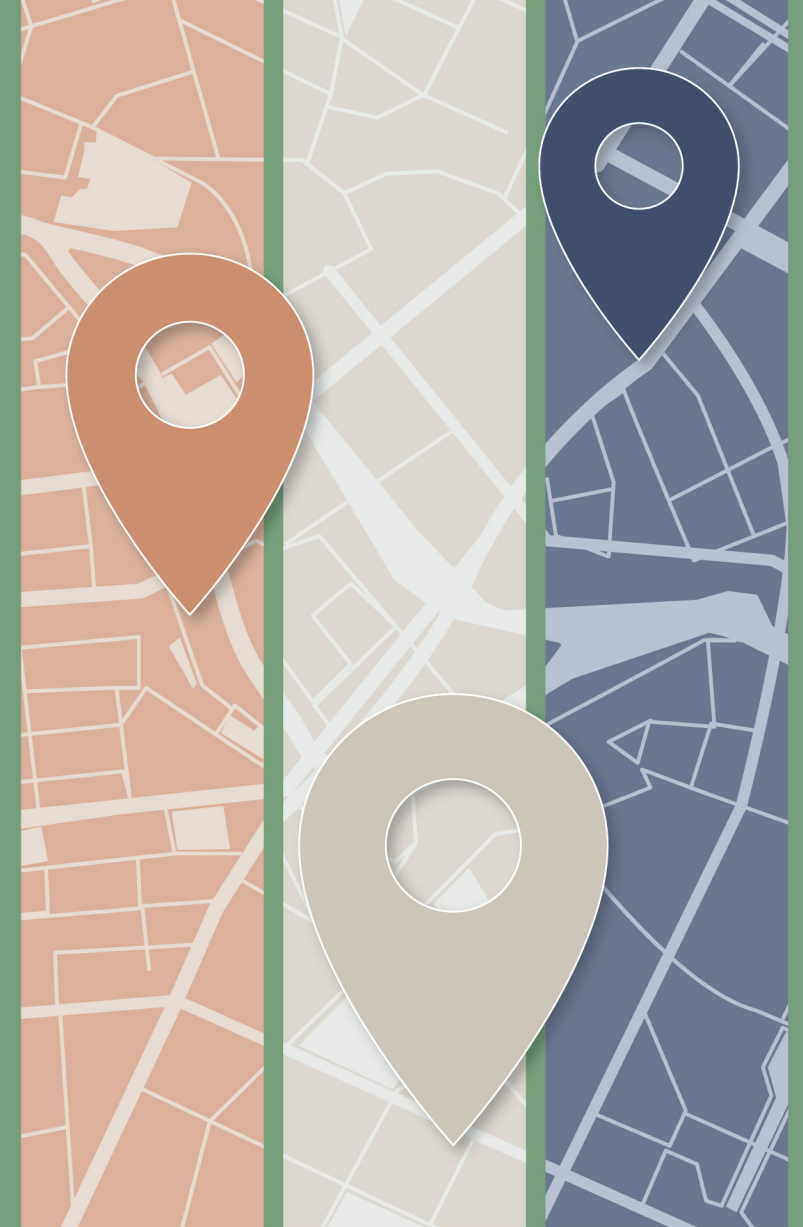


2026 Firms in Focus

Chartbook on Rural and Urban Firms

Findings from the
2025 Small Business Credit Survey



About the Small Business Credit Survey



- The Small Business Credit Survey (SBCS) is an annual survey of firms with fewer than 500 employees.
- Data in this chartbook represent findings from the 2025 survey year. The survey was fielded from September to November 2025.
- The findings in this chartbook show data for employer firms only. Employer firms are those with at least one employee in addition to the owner(s).
- Estimates are shown only when the corresponding sample includes 50 or more observations.
- Firms in Focus chartbooks examine differences in small businesses' credit experiences based on firm characteristics, owner demographics, and geographic location (states and metro areas). This chartbook contains data on rural and urban firms. Additional information, including on rural and urban firms, is available via [FedSmallBusiness.org](https://fedsmallbusiness.org).

