Office of Advocacy
U.S. Small Business Administration

Small Business Lending in the United States, 1998 Edition

A Directory of Small Business Lending Reported by Commercial Banks in June 1998

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Foreword

I am pleased to release the Office of Advocacy’s fifth annual report on the small business lending activities of the nation’s commercial banks. Our goal is twofold: to provide small firms with an easy-to-use tool for locating likely loan sources in their communities, and to stimulate competition among banks for small firm customers by comparing bank performance in small firm lending.

This, the latest of the “small-business-friendly banks” studies, is an analysis of June 1998 call report data submitted by financial institutions to their appropriate banking regulators. For the first time, this year’s edition also includes data gathered under the revised regulations of the Community Reinvestment Act (CRA). The new data are arrayed by the areas where loans were made in 1997.

Banks are leading suppliers of credit to small businesses, accounting for 54 percent of total traditional small firm credit used, says the 1993 National Survey of Small Business Finances. This year’s study covers the lending activity of 8,966 individual reporting commercial banks, some 327 fewer than were in the 1997 report; however, the number of bank branches increased by 2,533.

In June 1998, commercial banks had $1 trillion in business loans outstanding (commercial and industrial and commercial mortgage loans), of which 36 percent—$371 billion—was in small business loans. Total business loans outstanding increased by $97 billion or 10.5 percent in 1998, while small firm lending increased by $22 billion or 6.3 percent. Commercial banks help maintain the health of small firms, but the declining small firm share raises concerns about the adequacy of small business commercial bank credit, especially for firms looking to grow. Among the study’s other findings of particular interest are the following:

- Dollars in small business lending increased at a slower rate than lending to large firms (6.3 percent compared with 13.0 percent). Loans outstanding in the three small-loan categories increased at rates of 3.0 percent (loans under $100,000), 8.1 percent (loans of $100,000 to $250,000), and 7.7 percent ($250,000 to $1 million).
- The 1.3 million increase in the number of small business loans from 1997 to 1998 was impressive. Almost all of the increase (19.3 percent) was in the smallest loans, those under $100,000 (including loans made through credit scoring models such as business credit cards, small lines of credit, and other small commercial loans). The other size categories of small loans had a less than 2 percent increase.
- In many states, many large out-of-state banks and bank holding companies (BHCs) are making small business loans. For example, call report data identify six banks headquartered in the District of Columbia, whereas the 1997 CRA data identify 50 banks—nearly all headquartered out of state—lending to small firms in DC.

Changes in banking markets, such as mergers, interstate branching, and fluctuations in interest rates, will have more significant effects on small firms than on large corporations, which can more often tap capital from equity markets. Changes in market structure that could adversely affect small firm access to commercial bank credit should be monitored closely.

A note about banks’ participation in the lending programs of the U.S. Small Business Administration (SBA): banks that participate in SBA’s loan programs and use secondary markets extensively may have artificially low “small business friendliness” rankings because only the nonguaranteed portion of guaranteed loans will appear in the bank’s loan portfolio. SBA preferred or certified lenders should be considered small-business-friendly, and small firms should certainly seek them out.

Thanks to all who have helped fine-tune this effort—members of the U.S. House of Representatives and Senate Committees on Small Business and Banking, and many individual users of the previous reports. Comments and suggestions are valuable and truly welcome. The studies are available on the Internet at *http://www.sba.gov/ADVO/lendinginus2.html*.

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Introduction

Small business is the keystone of the United States economy. America's small businesses—some 24 million strong, based on business tax return data—employ about 52 percent of the private work force, contribute 51 percent of private sector output, create most of the new jobs, and produce 55 percent of innovations.[1] By keeping the market-based system efficient, they make an indispensable contribution to U.S. global competitiveness.

