institutions committed to boost their small-business lending by an additional \$100 billion in 2012 and beyond.*

## Section 1: Small Businesses Today

Vibrant small businesses are crucial for the American economy and job creation. Small businesses create the majority of new jobs in the U.S. each year and, after past recessions; the small business community has been the main driver of economic recovery.

But today's economic environment is a challenge for many companies. Ninety percent of U.S. small business owners believe the U.S. economy is on the wrong track, and nearly a quarter think their best business days are behind them, a U.S. Chamber of Commerce survey released Oct. 12, 2011, found. The majority of businesses do not plan on hiring or making capital investments in the next 6-to-12 months.

*The financial services industry has extended more than \$600 billion in loans to small businesses as of the second quarter of 2011, Federal Deposit Insurance Corporation data shows.*

To help small businesses gain access to the resources they need, the financial services industry and the federal government have taken historic steps to improve credit and other financial services.

The financial services industry has extended \$607 billion in loans to small businesses of all sizes as of the second quarter of 2011, Federal Deposit Insurance Corporation data shows. Commercial banks with more than \$10 billion in assets are responsible for half of the small business loans in the U.S., and many of these banks have committed to lending even more in the coming year. For example, the large commercial banks surveyed in this report have committed, on aggregate, an additional \$100 billion in small business loans for 2012 and beyond.

## Section 1: Small Businesses Today

On Sept. 20, 2011, Vice President Biden announced a \$20 billion commitment by 13 major banks to increase lending to small businesses in underserved communities over the next three years.

The following banks were represented at Vice President Biden's announcement in Solon, Ohio (all of which are Roundtable members):

Wells Fargo	M&T Bank	KeyCorp
Regions	Huntington	JP Morgan Chase
Citi	Bank of America	TD Bank
U.S. Bancorp	PNC	Citizens Financial Group
SunTrust		

Additionally, the financial services industry and federal government have partnered to extend a record amount of SBA loans. At the end of September 2011, small business loans backed by the U.S. Small Business Administration reached \$30 billion, the highest mark in the agency's history. The first quarter of FY2011 was the most active single quarter ever for SBA-backed loans (more than \$12 billion supported). This is more than four times the amount for the same quarter in 2009.

In large part due to these efforts, the credit market for small businesses has remained active during 2011, and the overwhelming majority of small business owners (93%) reported that their finance needs are met or they are not interested in borrowing in the September 2011 survey of the National Federation of Independent Business.

However, helping small businesses is about more than lending.

Insurance companies, investment companies, financial planning companies and other members of the financial services industry also meet the needs of small businesses.

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FY2011 was the  
most active single  
quarter ever for  
SBA-backed loans  
(more than \$12  
billion supported).*

## Section 1: Small Businesses Today

As will be discussed further in Section 3, Roundtable companies have waived fees for business customers, developed online and mobile business platforms, extended insurance coverage at discounted rates, provided disaster assistance,

donated millions of dollars in microloan programs and community-development funds, conducted educational and networking events for small business owners, and more.

This is just the beginning.

Financial services companies are working with small business owners across the country to learn how to meet their needs in unique and innovative ways. In this report, you will see a sample of their current efforts and glimpse what is to come in 2012.

*In large part due to these efforts, the credit market for small businesses has remained active during 2011, and the overwhelming majority of small business owners (93%) report their finance needs are met or they are not interested in borrowing.*

## Section 2: Small Business Lending

### Key takeaways for small business lending in 2011:

- \$100 billion of new small business loans pledges made
- Hundreds of small business loan officers hired
- 15 to 90 percent increase in small business lending per company
- Record amount of SBA loans extended (\$30 billion)

In October 2011, the Financial Services Roundtable surveyed its members to determine what individual companies are doing this year to help small businesses access credit.

The survey revealed that the nation's largest financial services companies have committed to increase their small business lending in 2011-2012. Many companies have hired additional small business loan officers to assist in lending efforts. Other companies have focused their lending efforts on specific areas of the country hardest hit by the recession. And still others have found innovative ways to account for collateral in an economic environment where collateral is hard to come by.

Below is a collection of member company responses about how they are improving small business lending:

### Increased Lending

- **Bank of America's** new credit originations to small businesses in the first half of 2011 climbed more than 35 percent over the same period last year. Bank of America has hired more than 400 small business bankers in recent months and plans to hire roughly 1,000 total by mid-2012.