Suggested citation

Federal Reserve Banks, Small Business Credit Survey. 2026 Firms in Focus: Chartbook on Rural and Urban Firms. Retrieved from <https://fedsmallbusiness.org>. 10.55350/sbcs-20260402.



Table of Contents

Firm Performance

Revenue, employment, and business conditions

Challenges

Financial and operational challenges and actions taken in response

Customers and Trade

Changes in international sales and inputs sourced from outside the US

Debt and Financial Services

Outstanding debt and use of financial services

Financing

Financing applications and outcomes

Use of AI

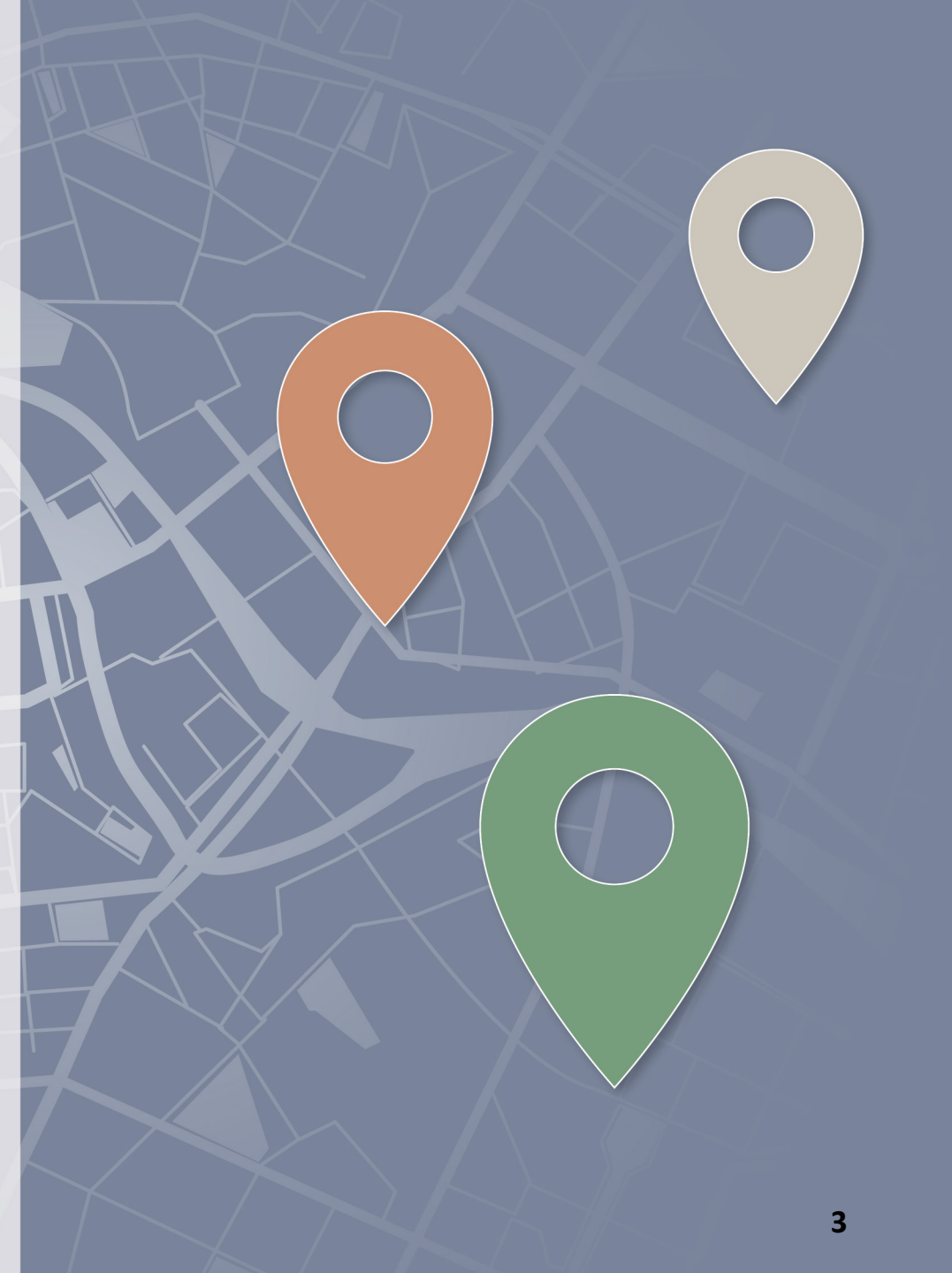
Level of use, importance, and challenges