Access to credit is vital for small business survival, and a key supplier of credit to small firms is the commercial banking system. Some 67 percent of all small firms that borrow from traditional sources obtain their money from commercial banks, according to the 1993 National Survey of Small Business Finances.[2] Of a total of $668 billion in small business credit outstanding from traditional sources, commercial banks supplied 54 percent, a much larger share than the 13 percent supplied by finance companies, the next most prominent lender.[3]

[1]Office of Advocacy, U.S. Small Business Administration, *Small Business Answer Card, 1998*. See also Joel Popkin and Company, *The Small Business Share of Private, Nonfarm Gross Domestic Product*, report no. PB97-180723 prepared for the Office of Advocacy, U.S. Small Business Administration (Springfield, Va.: National Technical Information Service, February 1997).

[2]Rebel A. Cole and John D. Wolken, "Financial Services Used by Small Businesses: Evidence from the 1993 National Survey of Small Business Finances," *Federal Reserve Bulletin* (July 1995), 629–667. The 1993 National Survey of Small Business Finances was jointly funded by the Federal Reserve Board and the Office of Advocacy.

[3]Both banks and finance companies are active participants in SBA's business loan guaranty programs. The value of SBA business loans outstanding is less than 10 percent of the total stock of commercial bank loans; that is, most small business bank loans are not SBA guaranteed loans.

As firms grow, their reliance on the commercial banking system increases. Of the small firms that borrow from traditional credit sources, according to Advocacy analysis of the NSSBF data, the following obtain their financing from commercial banks:

- 59 percent of firms with 0 employees,
- 64 percent of firms with 1–4 employees,
- 68 percent of firms with 10–19 employees,
- 84 percent of firms with 20-99 employees,
- 86 percent of firms with 100–499 employees.

It is critical to the health and growth of a small business to know which banks are meeting the credit needs of small firms and which banks are investing elsewhere. Such information helps small businesses save precious time and shop efficiently for credit—and it also helps banks gain access to new investment opportunities.

Studies using 1994-1996 banking data showed that banks that were small-business-friendly were more profitable than those that made few small business loans.[4] These results were confirmed by Professor Ralph C. Kimball.[5] These insights cast doubt on an operating principle of many banks—that loans to small businesses are riskier and less profitable.

This fifth annual edition of *Small Business Lending in the United States* provides current banking data to small firms and the banks that serve them. Like the earlier studies, this edition includes an

[4]James Kolari, Robert Berney and Charles Ou, "Small Business Lending and Bank Profitability," *Journal of Entrepreneurial and Small Business Finance, Vol. 5, No.1* (1997), 1-15.

[5]Ralph C. Kimball, "Specialization, Risk and Capital in Banking," *New England Economic Review* (November/December 1997).

analysis of call report data filed by banks with their regulating agencies in June. And for the first time this year, the report offers new data from the Community Reinvestment Act data base.

A Note about SBA Lending Programs

Small businesses seeking loans should also seek out banks that participate in the SBA's loan programs. SBA participating banks that utilize secondary markets extensively may receive artificially low rankings in this study as only the non-guaranteed amount will appear in a bank's loan portfolio. All SBA preferred or certified lenders should certainly be considered small-business-friendly.[6]

Background

In 1991, Congress, recognizing the importance of small business to the U.S. economy, mandated that financial institutions report small business loan information to federal banking authorities as part of their call reports. Beginning in June 1993, federal banking regulators collected appropriate information from commercial banking institutions on all commercial loans under $1 million.

In 1994, the Office of Advocacy first analyzed the call report information reported by banks in order to help small businesses locate the financial institutions most likely to make small business loans. The first study used the June 1994 call report data; reports have been published every year since.

Each year, the Office of Advocacy also publishes two related studies, *The Bank Holding Company Study* and *Micro-Business-Friendly Banks in the United States*. New this year are two reports on small farm lending: *Small Farm Lending in the United States* and *Small Farm Lending by Bank Holding Companies*. Both of these studies also use call report information.

The 1998 Study: Methodology and Sources

For this study, the definition of a small business loan is changed from loans under $250,000 to loans under $1 million. Most financial regulatory agencies and other researchers have defined small business loans as those under $1 million. The definition was changed to make Advocacy's results more compatible with their work, and because many small businesses require loans greater than $250,000. Total rankings of banks on their lending in smaller loan sizes (less than $250,000 and less than $100,000) are still available in the final two columns of Table 1 for comparisons with earlier studies and for the benefit of the small firm seeking smaller loans.

