Small Business Lending in the United States, 2020

Office of Advocacy
U.S. Small Business Administration

July 2022

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF ADVOCACY
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Acknowledgments

This edition of *Small Business Lending in the United States, 2020,* which covers trends in small business lending in 2020, was written and compiled by George Haynes, Daniel Brown, and Victoria Williams under the supervision of the Director of Economic Research, Patrick Delehanty. George Haynes of Montana State University prepared the data for the analysis under purchase order 73351018P0054 to the Office of Advocacy. The editors of the report are David Tokarz and Akira Loring.

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Introduction

Purpose

Small business access to credit is crucial for firm growth and survival. Small businesses were severely affected by the COVID-19 pandemic due to changes that limited their ability to pay operating costs (Beauregard, Lopez, & Spiegel, 2020). Bank lenders continued to be important suppliers of credit to small businesses during the pandemic, distributing a substantial share of the Paycheck Protection Program (PPP) funds (Haynes & Williams, 2020). Small business growth depends on how banks and other financial intermediaries respond to their credit needs. Other lenders active in the small business lending space include Community Development Financial Institutions, minority bank lenders, and Fintech companies. These lenders helped bridge the gap to areas not served by banks. This analysis evaluates changes in small business credit during the pandemic crisis and identifies gaps in small business borrowing, which can be used to shape policy decisions.

Structure and Coverage

This report captures the lending patterns of banks and other depository institutions in the small business credit market for loans $1 million or less. The Call Report and Community Reinvestment Act (CRA) databases show the changes for small business loans, all commercial loans $1 million or less from banks, and small business loan size subcategories under $100,000 and $100,000 to $1 million. Both these databases cover only a portion of the credit extended to small businesses annually, excluding lending from nonbank institutions such as finance companies and alternative lenders. This report presents findings from the Call Report data (lending data from all Federal Deposit Insurance Corporation (FDIC) reporting depository institutions) and the CRA data (lending data from banks above $1 billion in assets by geographic area of the borrower) on small business lending by size and type of loan and size of lender. Additionally, we measure the small business lending performance of banks to indicate how lenders are meeting the credit needs of small businesses. The four performance metrics of small business lending used are:

- Number of loans
- Aggregate lending
- Total asset ratio
- Total small business loan ratio

This report uses these measures to evaluate bank lending at the national level and, in the state tables online, to highlight individual bank's lending activity to small businesses. This report covers all federally insured depository lending institutions filing Call Reports (savings banks, cooperative banks, savings and loan associations, and commercial banks) except for credit unions and foreign banks. While the report provides analyses for all small business lenders, the data available does not make it possible to distinguish Small Business Administration (SBA) certified lenders or SBA-guaranteed loans. Geographic coverage includes the 50 states, the District of Columbia, and select U.S. territories.[1]

Data

Data presented ranges from 2016-2020, with analyses focusing on changes for 2019-2020 for the June Call Reports and for calendar year 2016-2019 for the CRA.[2] These reports are filed by depository lending institutions with their respective regulatory agencies and cover two types of small business loans:

- Loans secured by nonfarm nonresidential properties, or commercial real estate (CRE) loans
- Commercial and industrial (C&I) loans

Data are available for the size of the loan, not for the size of the business borrower. Loan categories reported by lenders are done in three loan sizes:

- Loans of $250,000 through $1 million
- Loans of $100,000 through $250,000
- Loans $100,000 or less

Additional sizes are:

- $1 million and under, classified as small business loans
- $100,000 to $1 million

This report provides summary tables and figures to present national statistics on small business loans. Detailed information on U.S. banks and other depository institutions for each state are provided in table format on the U.S. Small Business Administration Office of Advocacy's webpage at https://advocacy.sba.gov/.

Comparison of Call Report and CRA Data

While the Call Report and CRA data complement each other, the datasets measure different aspects of bank performance and are not directly comparable. The Call Reports measure outstanding loan balances by location of the lender's headquarters for the reporting year ending in June. The CRA data, on the other hand, show loans originated in the state in which they are made during the calendar year. **Box 1** summarizes each source's characteristics.

[1] The territories covered are the Federated States of Micronesia, Guam, Puerto Rico, and the U.S. Virgin Islands.
[2] See the Appendix for additional information on these data sources.

These databases are the only publicly available comprehensive sources of small business bank lending statistics. However, they reflect only loans provided by federally insured lenders. There is a tendency to attribute all changes in small business lending solely to bankers' willingness to extend credit. However, small firms have access to other sources of credit, such as their suppliers, finance companies, marketplace lenders, family and friends, and others. To fully understand the small business loan market, reliable loan demand data from traditional lenders (such as banks), nonbank lenders, and marketplace lenders are needed, but since that data is not available, loan demand is not discussed in this report. Thus, as an assessment of the overall small business loan market, this report should be cautiously interpreted.

Box 1. Comparison of Call Report and CRA Data in the Small Business Lending Study		
	Call Report Data	**CRA Data**
Data year	**2019-2020**	**2018-2019**
Loan information provided	Stock of outstanding business loan balances, bi-annually.[3]	Loans originated and purchased over the calendar year.
How loan location is identified	State in which lender's headquarters is located.	State in which the lender made the loan.
Lenders reporting	All reporting lenders—depository lending institutions and bank holding companies.	Depository lending institutions and bank holding companies with approximately $1 billion or more in assets.

Accessing the Data

Readers can learn about the banks in their own communities and states in the appendix data tables that accompany this report. For tables of all reporting banks in each state, visit Advocacy's banking and finance webpage at https://advocacy.sba.gov/tag/banking-finance/.

[3] Starting in March 2017, data for small business loans for the Call Report is collected twice a year, June, and December, instead of quarterly.

Recent Developments in the Small Business Credit Market

Extraordinary efforts taken by the Federal Reserve Board, Congress, and the Treasury Department at the onset of the COVID-19 pandemic helped restore the flow of credit to the market and stabilize the economy from further derailment. Thus, the financial environment has improved since the spring of 2020 and continues to support economic growth. Some of the actions implemented included easing monetary policy and enacting several government programs.