Demographics

Firm and owner characteristics

Appendix

SBCS definitions



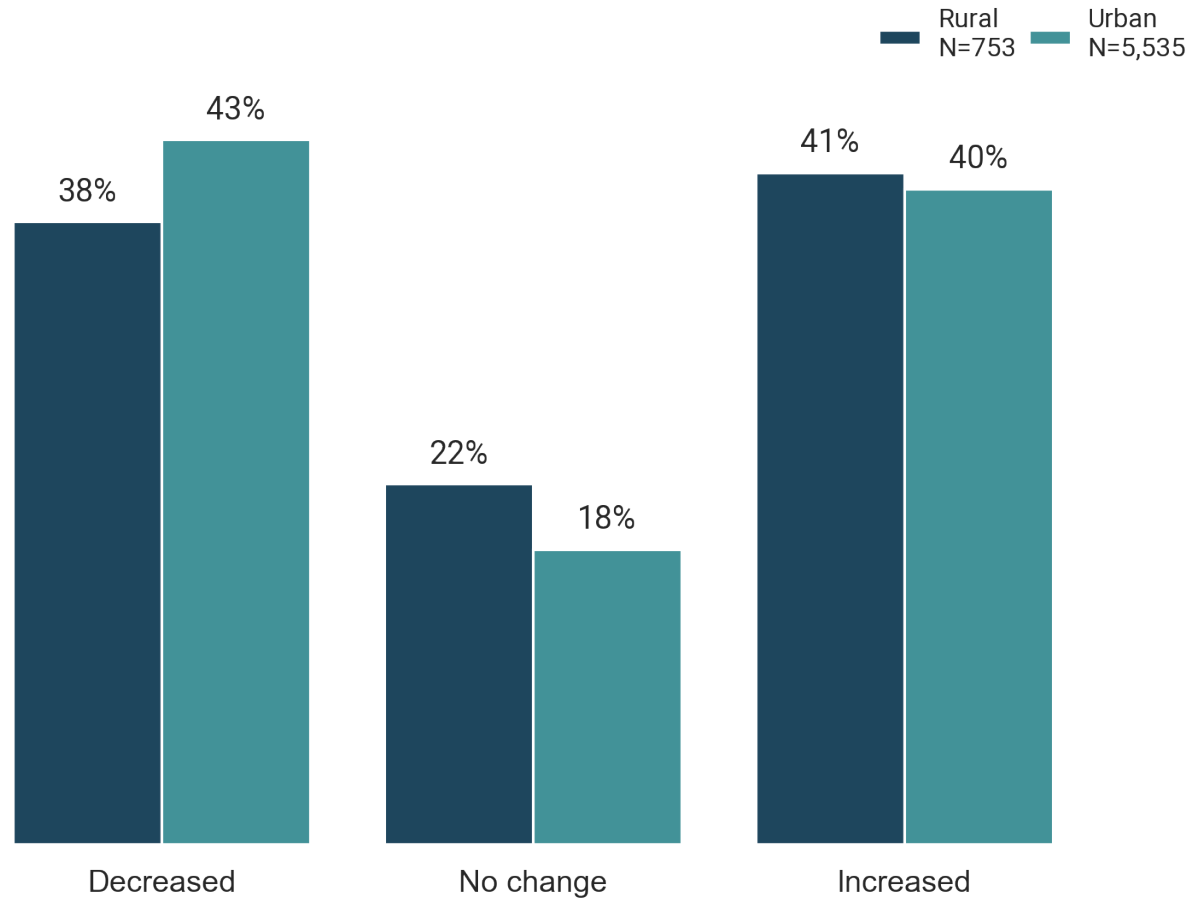
Firm Performance

Revenue, employment, and
business conditions