The Call Report Data

Call reports, officially known as *Consolidated Reports of Condition and Income*, are quarterly reports filed by financial institutions with their appropriate bank regulators. The call reports provide detailed information on the current status of a financial institution. Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991 requires financial institutions to report on an annual basis the number and amount of small business loans.

The call reports on which Tables 1 and 2 of this study are based provide various bank data, including the number and dollar amount of loans outstanding by loan size for business loans of less than $1 million. These data enable researchers to evaluate commercial banks' small business lending activities.

Four variables were used to rank the small business lending activities of individual banks: (1) the ratio of small business loans to total

[6] Some 400 SBA preferred lenders have been given full authority to issue loans guaranteed by SBA. More than 1,000 SBA certified lenders perform the primary analyses for SBA lending but are not authorized to approve the loans.

assets, (2) the ratio of small business loans to total business loans, (3) the dollar value of small business loans, and (4) the number of small business loans.

A bank's rank in a category is based on its decile ranking. The decile ranking is a measure of where the individual bank falls in the distribution of all banks within a state for any given variable. Decile rankings range from 1 to 10. A 10 means that the bank is in the top 10 percent of all banks in the state; a 1 means the bank is in the lowest 10 percent in the category. A 0 is an indication that the bank does not lend to small businesses and is not ranked in any category.

Small banks tend to rank higher in some categories than larger banks, and vice versa. For example, smaller banks have a higher percentage of total assets in small business loans, but larger banks lead in the sheer number and value of small loans.

A bank's summary total statistic is the sum of its decile rankings in the four categories. In the 1998 report, to allow for a top score of 100 rather than 40, each of the decile values was multiplied by 2.5.

To summarize, the 1998 tables using call report information retain the major features of the 1997 study and add several new features:

- Four criteria are again used in the total rankings.
- Information is again provided on two other loan sizes—micro-loans under $100,000 and now loans under $250,000—to help users focus on their unique credit needs.
- Data are again provided on a state-by-state basis, a format that is most relevant to those relying on local bank credit markets.
- The small business lending behavior of every reporting commercial bank in each state has been rank-ordered to help depositors and borrowers identify the small-firm-friendly banks.
- A second table identifies small-business-friendly banks by their asset size classification.
- Five bank asset size classes are used.
- To the extent possible, credit card banks were not ranked.[7]
- In the 1998 study, scores can range from 0 to 100, rather than 0 to 40. The decile values were multiplied by 2.5 to give this range.

The New Community Reinvestment Act Data

The Community Reinvestment Act (CRA), enacted in 1977, is designed to encourage banks to meet the credit needs of the local communities from which they obtain deposited funds. In 1994 the federal banking supervisory agencies revised the regulations implementing the CRA. The revisions included a requirement that banks report data on small business lending by census tract.[8]

To minimize the paperwork burden on small banks, the bank regulatory authorities require that only banks with assets over $250 million or any member banks of a bank holding company (BHC) with assets over $1 billion provide this information. This means that only 18 percent of the banks are required to file, but these banks make some two-thirds of the loans to small businesses.

The CRA data in this report contain information on lending to small businesses for calendar year 1997. The lending information is

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[7]Banks with a credit-card-loans-to-total-assets ratio in excess of 0.25 were considered credit card banks. Large businesses issue credit cards to their employees; their charges would appear as small loans.

[8]For more information about the history of the CRA, see "Home Purchase Lending in Low Income Neighborhoods and to Low Income Borrowers"' *Federal Reserve Bulletin*, February 1995, 71-105.

classified by the borrower's location, rather than the location of the bank headquarters, as is the case in the call reports. In addition, whereas call reports provide data on the number of loans outstanding as of June 30 or the stock of loans, CRA data show all the loans made in the calendar year, or the flow of loans. And whereas call reports provide information on all commercial banks, CRA data cover only the larger banks. Consequently, a different perspective on small business lending is provided.