Actions taken by the Federal Reserve Board and policymakers during the pandemic have been unprecedented and historic, such as the enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, (which includes the PPP, the Main Street Lending Program, Economic Injury Disaster Loans), and the Consolidated Appropriations Act.[4] Both laws provided substantial resources for affected small businesses and industries, which helped keep them afloat while allowing them to retain their employees during the pandemic. For the first time, loan guarantees provided by the SBA through the PPP were available to farmers and ranchers. These loan guarantees complemented other financial assistance to farmers and ranchers from the Coronavirus Food Assistance Program.

The PPP was the most used program by small businesses and showed a significant increase in outstanding small business loans. However, borrowers following the rules established for using PPP loans can request forgiveness. As these loans are forgiven, the value and number of C&I loans outstanding will decline substantially.

I. Findings from the June 2020 Call Reports

The data for this study originated with the FDIC Call Reports from June 2016 through June 2020 and the FFEIC Community Reinvestment Act Reports from December 2015 through December 2019. Small loans of $1 million or less are referred to as small business loans (SBLs) in this summary. While some large businesses may have an outstanding loan balance of less than $1 million, any loan of less than $1 million is assumed to be held by a small business.

Small business loans were dominated by guaranteed PPP loans. The hefty increase in the value and number of C&I loans outstanding and slight decrease in the value and number of CRE loans was because nearly all PPP loans were classified as C&I, rather than CRE loans, by the participating lenders.

A. Small Business Loans Outstanding from all Reporting Lending Institutions

The value of total (large and small) business loans outstanding increased by 15.8% (or $539 billion) from June 2019 to June 2020. This substantial increase in total business loans outstanding was primarily because of the implementation of the PPP, a loan guarantee program administered by the SBA, which distributed $482 billion through depository lenders from December 31, 2019, to June 30, 2020 (Haynes &

[4] For a list of the funding programs by the Federal Reserve Board visit https://www.federalreserve.gov/monetarypolicy/files/20200612_mprfullreport.pdf.

Williams, 2020). Without the PPP loans, the value of total business loans would have increased by 1.7% (or $57 billion) from June 2019 to June 2020.

The value of small business loans outstanding by banks and other depository lending institutions increased by nearly 39% from June 2019 to June 2020, while the value of large business loans outstanding increased less than 11% (**Table A**). The value of C&I loans outstanding increased by nearly 70% (**Figure 1**), while the value of CRE loans decreased by more than 2%. The largest percentage change was in C&I loans of $100,000 to $250,000, which increased by 114% (or $69 billion). The largest absolute increase was in C&I loans of $250,000 to $1 million, which increased by $116.3 billion (or 85.1%). The largest absolute decrease was in CRE loans of $250,000 to $1 million, which declined by $4.1 billion (or 1.8%).

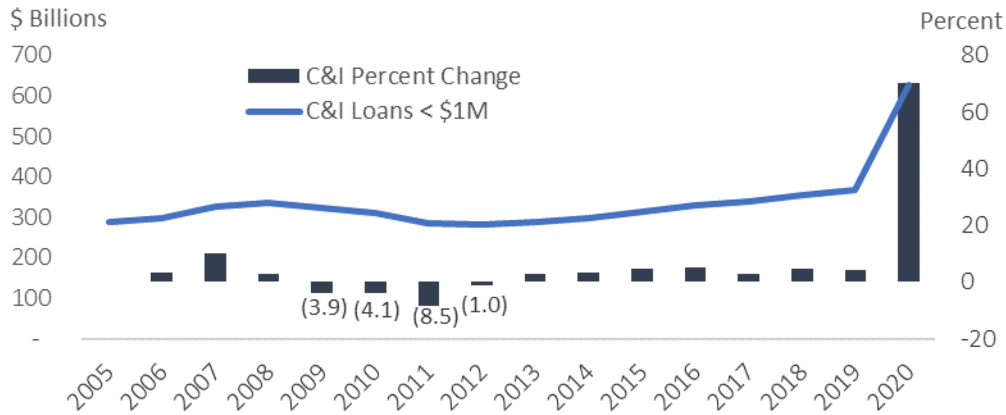
Table A: Value and Number of Small Business loans Outstanding for Depository Lenders by Loan Type and Size, Billions of Dollars, Nominal

Loan Type and Size at Origination	2016	2017	2018	2019	2020	Percentage Change, 19-20
Commercial Real Estate						
Less than $100,000	14.2	13.2	12.5	11.9	11.4	-3.9
$100,000 to $250,000	46.6	45.2	44.2	42.7	40.8	-4.4
$250,000 to $1 million	224.7	223.4	222.9	221.8	217.7	-1.8
Total Commercial Real Estate	285.5	281.8	279.6	276.4	270	-2.3
Commercial and Industrial						
Less than $100,000	145.2	152.5	162.2	171.2	243	42
$100,000 to $250,000	53.8	54.6	57.2	60.4	129.4	114.3
$250,000 to $1 million	129.3	129.9	133.5	136.6	252.8	85.1
Total Commercial and Industrial	328.3	337	352.8	368.1	625.2	69.8
Total Small Business Loans ($1 million or less)	613.8	618.9	632.5	644.5	895.2	38.9
Total Large Business Loans (greater than $ 1 million)	2,333.0	2,465.4	2,585.3	2,758.3	3,046.6	10.5
Total Business Loans	2,946.8	3,084.3	3,217.8	3,402.8	3,941.8	15.8
Total Assets of Depository Lenders	14,886.2	15,414.1	15,762.4	16,357.1	19,087.7	16.7
Number of BHC's and Independent Lenders	5,652.0	5,416.0	5,192.0	4,958.0	4,749.0	-4.2
Number (millions)						
Total Commercial Real Estate	1.3	1.3	1.2	1.2	1.2	-2.5
Total Commercial and Industrial	24.8	25.2	24.8	22.2	25.9	16.5
Total Small Business Loans ($1 million or less)	26.1	26.4	26	23.4	27.1	15.5

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

The number of small business loans outstanding increased by 15.5% (or 3.64 million) from June 2019 to June 2020, which was similar to the percentage increase in the number of small business loans outstanding from 2016 through 2020 (**Table A**). The number of C&I loans outstanding increased by nearly 16.5% (or 3.67 million), while the number of CRE loans outstanding decreased by 2.6% (or 300,000 loans).