Revenue change, prior 12 months

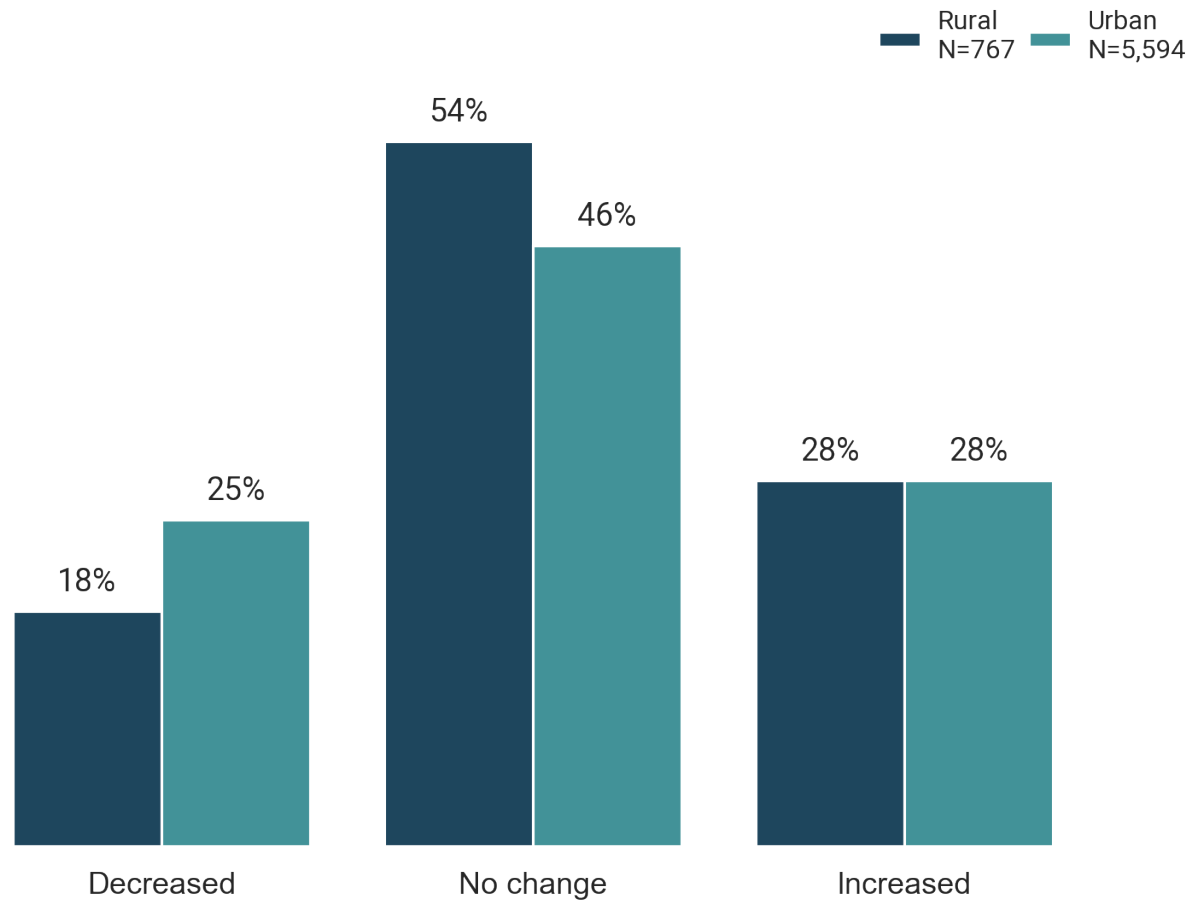
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Employment change, prior 12 months