For bank holding companies, only consolidated CRA information is reported. Total small business lending in the state by the BHC is then derived for the state lending statistics and listed under the name of the ultimate lending bank or BHC.

This study lists the largest CRA lenders to small business—those lending at least $1 million in each state (Table 3). Because banks' financial records are not in the CRA data, banks are simply rank-ordered by the dollar amount of their small business loans under $1 million (rather than by the four criteria used in the call report tables). Consequently large banks dominate the rankings in this table.

To reiterate, the CRA data show:

- Loans made in calendar year 1997, not the outstanding loans as of June 1998 shown in the call reports.
- Data only for banks with more than $250 million in assets and all member banks of holding companies with more than $1 billion in assets (whereas the call reports cover all commercial banks).

Given the interstate mergers currently occurring in the banking industry, the CRA data will become even more important in understanding small business lending activities by banks and BHCs in a given state. Thus, Table 3 is an important addition in helping small firms locate the large banks most likely to lend to them.

Limitations of the Study

It is important to note that call report and CRA data tell only a part of the story about lending to small business, namely the commercial banking part. Small businesses certainly have access to other sources of credit, such as their suppliers, finance companies, family and friends. Additionally, some lending information may not be reported in call reports or CRA data, or may not be discernible as small business financing. For example:

- Banks may provide lines of credit to small firms. If the line of credit is not used, it will not be reported as a loan.
- Banks may issue consumer credit cards or other forms of consumer credit to small businesses for working capital (e.g., to buy office equipment). Banks may report these as either small business or consumer loans.
- Loans to small businesses are often made in the form of a second mortgage on the business owner's home and/or personal lines of credit.
- Small business owners may use their personal credit cards to finance their businesses.[9]
- Banks may make loans to small businesses under their consumer loan divisions, classifying the loans as consumer loans.
- Multi-state bank holding companies may file consolidated reports rather than report the lending operations of a member bank in a certain state separately.

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[9]The National Survey of Small Business Finances found that 27.6 percent of small businesses used business credit cards and 39.2 percent used personal credit cards for business purposes.

- Banks may send business owners to subsidiary finance companies that are not required to file call reports.
- SBA-guaranteed loans sold in the secondary market are recorded in the number of small business loans made by banks, but only the non-guaranteed portion of these loans is included in the dollar value of small loans in the call report.

Additionally, call reports do not reflect a major factor affecting a bank's small business lending activities—the demand or lack of demand for small business loans. Banks of similar lending capacities and similar desires to serve the small business community may end up with significantly different ranking results because of different demands.

Despite these limitations, the call report and CRA data provide useful information and a fairly accurate picture of lending to small businesses in the U.S. economy. And more important, they are currently the only source of small business lending information publicly available on individual bank lending patterns.

The 1998 Study: Findings

The dollar value of small business lending continued to increase in 1998, but at a slower rate than lending to large businesses. Total small business loans[10] under $1 million outstanding in June 1998 amounted to $371 billion, an increase of $22 billion or 6.3 percent over the 1997 level (Table A). Business loans outstanding in 1998 totaled $1.0 trillion, an increase of $97 billion or 10.5 percent. Clearly the small business share was declining.

Taking into consideration some reporting differences from the 1997 study for one large bank, the Office of Advocacy estimates the growth in small business loans at 3.0 percent for loans under $100,000, 8.1 percent for loans of $100,000 to $250,000, and 7.7 percent for loans of $250,000 to $1 million (Table B).[11] These growth rates were far smaller than the growth rates for larger loans (>$1 million), up 13.0 percent.

The increase in the number of small business loans (by 1.3 million or 16.7 percent) from 1997 to 1998 was impressive. Almost all the increase (19.3 percent) came in the smallest loan category, those under $100,000, which would include loans made through credit scoring models including business credit cards, small lines of credit, and other small commercial loans (Table C). The other size categories of small loans had less than 2 percent increases. In comparison, from 1996 to 1997 the number increased by 1.5 million, again with most of the increase in the smallest loans.