## Section 2: Small Business Lending

- **Bank of the West** increased loans to small businesses by 89 percent in the year ended August 2011. Additionally, the bank has doubled its number of small business bankers.
- **BB&T** is the No. 1 SBA Large/National Bank lender in North Carolina and Virginia.
- Through September 2011, **BBVA Compass** small business lending was up more than 35 percent from a year earlier.
- **Capital One's** number of loans rose 19 percent in 2010 from the previous year. Overall, Capital One originated a large volume of small business loans in 2010 – 187,075 loans totaling \$2.9 billion. The average loan was for \$15,000, and 98 percent of all loans were for \$100,000 or less.
- **Chase** provided more than \$12.6 billion in credit to over 300,000 small businesses in the first three quarters of 2011, a 71 percent increase over the same time last year. In the past three years, the bank has hired more than 1,100 new bankers to serve more than 2 million small businesses. Chase is America's largest SBA lender in number of loans.

*Citizens Financial Group has more than doubled its lending to businesses with annual revenues of \$25 million or less over last year.*
- **CIT Group Inc.** provided more than \$1 billion in new loan commitments during the quarter ended June 30, 2011, an increase of nearly 30 percent over the first quarter.
- **Citizens Financial Group** has more than doubled its lending to businesses with annual revenues of \$25 million or less over last year and has launched education programs for small business owners.
- **First Niagara Financial Group** has completed an \$8 million loan agreement with Northeast Builders Supply & Home Centers. The deal exemplifies First Niagara's commitment to providing local businesses with tailored lending solutions responsive to their needs and strengths.

Section 2: Small Business Lending

*PNC originated or renewed*  
**\$1 billion**  
*in small business loans in*  
*the third quarter of 2011.*

- **Fulton Financial** provides focused small business lending through 273 community banking offices.
- **HSBC Bank USA, N.A.**, increased small business new loan origination by 15 percent year-over-year in the first nine months of 2011.
- For SBA fiscal year 2011, **KeyCorp** produced \$219 million in SBA approvals, resulting in a 92 percent increase over 2010 making Key the ninth largest SBA lender in the country.
- **M&T Bank** is the sixth largest SBA lending in the nation for the 2011 SBA fiscal year, increasing their SBA originations by 47 percent over 2010. M&T Bank has generated more than \$225 million in loans for micro businesses. M&T Bank reaffirmed its commitment to small business owners, pledging to increase lending by \$50 million above 2010 levels for each of the next three years.
- **People's Bank** commitment to helping Connecticut's Community Economic Development Fund lend to small businesses will total \$1.8 million since CEDF's founding in 1994.
- **PNC** originated or renewed \$1 billion in small business loans in the third quarter of 2011.
- In the year ended August 2011, **SunTrust** originated more than \$80 million in loans to small businesses with annual revenues of less than \$5 million.
- Starting in November 2008, **Synovus** began using accounts receivables as collaterals to increase small business lending.
- **U.S. Bank** set a new company record for SBA loan approvals with a total of \$630 million for the SBA fiscal year ended Sept. 30, 2011. The previous U.S. Bank record, set in 2008, was \$504 million.
- **Wells Fargo** made \$10.3 billion in new loan commitments to small businesses in the first three quarters of 2011 – an 8 percent increase in new dollars loaned from the same period last year. In 2011, the company became the first to lend more than \$1 billion in SBA loans in a single year,

## Section 2: Small Business Lending

and it has been America's top SBA lender in dollar volume for three consecutive years.

- **Zions** has ranked as Utah's No.1 SBA lender for the past 17 consecutive years. Zions Bank approved 597 SBA 7(a) loans in Utah totaling \$48.7 million for the fiscal year ended Sept. 30, 2010. These loans represent 36 percent of the 1,677 SBA-backed loans approved in the state during fiscal year 2010.

### Commitment to Future Lending

#### *Regions*

*committed to an additional \$200 million increase in lending over the next three years to help small businesses grow and put more Americans back to work.*

- **BMO** will make an additional \$5 billion available to small- and medium-sized businesses over the next two years to support the economic recovery by spurring business investment and job creation.
- **Citi** pledged \$24 billion in U.S. small business lending over the next three years, including \$7 billion this year, \$8 billion in 2012 and \$9 billion in 2013. Last year, the company made \$6 billion in small business loans, compared with \$4.5 billion in 2009.
- **Fifth Third Bank** has the capacity to extend \$28 billion in new and renewed credit to qualified commercial and small business customers through July 2012.
- **First Commonwealth Bank** has increased its focus on helping small businesses in recent years and now has nearly 30 Business Banking Officers partnering with 112 branch offices throughout its 15-county footprint to promote and grow relationships with local businesses.
- **Huntington** plans to lend \$4 billion to small businesses in the Midwest over a three-year period, with a stepped increase in small business lending through 2012 and beyond.
- **KeyCorp** commits to \$5 billion in small business lending over the next three years.
- **Regions** committed to an additional \$200 million increase in lending over the next three years to help small businesses grow and put more

## Section 2: Small Business Lending

Americans back to work. As of August 2011, Regions has booked nearly \$5 billion in new and renewed small business loans, a 16 percent increase in new loan production as compared to 2010.