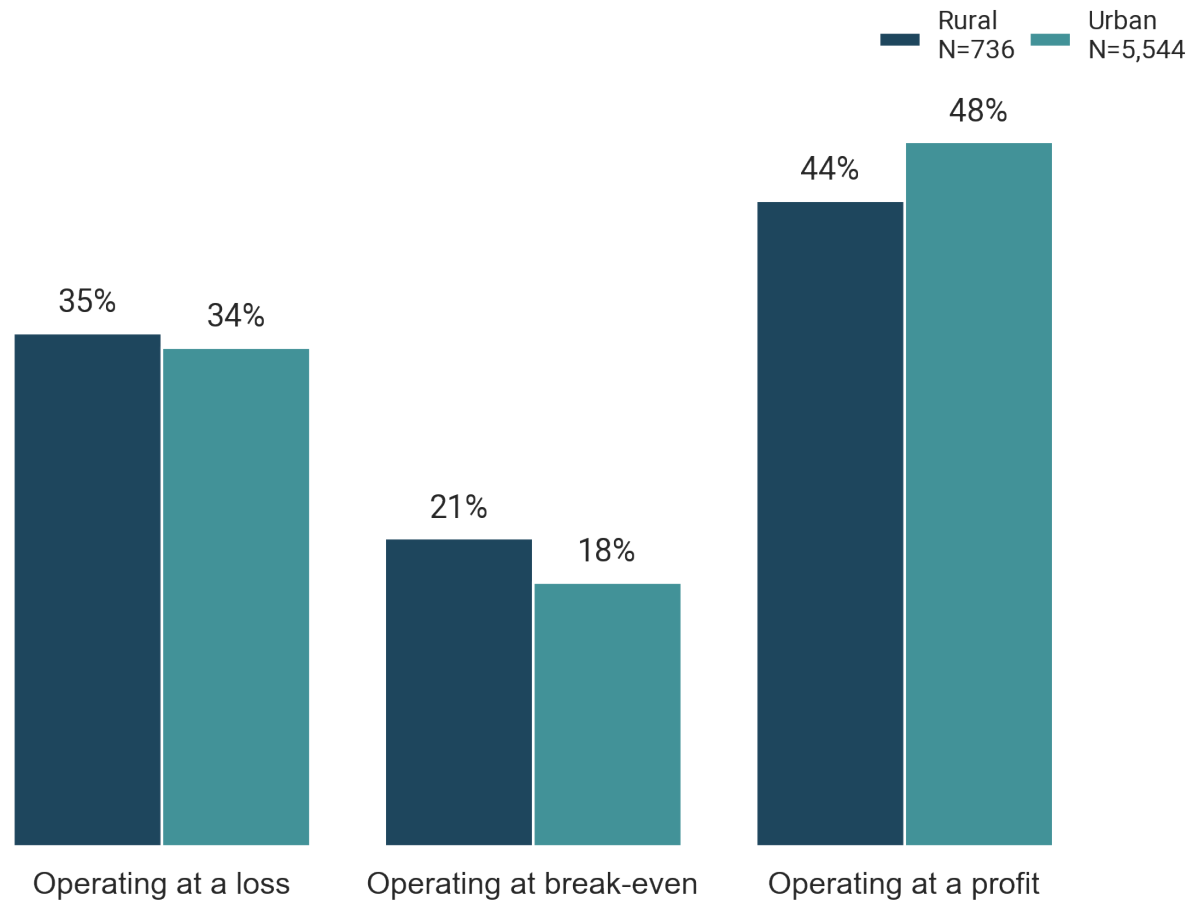
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Profitability, end of 2024