Bank consolidations continued to affect the relative importance of banks of different sizes in the small business loan market.[12] The number of commercial banks filing call reports continued to decline, by 327 in 1998 and 377 in 1997 (Table D). While the number of very small banks (with assets of less than $100 million) has declined since 1995, the disappearing small banks either grew

[10]Small business loans outstanding as reported by banks should include those portions of small business loans made under the SBA's business loan guaranty programs that are not sold and remain on the bank's books.

[11]Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997.

[12]The following discussion on changing banking structures should be interpreted with caution. Changes in the number of reporting banks could be caused by the financial reporting consolidation of BHCs.

Table A. Dollar Amount and Number of Small Business Loans, 1997 and 1998 (Dollars in Billions, Numbers in Millions)

Loan Size		1998	1997*	Percent Change
Under $100,000	Dollars	$111.5	$108.2	3.0
	Number	8.02	6.73	19.3
Under $250,000	Dollars	$187.8	$178.8	5.0
	Number	8.67	7.37	17.6
Under $1 Million	Dollars	$370.8	$348.7	6.3
	Number	9.22	7.90	16.7
Total Business Loans		$1,020.2	$923.2	10.5

*Loans outstanding for 1997 were revised based on estimates for Keycorp.

Table B. Change in the Dollar Amount of Business Loans by Loan Size, 1994-1998 (Percent)

Loan Size	94-95	95-96	96-97*	97*-98
<$100,000	2.8	4.8	2.9	3.0
$100,000-250,000	9.8	5.7	5.2	8.1
$250,000-$1 Million	9.5	5.7	5.7	7.7
>$1 Million	12.8	5.1	11.5	13.0

*Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997. Note: Dollar amounts are in nominal values.

Table C. Percent Change in the Number of Small Business Loans by Loan Size, 1994-1998

Loan Size	94-95	95-96	96-97*	97*-98
<$100,000	8.6	8.8	26.6	19.3
$100,000-$250,000	10.7	6.0	8.6	1.8
$250,000-$1 Million	11.6	7.5	8.0	1.4

*Changes for 1996-1997 and 1997-1998 were estimated based on revised estimates for Keycorp in 1997.

Table D. Number of Reporting Banks by Asset Size, 1995-1998

Bank Asset Size	1995	1996	1997	1998
<$100 Million	6,980	6,465	6,047	5,644
$100 Million-$500 Million	2,521	2,548	2,590	2,656
$500 Million-$1 Billion	256	260	292	303
$1 Billion-$10 Billion	326	326	300	302
>$10 Billion	66	71	64	61
Total	10,149	9,670	9,293	8,966

into the next size category, merged, or were acquired by larger banks. The number of banks with assets of $100 million to $1 billion increased. Mergers and acquisitions resulted in declines in the number of banks in the over $10 billion asset size category.[13]

The small business lending emphasis in banks of different sizes also changed in 1998. While very large banks with assets over $10 billion increased their small business lending much more than small banks, the percentage increases in small business loans were less than the increases in their total assets or total business loans. The result is a decline in the ratio of small business loans to total assets in these bank holding companies. Nevertheless, they showed very large increases in the number of the smallest loans and they are promoting more small business credit cards and small lines of credit for small firms.[14]

The larger CRA banks make more than two-thirds (69.6 percent) of small business loans, nearly all (96.8 percent) of the largest business loans over $1 million, and more than half (56.2 percent) of the micro-business loans under $100,000 (Table E).

One major finding is that many small business loans are made by large banks headquartered in other states. For example, call report data identify six banks headquartered in the District of Columbia, whereas the 1997 CRA data identify 50 banks lending to small businesses in DC. For Arizona, there are 42 call report banks and 143 CRA reporting banks.