Figure 1. Small Business Commercial and Industrial Loans



Source: Call Reports, FDIC.

B. Lending by Lender Size

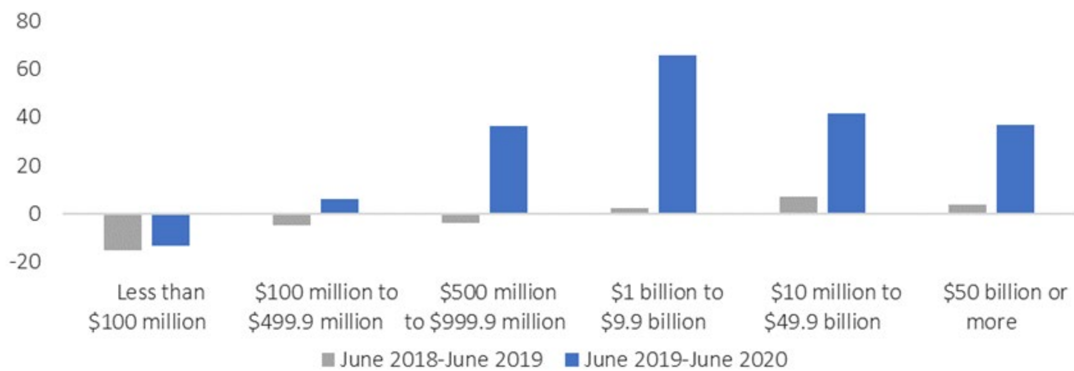
The value of small business loans outstanding increased by nearly 39% (or $250.7 billion) from June 2019 to June 2020. Lenders with total assets between $1 billion and $10 billion realized the largest percentage change in the value of small business loans outstanding of 65.8% (or $85.5 billion) (**Table B & Figure 2**). The largest depository lenders, with assets of $50 billion or more, realized the largest absolute increase in small business loans outstanding of $95 billion (or 36.9%). The smallest depository lenders, with assets of less than $100 million, realized the largest percentage decline in the value (13.4%) and absolute value ($1.1 billion) of loans outstanding.

Table B: Value of Small Business Loans Outstanding by Depository Lender Size, 2016 to 2020
Billions of Dollars, Nominal

Lenders by Total Asset Size	2016	2017	2018	2019	2020	Percentage Change, 2019-2020
Less than $100 million	11.5	10.4	10	8.5	7.4	-13.4
$100 million to $499.9 million	96	90.5	86.4	82.2	87.4	6.3
$500 million to $999.9 million	52.8	55.6	54	51.9	70.7	36.1
$1 billion to $9.9 billion	139.5	133	127	129.9	215.4	65.8
$10 million to $49.9 billion	73.5	85.6	106.9	114.5	162	41.5
$50 billion or more	240.5	243.7	248.2	257.4	352.4	36.9
Total Small Business Loans	613.8	618.9	632.5	644.5	895.2	38.9

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Figure 2. Percent Change in Small Business Loans



Source: Call Reports, FDIC.

Lenders with total assets between $1 billion and $10 billion had the largest percentage increase (85.6%) and absolute increase (1.39 million) in the number of small business loans outstanding. Lenders with less than $100 million in total assets experienced a 6.5% decline in the number of small business loans outstanding.

In general, PPP loans, the most significant addition to the value of outstanding loans, were distributed by larger depository lenders. Over 90% of the increase in the number and value of outstanding loans were made by larger lenders with more than $1 billion in total assets. This result suggests that small business borrowers utilizing larger lenders had more access to PPP loans and other capital than small business borrowers utilizing smaller lenders. More recent policy changes, which focus on allocating additional PPP funding through community financial institutions, were designed to reach small business borrowers utilizing lenders with lower total assets.

C. Small Business Lending Measures: The Total Asset Ratio and Total Small Business Loan Ratio

The ratio of all loans to total assets indicates the proportion of total assets allocated to all loans and is often used as a proxy for measuring liquidity. However, in this context, the Total Asset Ratio (TAR) represents the percentage of a lender's assets allocated to small business borrowers rather than a measure of the lender's overall liquidity. **Table E** reports the TAR by loan size and loan category. For small business loans, the TAR increased by 12.3% between June 2019 and June 2020 (**Table C**). The TAR increased by over 48% for C&I loans and decreased by more than 13% for CRE loans. The largest percentage increase in the TAR was for C&I loans of less than $250,000, which increased by over 50%. The largest absolute increase in the TAR was for C&I loans of $250,000 to $1 million. The largest percentage decline in the TAR was for CRE loans of less than $100,000, while the largest absolute decline in the TAR was for CRE loans of $250,000 to $1 million.

Table C: Ratio of the Value of Small Business Loans Outstanding to the Value of the Assets of Depository Lenders by Loan Type, 2016 to 2020

Loan Type and Size at Origination	2016	2017	2018	2019	2020	Percentage Change, 2019-2020
Commercial Real Estate						
Less than $100,000	0.94	0.89	0.85	0.8	0.67	-15.7
$100,000 to $250,000	1.53	1.49	1.47	1.43	1.23	-13.6
$250,000 to $1 million	5.37	5.32	5.25	5.14	4.48	-12.9
Total Commercial Real Estate	7.84	7.7	7.57	7.37	6.39	-13.3
Commercial and Industrial						
Less than $100,000	1.74	1.72	1.72	1.71	2.64	54.3
$100,000 to $250,000	1.15	1.13	1.15	1.16	1.82	56.9
$250,000 to $1 million	2.31	2.29	2.31	2.3	3.23	40.6
Total Commercial and Industrial	5.2	5.15	5.18	5.17	7.69	48.8
Total Small Business Loans ($1 million or less)	13.04	12.85	12.75	12.54	14.08	12.3

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table D shows the TAR by lender size. The TAR increased for all categories of lenders between June 2019 and June 2020 with the largest percentage increase (35%) being realized by depository lenders with $1 billion to $10 billion of total assets. The smallest percentage increase (less than 10%) was realized by the smallest lenders with less than $500 million in total assets. The largest absolute increase in the TAR was for lenders with assets between $500 million and $10 billion, while the smallest absolute increase in the TAR was for the smallest lenders with less than $100 million in total assets.