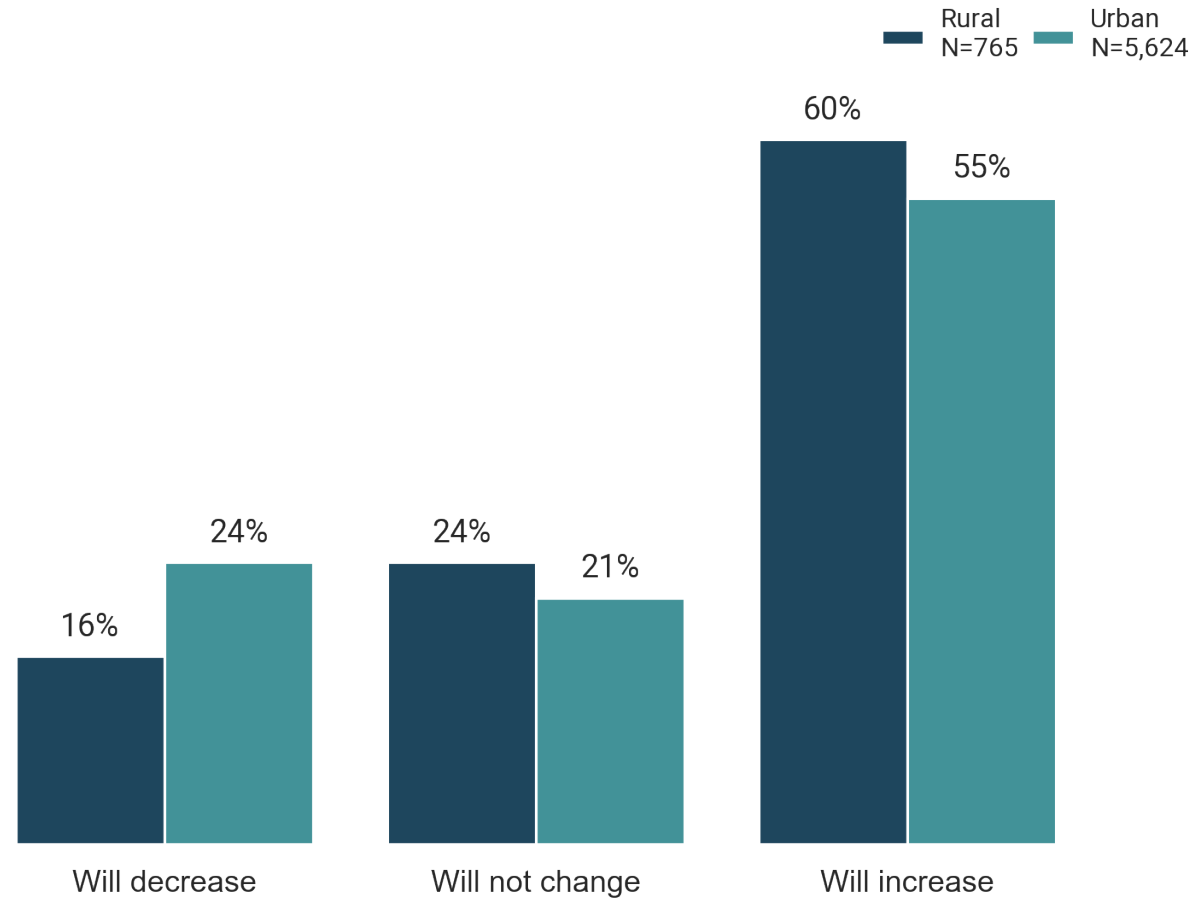
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Expected revenue change, next 12 months