Table E. Small Business Loans Outstanding from All and CRA-Covered Banks, 1998 (Billions of Dollars)

Loan Size	All Banks	Banks Subject to CRA	CRA/All Percent
<$100,000	$111.5	$62.7	56.2
<$250,000	187.8	117.3	62.5
<$1 Million	370.8	258.2	69.6
>$1 Million	649.4	628.3	96.8
Total Business Loans	1,020.2	886.5	86.9

Related Studies and Future Activities

The Office of Advocacy will continue to conduct research using the call report and CRA data and will issue a year-to-year comparison of the lender rankings. The Office of Advocacy is also publishing a 1998 edition of *Micro-Business-Friendly Banks in the United States,* which rank orders the top banks in each state in terms of their microlending (loans of less than $100,000), and *The Bank Holding Company Study, 1998 Edition,* which ranks the multi-billion-dollar bank holding companies according to the dollar amount of small business loans issued.

Also available from the Office of Advocacy are individual state studies entitled *Small Farm Lending in the United States* and a national study, *Small Farm Lending by Bank Holding Companies,* using the 1998 call reports.

[13] For a recent interesting discussion of the issues see: Loretta J. Master, "Banking Industry Consolidation: What's a Small Business to Do?" *Business Review,* Federal Reserve Bank of Philadelphia, (January/February, 1999), 3-16.

[14] See *The Bank Holding Company Study, 1998.*

Accessing the Study

You may access the 1998 edition of *Small Business Lending in the United States* on the Internet's World Wide Web at the following address:

• *http://www.sba.gov/ADVO/lendinginus2.html*

The four previous editions of *Small Business Lending in the United States* are also available at the same address or at *http://www.sba.gov/SmallBusinessLending1997/*, *//www.sba.gov/SmallBusinessLending1996/*, *//www.sba.gov/SmallBusinessLending1995/*, and *//www.sba.gov/SmallBusinessLending1994/*.

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Suggestions

Suggestions for improvements in the study are welcome. Send written comments to : Office of Advocacy, U.S. Small Business Administration, Mail Code 3112, 409 Third St., S.W., Washington, D.C. 20416. Or fax your comments to (202) 205-6928. Comments and technical questions may be addressed to Dr. Robert E. Berney or Dr. Charles Ou, Office of Advocacy, U.S. Small Business Administration, telephone (202) 205-6966 or e-mail *Robert.Berney@sba.gov* or *Charles.Ou@sba.gov*.

The State Tables

The 1998 state reports each contain four tables. Table 1, Small Business Lending in [state], June 1998, lists all the banks in the state and ranks their small business lending activities. Table 2, Small-Business-Friendly Banks by Bank Size, June 1998, lists the small-business-friendly banks in the state by bank size group. Included are the top 10 banks or the top 10 percent of banks, whichever number is smaller, and the top banks in each asset size class as reported in Table 1.[15] Table 3, using CRA data, displays the number and dollar amount of small business loans for all banks making at least $10 million in small business loans (loans of less than $1 million) in each state in 1997. Table 4 lists the number of banks filling call reports in each size class in all of the states.

Explanation of Columns for the State Tables

Tables 1 and 2

1. Total Rank: The total found in the first column is the ranking of the commercial bank in the state in which it is listed. The number is the aggregate measure of small business lending activity based on the sum of the decile rankings found in columns 2 through 5. The decile rankings are multiplied by 2.5 to bring the best possible score to 100. In other words, a total score of 100 means that the bank is in the top decile in each of the four variable categories, while a total score of 10 indicates that the bank is in the bottom decile in each category. A score of 0 indicates that there is no evidence of the bank making small business loans.

[15]For some large bank classes, a second bank was added when the top bank was found to have considerable credit card activity.

2. Rank of the Ratio of Small Business Loans to Total Assets (LSBL/TA): This column shows each bank's decile ranking for the ratio of small business loans (<$1 million) to total assets. A ranking of 25 (10 x 2.5) means that the bank is in the top decile of the banks headquartered in the state with respect to the small business loan-to-asset distribution. The bank is willing to place a large portion of its assets in small business lending. Thus it has an exceptional record of lending to small businesses.