- **TD Bank** has committed to growing small business loans by 70 percent above 2010 levels over the next three years. In 2011, TD Bank doubled its SBA lending sales force, and increased its conventional small business sales team by 20 percent.
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## Section 3: Other Types of Small Business Support

### Key takeaways for small business support in 2011:

- Millions of small business owners helped with disaster assistance, retirement planning, and insurance
- Free education provided to thousands of small business owners
- Millions of dollars spent with women- and minority-owned businesses
- Award-winning online platforms developed for small businesses

Small business support is about much more than lending. Business insurance, financial planning, disaster response, and other financial services are crucial to supporting small businesses.

The Roundtable's October 2011 survey revealed that member companies are helping small businesses in many significant and varied ways.

Below is a collection of member company responses about how they are supporting small business.

### Insurance and Retirement Security

- The **Allstate** Protection segment has a separate organization called Emerging Businesses which includes business insurance for small business owners. Allstate invested \$165.8 million with 1,978 women- and minority-owned businesses in 2008.
- **BB&T Insurance Services** provides small business insurance expertise through dedicated small business insurance agents. For the eighth straight year, it has provided this service to small business customers at an 11 percent growth rate.
- **The Hartford** provides award-winning tools and educational resources that help small business owners understand insurance and feel confident about what they're buying. It launched an interactive online guide to explain workers' compensation in simple English. It also created The

Section 3: Other Types of Small Business Support

Business Owner's Playbook®, which helps identify and address important issues facing small business owners. It provides insurance protection for more than a million small business owners.

- **ING U.S.** supports small businesses with 401(k) plans. ING expanded its service offerings to help employers satisfy their ERISA responsibilities and launched a plan enrollment program that leverages the use of mobile technology. ING U.S. also introduced a Self Owned Life and Retirement (S.O.L.A.R.) platform designed to supplement non-qualified retirement accumulations while providing salary continuation death benefit protection. Additionally, ING U.S. partners with national and local Hispanic chambers educating and serving minority-owned small businesses on insurance and retirement needs.
- **LPL Financial** acquired National Retirement Partners, Inc., to help support small- and medium-sized businesses with employee retirement solutions, including group annuities and 401(k) plans.
- **State Farm** continues its commitment to small business, offering insurance and financial services to help small business owners recover from the unexpected and realize their dreams.

*The Allstate Protection segment has a separate organization called Emerging Businesses which includes business insurance for small business owners. Allstate invested \$165.8 million with 1,978 women- and minority-owned businesses in 2008.*

Online Tools

- In the 2011 second quarter, **Capital One** launched Clear Interest Business Checking, a first-to-market, high-interest checking account for businesses, helping time-strapped small business owners simplify money management. Capital One Bank's Clear Interest Business Checking is one of the first high-interest checking accounts offered for small businesses since 1933.
- **Discover Financial Services'** website offers numerous articles on setting up and running a small business. In terms of disaster relief, Discover may offer to relax collection and activation efforts and provide pricing concessions for merchants, depending on the size and scope of the disaster.

Section 3: Other Types of Small Business Support

*E\*TRADE Bank announced a new \$2 million, 15-month pledge to Operation HOPE, which helps small businesses in low-income communities apply for loans.*

- **Fulton Financial** is committed to relationship-based business owner education and training with its online Business Resource Center, providing interactive “how-to” workshops and toolkits about starting, marketing, financing, managing, growing and protecting your small business. The corporation’s six community banks survey their small business customers to determine educational needs and then, after listening, deliver webinars in response to commonly shared business topics.
- **MasterCard** launched MasterCard Small Business Education Series webinars to help small businesses stay abreast of their industries and continue learning about topics that will help them run their businesses better.
- Barlow Research Associates, Inc. honored **U.S. Bank** with a 2011 Monarch Innovation Award, recognizing the company’s ScoreBoard online payments-management tool for small businesses. The ScoreBoard tool helps them make smarter decisions about the financial operations of their business.
- **Wells Fargo** provides support, guidance and relatable information to small businesses through its online content delivery portal called the Business Insight Resource Center.