Table D: Ratio of the Value of Small Business Loans Outstanding to the Value of Total Assets of Depository Lenders by Lender Size, 2016 to 2020

Lenders by Total Asset Size	2016	2017	2018	2019	2020	Percentage Change, 2019-2020
Less than $100 million	12.88	12.83	12.74	12.6	12.83	1.79
$100 million to $499.9 million	14.44	14.23	14.14	13.97	15.34	9.78
$500 million to $999.9 million	12.05	12.05	12.04	11.73	14.88	26.89
$1 billion to $9.9 billion	9.37	9.12	9.22	9.27	12.51	34.98
$10 million to $49.9 billion	5.06	5.4	6.16	5.99	7.51	25.28
$50 billion or more	2.91	2.94	2.68	2.61	3.33	27.63
Total Small Business Loans	13.04	12.85	12.75	12.54	14.08	12.29

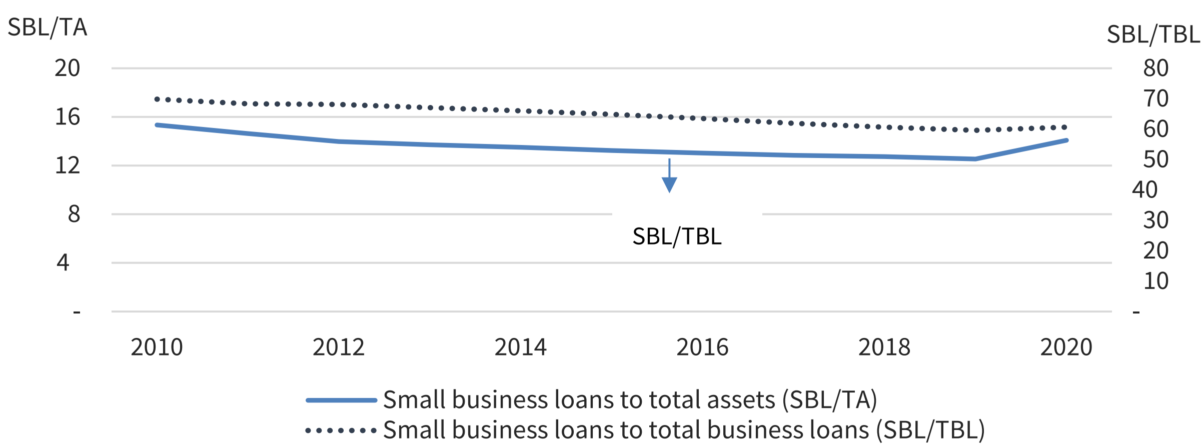
Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

The Total Business Loan Ratio (TBLR) indicates the proportion of business loans held by small business borrowers. While the TBLR decreased from 2016 to 2020, it increased by nearly 2% from 2019 to 2020 for small business loans (**Table E**). The TBLR increased by over 26% for C&I loans and decreased by more than 16% for CRE loans from June 2019 to June 2020. The largest percentage increase in the TBLR was for C&I loans of $100,000 to $250,000, while the largest percentage decrease in the TBLR was for CRE loans of less than $100,000. The largest absolute increase in the TBLR was for C&I loans of less than $100,000, while the largest absolute decrease was for CRE loans of $100,000 or less.

Table F shows the TBLR by lender size. The TBLR increased for all categories of lenders with the largest percentage increase (18.8%) being realized by depository lenders with $1 billion to $10 billion of total assets from 2019 to 2020. The smallest percentage increase (less than 1%) was realized by the smallest lenders with less than $100 million in total assets. The largest absolute increase was for lenders with total assets of $1 billion to $10 billion, while the smallest absolute increase was for lenders with total assets of less than $100 million.

In the aggregate, it appears that the percentages of the assets to small business loans (TAR), and that of business loans to small business loans (TBLR) increased. The uptick in the value of small business loans outstanding (numerator) increased by nearly 39%, while the dominators (total assets and total value of business loans) increased by less than 17% and less than 16% respectively from 2019 to 2020 (**Figure 3**).

Figure 3. Ratios on Small Business Loans to Total Assets and Total Business Loans (Percent)



Source: Call Reports, FDIC.

Table E: Ratio of the Value of Small Business Loans Outstanding to the Value of Total Business Loans Outstanding for Depository Lenders by Loan Type and Size, 2016 to 2020
Ratio (percent of total business loans outstanding)

Loan Type and Size at Origination	2016	2017	2018	2019	2020	Percentage Change, 2019-2020
Commercial Real Estate						
Less than $100,000	6.93	6.49	6.11	5.68	4.67	-17.78
$100,000 to $250,000	8.05	7.83	7.56	7.35	6.13	-16.53
$250,000 to $1 million	22.32	21.95	21.43	21.03	17.6	-16.34
Total Commercial Real Estate	37.31	36.27	35.1	34.07	28.4	-16.62
Commercial and Industrial						
Less than $100,000	11.18	10.91	10.73	10.53	13.56	28.72
$100,000 to $250,000	5.44	5.32	5.28	5.39	7.18	33.14
$250,000 to $1 million	9.58	9.43	9.5	9.6	11.51	19.82
Total Commercial and Industrial	26.2	25.66	25.52	25.53	32.25	26.31
Total Small Business Loans ($1 million or less)	63.51	61.93	60.62	59.6	60.65	1.77