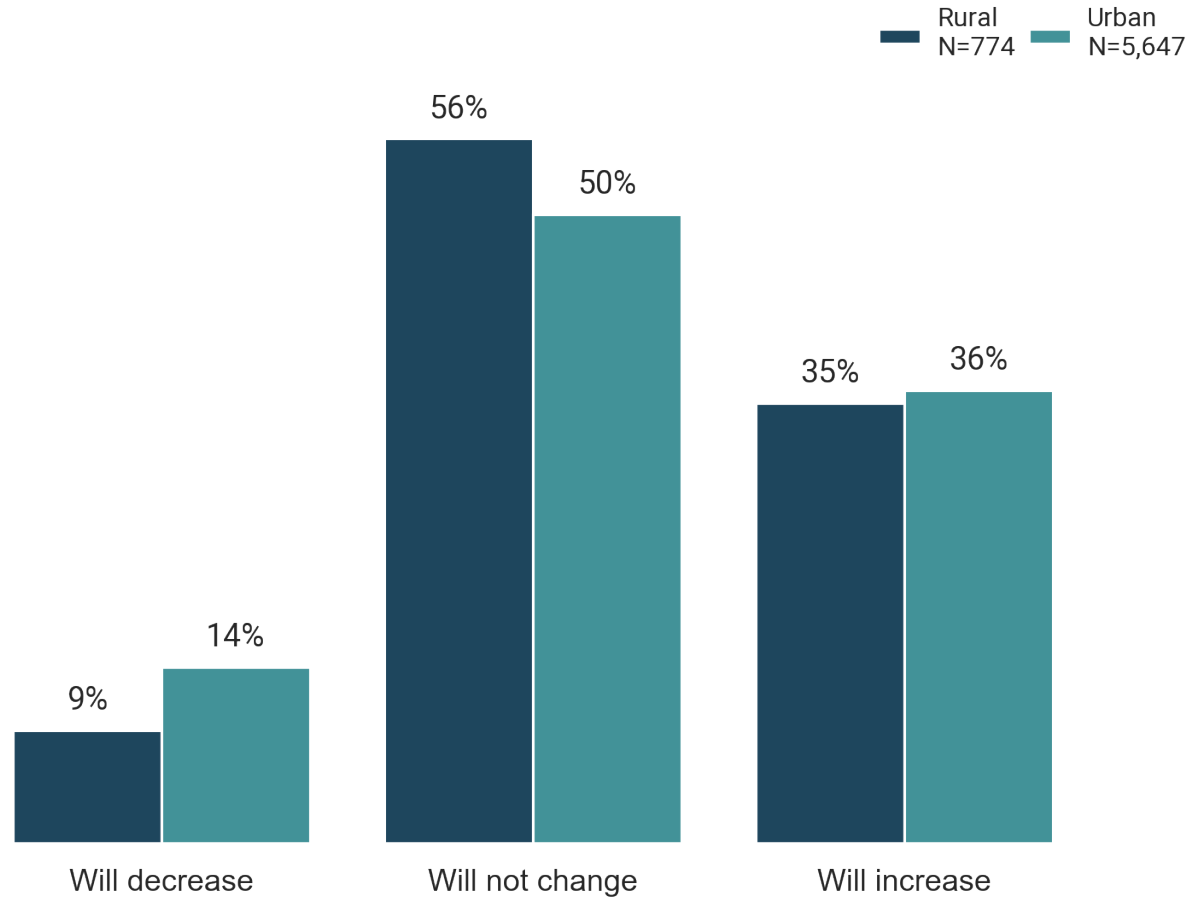
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Expected employment change, next 12 months

