

SMALL BUSINESS RESEARCH BULLETIN

Small Business Lending in the United States, 2001 Edition A Directory of Small Business Lending Reported by Commercial Banks in October 2001

Background

The Office of Advocacy of the U.S. Small Business Administration conducts research and prepares reports each year covering topics pertinent to small businesses in the United States. The Office of Economic Research within the Office of Advocacy has produced the eighth edition of *Small Business Lending in the United States 2001*. This report examines the supply of credit to small businesses by commercial banks and bank holding companies.

The study is based on data reported by banks to their regulating agencies through call reports for June 2001 and Community Reinvestment Act (CRA) reports for 2000. The report is designed to inform business owners and banks of major participants in the small business loan market.

Highlights

Small Business Lending by All Banks

- The total number of banks submitting call reports declined from 8,459 to 8,158 between June 2000 and June 2001. This decline came from the smallest banks with assets under \$100 million.
- Although overall business lending has slowed, lending to small firms increased more than lending to large businesses for the first time in years.
- Small business loans outstanding (loans smaller than \$1 million) amounted to \$460 billion in June 2001, a 5.4 percent increase over the June 2000 level.
- In comparison, total business loans outstanding in June 2001 amounted to \$1.3 trillion, an increase of 1.9 percent.
- The amount of loans under \$100,000 increased by 4.4 percent; those of \$100,000–\$250,000

increased by 4.1 percent; and those of \$250,000–\$1 million increased by 6.4 percent.

- The increase in the largest loans over \$1 million was 0.9 percent.
- The number of loans under \$100,000 increased by 10.1 percent, further evidence that many smaller credit card loans are being made.
- Preliminary results indicate that the increase in non-credit card loans under \$100,000 was 2.3 percent in the amount and less than 1 percent in the number of loans.

Lending by Multi-billion-dollar BHCs

- Of a total of \$460 billion in small business loans outstanding from all banks in June 2001, \$206 billion was from the 56 large bank holding companies (BHCs).
- These BHCs increased their share of the small business loan markets from 44.0 percent to 44.5 percent, while their asset share declined slightly from 71.0 percent to 70.3 percent between June 2000 and June 2001.
- The largest part of the increase came from the smallest loans, where the loan amount increased from 36 percent to 38.9 percent, while the number of loans increased from 35.6 percent to 38.6 percent. Increases in small business credit card loans accounted for most of the increase.

Small Business Lending using CRA Data

- In 2000, some 764 large banks and BHCs provided a total of \$156 billion in small business loans under \$1 million, according to CRA reports.
- Fifty-six multi-billion-dollar BHCs made \$89.9 billion in 1.8 million small business loans under \$1 million.
- A total of 1,632,000 loans under \$100,000 valued at a total of \$27.7 billion were made. The majority were credit-card-related.

For More Small Business Information

In an effort to help small firms locate small-business-friendly banks, the study ranks banks within states on their share of lending to small business. For details, small businesses are encouraged to locate banks by state in the complete report, *Small Business Lending in the United States, 2001 Edition, A Directory of Small Business Lending Reported by Commercial Banks in October 2001*, on the Office of Advocacy website at www.sba.gov/advo.

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