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

Table F: Ratio of the Value of Small Business Loans Outstanding to the Value of Total Business Loans Outstanding for Depository Lenders by Lender Size
Ratio (percent of value of total business loans outstanding)

Lenders by Total Asset Size	2016	2017	2018	2019	2020	Percentage Change, 2019-2020
Less than $100 million	87.99	87.83	87.4	87.67	88.06	0.45
$100 million to $499.9 million	63.65	62.88	61.76	61.35	64.13	4.53
$500 million to $999.9 million	43.98	42.75	41.73	41.48	46.86	12.97
$1 billion to $9.9 billion	31.76	30.61	30.63	30.16	35.82	18.77
$10 million to $49.9 billion	20.54	20.78	21.23	21.29	24.31	14.19
$50 billion or more	20.27	20.12	20.91	18.71	19.4	3.72
Total Small Business Loans	63.51	61.93	60.62	59.6	60.65	1.77

Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

The small business loan market for lending institutions of various sizes has been impacted by bank consolidations and changes in competition over the past year. Between 2019 and 2020, the number of institutions with $10 billion or less in assets has declined by 4.5% (4,819 in 2019 to 4,604 in 2020), while the number of large banks with $10 billion or more in total assets increased by 4.3% (139 in 2019 to 145 in 2020) (**Table G**). Smaller lenders with less than $10 billion in total assets held 42.5% of the value of small business loans and roughly 16% of total industry assets in 2020. Larger lenders with $10 billion or more in total assets accounted for 57.5% of total small business loans and 84.1 percent of total industry's assets in June 2020. These market shares have remained virtually unchanged from 2019 to 2020.

The starkest changes in the market shares of small business loans occurred in C&I loans from 2019 to 2020, largely as the result of PPP funding. The market share of the smallest C&I loans (less than $100,000) held by larger lenders (those with assets of $10 billion or more) declined from 83% in 2019 to 73% in 2020, while the market share of these loans held by smaller lenders (those with assets of less than $10 billion) increased from 17% in 2019 to 27% in 2020.

Table G: Share of Business Loans and Total Assets by Size of Depository Institution, 2020

	Total Asset Size of the Lending Institution or Bank Holding Company							
Year and Loans by Size	>50B	10B-50B	>10B	1B-10B	500M-1B	100M-500M	<100M	Total
2020				(percentage)				
Total Assets of the Institution	72.2	11.9	84.1	10.1	2.5	3	0.3	100
Commercial Real Estate								
Less than $100,000	8.3	14.8	23.1	23	15.2	32.9	5.9	100
$100,000 to $250,000	15.9	19.5	35.4	29.6	13.1	20.1	1.8	100
$250,000 to $1 million	21.9	22.1	44	30.1	11.2	13.8	0.9	100
Commercial and Industrial								
Less than $100,000	62.2	10.8	73	15.6	4.6	6.1	0.7	100
$100,000 to $250,000	41.1	18.5	59.6	23.8	7.3	8.6	0.7	100
$250,000 to $1 million	36.8	21.4	58.1	26.3	7.4	7.7	0.5	100
Total Small Business Loans	39.4	18.1	57.5	24.1	7.9	9.8	0.8	100
Total Large Business Loans	60.1	19.1	79.2	15.4	3	2.3	0.1	100
Total Business Loans	55.4	18.9	74.2	17.4	4.2	4	0.2	100
Number of Institutions	45	100	145	716	688	2,282	918	4,749

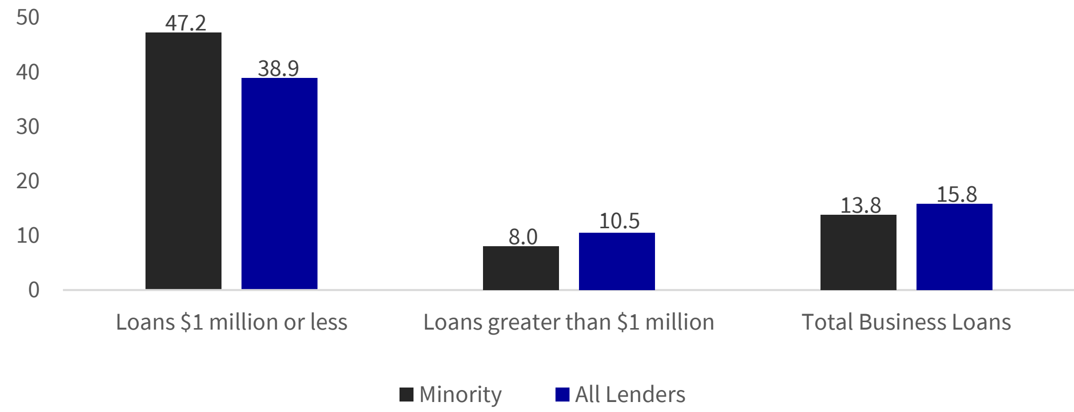
Source: SBA, Office of Advocacy, tabulations from the Federal Deposit Insurance Corporation, June Call Reports.

D. Minority Depository Institutions and Small Business Loans

Minority depository institutions were instrumental in getting PPP loans to underserved American small businesses. Most aggregate increases in loan values were in double digits except for large business loans outstanding, which increased by 8%. Friesenhahn & Kwan (2021) discovered that MDIs and non-MDIs were well capitalized in 2020 despite the pandemic, but the median MDI provided significantly more credit in 2020 to their communities than the median non-MDI. This was consistent with the disparity in credit needs among the more severely affected minority populations. The increases in MDI loans resulted from the allocation of PPP loans (**Figure 4**). MDIs total business loans increased by 13.8% (or $12.2 billion), and small business loans outstanding increased by 47.2% from $13.1 billion in June 2019 to $19.2 billion in June 2020.