3. Rank of the Ratio of the Dollar Amount of Small Business Loans to Total Business Loans (LSBL/TBL): The bank's decile ranking for the ratio of small business loans (<$1 million) to total business loans.

4. Rank of the Total Dollar Amount of Small Business Loans (LSBL$): The decile ranking of a bank's dollar value of small business loans (<$1 million) outstanding.

5. Rank of the Total Number of Small Business Loans (LSBL#): The bank's decile ranking for the total number of small business loans (<$1 million) outstanding.

6. Bank Asset Size (Bnk Asset Sz.): The asset size class of the reporting bank:

- Under $100 million (<100M)
- $100 million to under $500 million (100M–500M)
- $500 million to under $1 billion (500M–1B)
- $1 billion to under $10 billion (1B–10B)
- $10 billion and over (>10B)

7. Rank by Bank Asset Size Class (Rank by Bnk Sz.): How well a bank is doing in its respective asset size class based on the summary ranking found in column 1. A 1 in this column means that the bank ranks first in its asset size class. A 7 means that it ranks seventh in its asset size class. The number of banks in each asset size class in each state can be found in Table 4. The total includes all commercial banks filing call reports.

8. Dollar Amount of Small Business Loans (LSBL$): The dollar amount (in thousands) of small business loans of less than $1 million.

9. Number of Small Business Loans (LSBL#): The number of small business loans of less than $1 million made by the bank.

10. Total Rank for Mid-Sized Small Business Loans (Total Rank<250K): The ranking of the commercial bank based on its four decile rankings with respect to mid-sized loans—those under $250,000. The number is comparable to the number in column 1 in the 1997 banking study except that it has been multiplied by 2.5. A firm looking for a loan of between $100,000-$250,000 might be well served by a bank ranking high in this column.

11. Total Rank of Micro Small Business Loans (Total Rank<100K): The total ranking of the commercial bank based on its micro-lending—that is, the sum of its four decile rankings with respect to “micro” loans of less than $100,000. A firm looking for a loan of less than $100,000 might do well to seek out a bank that ranks high in this column. (Table 1 omits this column.)

Table 3

Table 3, Top Small Business Lending Banks from CRA Data, is formatted differently from the tables displaying call report data. The table lists the bank name—the name of the ultimate owning bank or bank holding company, as well as the home state of the bank. It then provides the dollar amount and number of small business loans under $1 million (LSBL), mid-sized loans under $250,000 (MSBL), and micro-loans under $100,000 (SSBL).

1. Dollar Amount of Small Business Loans (LSBL$): The dollar amount, in thousands, of loans under $1 million made in 1997.

2. Number of Small Business Loans (LSBL#): The number of loans of less than $1 million made in 1997.

3. Bank Asset Size (Bk Size): The total assets of the ultimate owning bank by size category. Since only banks with small business loans in excess of $1 million in a given state in 1997 are listed, these banks fall in three categories, all large:

- $1 billion to under $10 billion (1B-10B)
- $10 billion to $50 billion (10B-50B)
- $50 billion and over (>50B)

4. Dollar Amount of Micro-Loans (SSBL$): The dollar amount of micro-business loans (<$100,000) in thousands.

5. Number of Micro-Loans (SSBL#): The number of micro-business loans (<$100,000).

6. Dollar Amount of Mid-Sized Small Business Loans (MSBL$): The dollar amount, in thousands, of loans of less than $250,000.

7. Number of Mid–Sized Small Business Loans (MSBL#): The number of loans of less than $250,000.

8. Credit Card Banks (Crt. Card Bk). A double asterisk in this column means that the bank has a significant amount of business credit card activity. These loans may be the business credit card accounts of individual employees of large firms or of small firms. Because the call report information does not distinguish among these types of loans, the summary total statistic in column 1 may be biased, making some banks appear more small-business-friendly than they are. However, some of these credit card banks are making loans to small businesses with credit cards. Thus, the double asterisk is a caution flag.

Table 4

Table 4 uses call report information to show the total number of banks in each state for 1997 and 1998 as well as the distribution of banks by asset size class in 1998.