Additional Offerings

- **Ameriprise Financial** invested \$284 million in securities backed by Agency Small Business Administration loans as of June 30, 2011.
- **Ares Capital Corporation** made more than \$1.4 billion in new investment commitments during the quarter ended September 30, 2011, an increase of more than 170 percent from the year-ago period and more than 55 percent above the 2011 second quarter. Ares Capital invests primarily in U.S. middle-market companies.
- **BancorpSouth** offers a \$100 cash incentive to small business owners who transfer their small business checking accounts to BancorpSouth.

Section 3: Other Types of Small Business Support

*LPL Financial  
acquired National  
Retirement  
Partners, Inc. to  
help support  
small- and  
medium-sized  
businesses with  
employee  
retirement  
solutions,  
including group  
annuities and  
401(k) plans.*

- **Citibank** offers small business customers free checking for one year.
- **Citizens Financial Group** supported small businesses impacted by recent natural disasters with a Disaster Bridge Loan Program. These bridge loans provide money immediately to businesses to pay their obligations and necessary operating expenses until such time as they receive long-term government funding from the SBA's Disaster Loan Program.
- **City National** will waive up to \$3,000 in closing costs on first trust deed loans it makes under the SBA 504 Loan Program and also will waive the bank's loan-origination fees when new funds are deposited in a business checking account.
- **Comerica** donated \$50,000 to ACCION Texas to expand microloans and spur small business growth in the San Antonio market.
- **E\*TRADE Bank** announced a new \$2 million, 15-month pledge to Operation HOPE, which helps small businesses in low-income communities apply for loans.
- In recent months, **First Commonwealth Bank** has held more than 800 meetings with women business owners. FCB's manages \$62 million in loans, deposits and cash-management activity for women-owned businesses, with the goal of \$100 million.
- The service **First Horizon** bankers provide their small- and middle-market business customers has consistently earned national recognition by Greenwich Associates in the areas of overall customer satisfaction, treasury-management satisfaction and relationship-management performance.
- **Genworth** supports thousands of small businesses, such as independent financial advisors, accountants, and insurance agencies. For example, Genworth offers practice management services to help advisors assess the effectiveness of their small business, determine ways to improve

### Section 3: Other Types of Small Business Support

efficiency and profitability, maximize firm value, and provide resources to assist in the purchase or sale of advisory firms.

- **PNC Bank** is the newest member of the Ohio Business Lending Clearinghouse network, which makes it easier for Ohio's small businesses to connect quickly with a lender, giving them an edge on growing their business and creating jobs for Ohioans. PNC joins other prominent lending institutions such as Fifth Third, Huntington Bank and Key Bank, in assisting Ohio small businesses with potential lending opportunities and business-development resources.
- In support of small business and entrepreneurial achievement, the **Principal Financial Group** sponsored the Inc. 500|5000 Conference. Nearly 2,000 of the nation's most successful small business CEOs and entrepreneurs met at the 30th annual Inc. 500|5000 Conference & Awards Ceremony September 22-24 at the Gaylord National hotel and conference center in Washington, D.C. This is the ninth year that The Principal has served as a major sponsor of this leading forum.
- **Raymond James** was involved in over 128 public financings in 2011 (33 IPO's) for small companies as well as private placements of both debt and equity for small companies. Raymond James also judges Ernst & Young's statewide and national Entrepreneurship Awards Program.
- **Visa** launched a micro-lending program with Kiva. Org. The average size of Kiva's filed partner loans in the U.S. is \$7,000.

### Educating and Building Relationships

- **Banco Popular** is participating in the New York City Bank Advisory Council, established to forge referral relationships and educational initiatives between banks and the New York City Small Business Services Agency.
- In September 2011, **HSBC Bank** USA, N.A., launched its nationwide Business without Borders initiative to connect, educate and inspire U.S.-based businesses to take the necessary steps to expand and prosper in the global marketplace.

### Section 3: Other Types of Small Business Support

- **Nationwide** and PartnerUp support small businesses by building a network to facilitate communications among small business owners.
  - **RBC Bank** presented a free educational seminar for small business owners.
  - **TD Bank** ran a small business campaign from Maine to Florida with door to door visits to small business owners.
  - **Webster Financial Corporation** hosted a small business event during National Small Business Week.
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