MDI lenders had an increase in their small business loans outstanding, except for lenders with less than $100 million in assets. The largest percentage increase in small business loans came from lenders with $500 million to $999.9 million. Lenders with $1 billion to $9.9 billion in assets had the largest number of loans outstanding in June 2020, accounted for a third of the market share, and held 26.3% of MDIs total assets. In June 2020, MDIs added a mega lender (with assets of $50 billion or more) to its asset size category after being without one since 2013. This lender accounted for 10.4% of MDIs small business loans and 21% share of total assets.

Figure 4. Percent Change in Business Lending, 2019-2020



II. Findings from 2019 CRA Reporting Institutions

A. Small Business Lending by CRA Reporting Lending Institutions

This section examines the geographic lending activities of depository lending institutions under the Community Reinvestment Act (CRA). The purpose of the CRA is to encourage federally insured depository lenders to help meet the credit needs of the communities in which they are located. The CRA program requires lending institutions with total assets of approximately $1 billion or more to report their small business lending activities. Data from the CRA covers the lending activities of depository institutions within a calendar year. Much like the Call Report, the CRA defines small business lending as loans of $1 million or less. Data is categorized by the borrower's location, which gives an idea of the geographic activities of small business lending in an area. Although the CRA data provide information on extensions of credit in a geographic area, they do not indicate the amount or nature of the overall demand for credit in that area. Readers should be cautious about drawing conclusions solely using the CRA data, as differences in loan volume across areas may reflect differences in local demand for credit (FFIEC, 2019).[5]

CRA lending institutions extended a total of 7.6 million loans valued at $263.5 billion in 2019. Small business lending increased from 2018 to 2019, with the value of loans less than $100,000 up 7.9 percent, and loans between $100,000 to $1 million up 1.4 percent. **Figure 5** shows the average small business loan per firm by county for 2019, with the average county having $10,359 in small business loans per small business employee. As Figure 5 shows, the areas with the largest amounts of small business loans per firm by county tended to be in the middle of the country such as Texas, Arkansas, and Tennessee.

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[5] See notes from the FFIEC at https://www.ffiec.gov/hmcrpr/cra_fs20.htm.

Table H compares the total value of loans outstanding and total assets for the depository institutions reporting in the FDIC Call Report and CRA Report. In 2019, 582 depository lenders submitted CRA reports. Even though only a small number (582) submit CRA reports, these lenders held 89% of the total assets, 87% of total business loans, and 74% of small business loans. It is important to remember that smaller lenders with total assets of less than $1 billion are not required to submit CRA reports, and these lenders typically have a higher percentage of small business loans.

Table H: Comparison of Assets and Business Loans of Depository Lending Institutions

	Call Report Information		Percentage of Call Report Institutions Submitting CRA Information				
	(Loans and Assets in Billions of Dollars)						
	June 2020	December 2019					
Description	All Institutions	CRA Institutions	2020	2019	2018	2017	2016
Small Business Loans							
Less than $100,000	254.4	206.1	81	86	84	83	82
$100,000 to $1 million	640.8	460.7	72	69	68	67	67
Total Small Business Loans	895.2	666.8	74	74	73	72	71
Total Business Loans	3,941.80	3,422.20	87	88	87	86	86
Total Assets	19,087.70	16,930.20	89	88	88	86	86
Number of Lending Institutions	4,749	582					

Source: SBA Office of Advocacy, tabulations from the FFIEC Community Reinvestment Act Reports.

Table I shows the value and number of small business loans originated and purchased from 2015 to 2019. This CRA information differs from the FDIC Call Report by reporting loan originations and purchases for the past year, rather than outstanding loans held by depository lenders. The CRA Reports only covered the period up to December 2019, before the COVID-19 pandemic began. From December 2018 to December 2019, the total value and number of small business loans originated and purchased increased by 3.9% and 7.9%, respectively.

Table I: Value, Number and Percent Change of Loans Originated and Purchased by CRA Reporting Institutions, Billions of Dollars

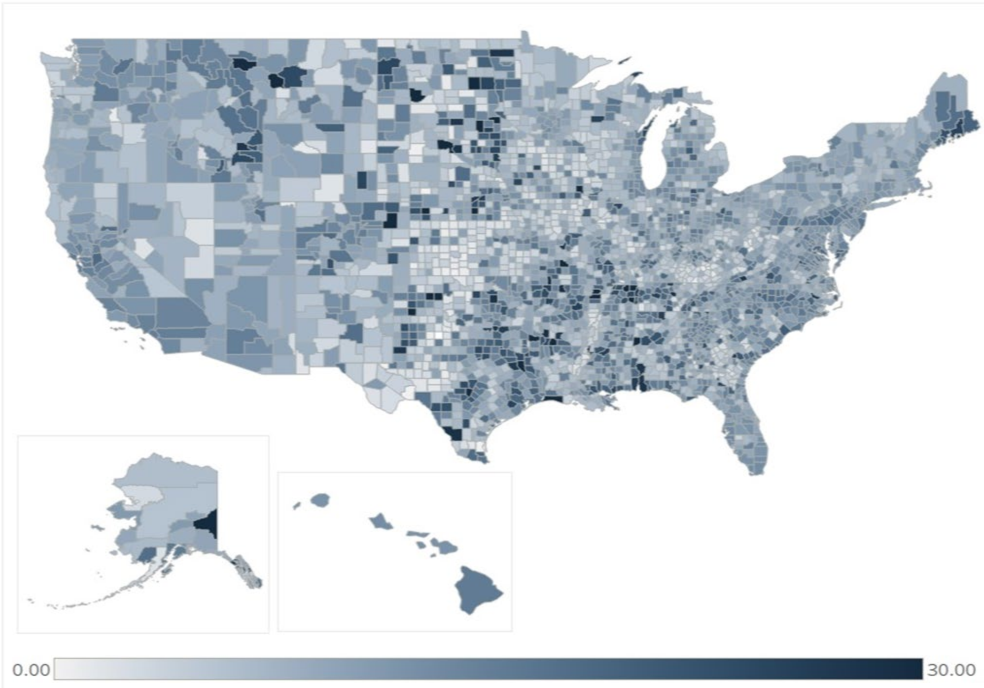
Loan Size and Assets	2015	2016	2017	2018	2019	Percentage Change, 18-19
Value of Small Business Loans						
Less than $100,000	82	104.9	90.8	98.2	106	7.9
$100,000 to $1 million	143	151.6	150.2	155.3	157.5	1.4
Total Value of Small Business Loans	225	256.5	241	253.5	263.5	3.9
Number of Small Business Loans						
Less than $100,000	5.6	7	6.1	6.6	7.2	8.3
$100,000 to $1 million	0.4	0.4	0.4	0.4	0.5	2
Total Number of Small Business Loans	6	7.4	6.5	7.1	7.6	7.9
Number of Lending Institutions (BHC's and Independents)	630	611	600	587	582	-0.9

Source: SBA, Office of Advocacy, tabulations from the FFIEC and Community Reinvestment Act Reports.

B. Loans $100K or Less and Loans $100K–$1 Million by CRA Lending Institutions

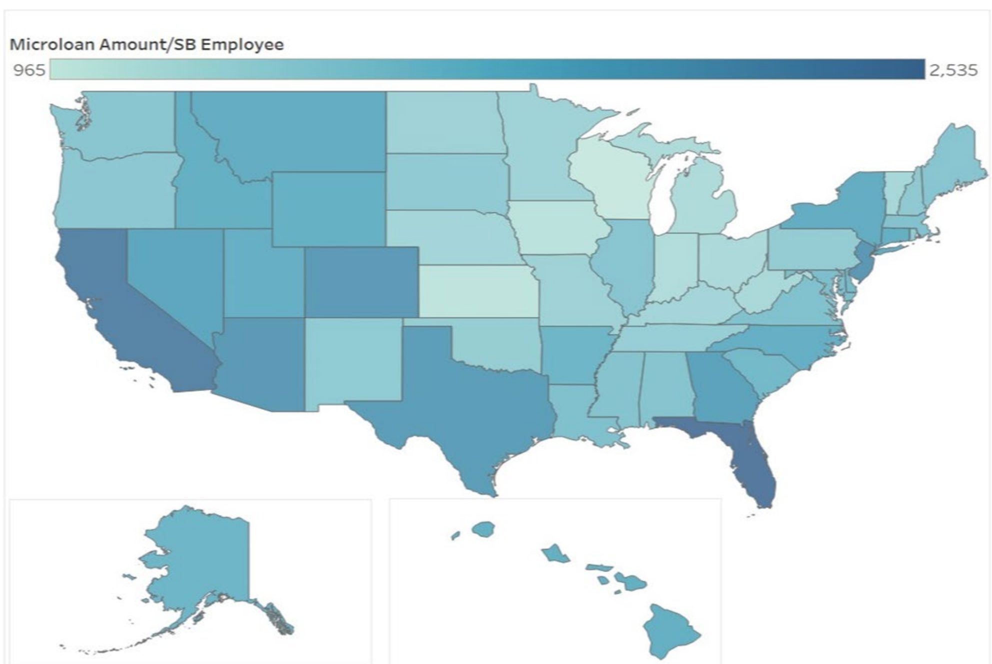
The value and number of loans made by large banks and other depository lenders increased from the previous year. These lenders were active in the market for loans under $100k and made 7.2 million loans valued at $106.0 billion in 2019, compared to 6.6 million loans worth $98.2 billion in 2018. Loans between $100K-$1 million had an uptick of 1.4% in loan value during this period. **Figure 6** below shows CRA loans less than $100K per employee by state. In 2019, California and Florida accounted for the most loans under $100k per employee.

Figure 5. Small Business Loan Amount per Employee Firm by County



Source: SBA, Office of Advocacy, tabulations from the FFIEC and Community Reinvestment Act Reports.

Figure 6. Small Business Loan Amount of $100,000 per Employee by State



Source: SBA, Office of Advocacy, tabulations from the FFIEC and Community Reinvestment Act Reports.

Summary

Urgent public policy actions helped small businesses survive the COVID-19 pandemic. The value of total small business loans outstanding by depository lenders increased by 39% ($250.7 billion) from 2019 to 2020 (FDIC). The most substantial increase in the value of small business loans outstanding was for C&I loans of $100,000 to $250,000, which increased by over 100%. The largest percentage increases were realized by depository lenders with total assets between $1 and $10 billion, which increased the value of total small business loans outstanding by nearly 66%, had the largest percentage increase in the ratio of the value small business loans to total assets (35%), and the largest ratio of small business loans to total business loans (19%). Lenders with total assets of $50 billion or more had the largest absolute increase in the value of outstanding loans of $95 billion.

The market share by bank size remained virtually unchanged with the larger depository lenders (total assets of $10 billion or more), holding a 58% share of the value of outstanding small business loans and smaller depository lenders (less than $10 billion in assets) holding a 42% share. In general, the smallest depository lenders with less than $500 million in total assets lost small business loan market share while depository lenders with $1 billion to $10 billion in total assets gained small business loan market share from June 2019 to June 2020.

Finally, depository institutions with total assets exceeding $1.28 billion were required to submit a CRA report in 2019. The depository institutions submitting CRA reports are important to small business lenders because they provide small business credit in low- and moderate-income communities. Interestingly, the growth rate in the value and number of loans in the CRA report exceeded the growth rate reported in the FDIC Call Report, which included all depository lenders. While the value of outstanding small business loans reported in the FDIC Call Report increased by 1.9%, the value of loan originations and purchases reported in the CRA report increased by 3.9% from 2018 to 2019. In addition, the number of small business loans outstanding declined by nearly 10% (as reported by the FDIC), while the number of loan origination and purchases increased by 7.9% (as reported in the CRA Report) from 2018 to 2019. Based on this comparison, the CRA reporting institutions appear to have been a reliable and aggressive source of small business credit in low- and moderate-income communities.

This year was dominated by loans guaranteed under the PPP, which participating lenders reported as C&I loans in most cases. While the value of C&I loans skyrocketed, the value of CRE loans declined. Without the infusion of capital from the PPP, the increase in the value of small business loans would have been relatively minor (less than 2%) from June 2019 to June 2020. Given the forgiveness terms of the PPP loan guarantees, moving forward, depository lenders will subtract the value of PPP loans from their outstanding loan balances, and more normal lending practices should return.

Data Sources and Limitations

Data Sources

Data for this report are compiled by the three federal banking agency members of the Federal Financial Institutions Examination Council (FFIEC): the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The report uses Call Report data from the FDIC website and Community Reinvestment Act (CRA) data from the FFIEC's web page, which were tabulated for the Office of Advocacy by George Haynes, Ph.D. of Montana State University.

The Call Reports, officially the Consolidated Reports of Condition and Income, are bi-annual reports filed by financial institutions with their appropriate depository regulators. Call Reports provide detailed information on the status of a financial institution.

The Community Reinvestment Act (CRA) data are important for understanding small business lending activities by lenders and bank holding companies in a given state. These data show activities of local reporting depository lenders, including large lenders that have a local presence in a state or territory, but are headquartered out of the state. See the criteria for CRA lenders filing the reports at www.ffiec.gov/cra/reporter.htm and https://www.federalreserve.gov/newsevents/pressreleases/bcreg20081217a.htm For details on loan originations and purchases, visit and the CRA reporting program at https://www.ffiec.gov/cra/default.htm.

Data Limitations

The Call Report and CRA data provide a useful look at small loans held by all depository institutions, but the picture remains incomplete. On the demand side, the Call Report and CRA data do not provide information on the personal or demographic characteristics of the borrowers or characteristics of the businesses (such as employment or sales data, income, or balance sheet information). Thus, these statistics do not shed light on the demand for financial capital by small business owners.

The Call Report and CRA data provide information on the aggregate value and number of loans for $1 million or less, including those secured by nonfarm, nonresidential property and commercial and industrial loans. The data do not provide information about whether the loan is a line of credit or an asset-backed loan (such as a capital lease, vehicle, or equipment loan). Small and large lending is defined by the loan size. However, there may be some overlap, as some small firms may have outstanding/originated loans of more than $1 million and some large businesses may have originated loans of less than $1 million.

Call Report data likely underestimates the loan balances with larger lenders because these lenders are more likely to securitize loans with SBA loan guarantees. Therefore, only the unguaranteed portion of the loan will still be reported by the lending institution. Smaller institutions are more likely to hold the entire small business loan in house, even if the loan has an SBA loan guarantee attached.

Household assets are often pledged against the debt of the business, and business and household financial assets are occasionally intertwined. Hence, a complete picture of the financial condition of small businesses requires a careful review of income statement and balance sheet information for both the household and the business.

Finally, the CRA data provides useful information on current lending primarily for larger depository lenders required to submit CRA reports. While the current size threshold at which lenders must submit a CRA report is just over $1 billion, the CRA data set includes lenders with total assets of less than $1 billion. CRA data include originations and purchases of small business loans. Originations are new loans or extensions of lines of credit and purchases are loans purchased from another lending institution in the current year.

For more information about the limitations of CRA data, see “A Guide to CRA Data Collection and Reporting,” www.ffiec.gov/cra/guide.htm, and for other limitations of Call Report data, see the “Disclaimer and Notes” section of the FDIC webpage, https://www.fdic.gov/bank/statistical/.

Methodology

The data obtained from the CRA, BHC, and Call Reports are linked by a common identifier, which allows for the data to be consolidated. The BHCs and independent institutions along with other variables are generated. All foreign banks are excluded, and the data is segmented and aggregated into different bank size categories for analysis. The CRA data is then generated. **Tables C** through **F** employ the total asset ratios (ratios of small business loans to total assets) and the total business loan ratios (ratios of small business loans to total business loans), which are the mean ratios for all lenders. These ratios are derived by computing the ratio for each lender, then computing the mean for all lenders in each category shown.

Definitions

Bank. Any national bank and state bank, and any federal branch and insured branch; includes any former savings association.

BHC—bank holding company. A company that owns and/or controls one or more U.S. banks or one that owns, or has controlling interest in, one or more banks. A bank holding company may also own another bank holding company, which in turn owns or controls a bank. The company at the top of the ownership chain is called the top holder.

Call Report. Officially known as the Report of Condition and Income, a call report must be filed by all regulated financial institutions in the United States on a quarterly basis. Banks are required to file no later than 30 days after the end of each quarter.

C&I loan. Commercial and industrial loan; one of the two categories of a business loan.

Commercial bank. A financial institution that is owned by stockholders, operates for a profit, and engages in lending activities.

CRA. The Community Reinvestment Act.

CRE loan. Commercial real estate loan; one of the two categories of a business loan.

Depository lending institution. A financial institution in the United States that is legally allowed to accept monetary deposits from consumers into safekeeping and use them to make loans to other customers. Important categories include savings banks, commercial banks, savings and loan associations, and credit unions. This report covers all these categories except credit unions and refers to them collectively as "lenders."

FDIC. Federal Deposit Insurance Corporation.

Large business loan. A loan greater than $1 million.

Mega lender. Bank holding company with more than $50 billion in assets.

MDI—Minority Depository Institution. A federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. Insured depository institutions may choose MDI status if a majority of the Board of Directors is made up of minority individuals and the community that the institution serves is predominantly minority.

Other depository institution. Financial institutions not specifically listed with authority to accept deposits of funds.

Savings bank. Banking institutions organized to encourage thrift by paying interest dividends on savings. Savings banks can have state and federal affiliations (e.g., state savings banks and federal savings banks).

Small business. A firm with fewer than 500 employees.

Small business loan. A loan of $1 million or less.

State bank. Any bank, banking association, trust company, savings bank, industrial bank (or similar depository institution which the board of directors finds to be operating substantially in the same manner as an industrial bank), or other banking institution which is engaged in the business of receiving deposits, other than trust funds and is incorporated under the laws of any state.

Traditional lender. Any lender that is FDIC insured.

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