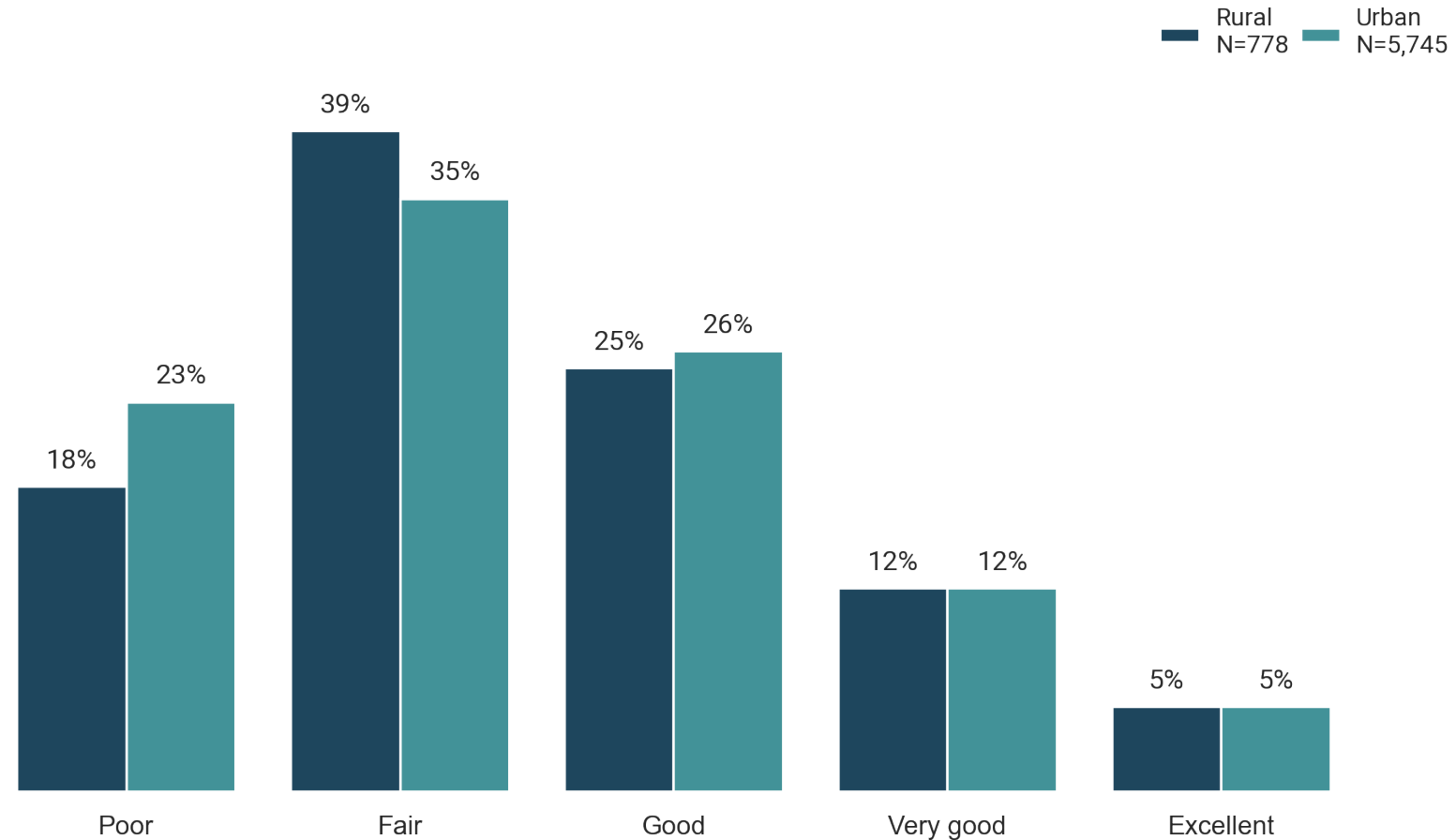
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Financial condition, time of survey

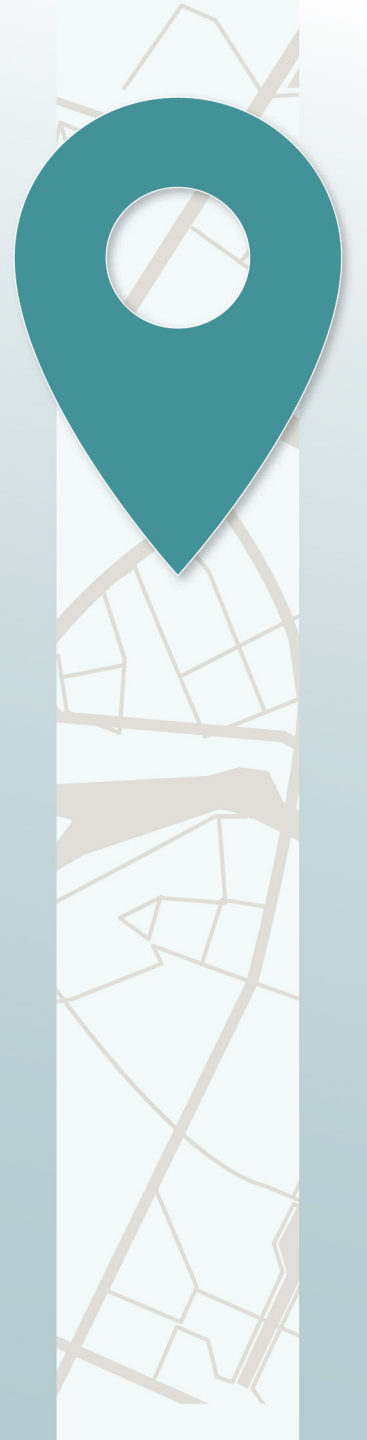
(% of employer firms)



Notes: Self-reported financial condition at the time of the survey. Percentages may not sum to 100 within respondent groups because of rounding. See Appendix for time period definitions used in the SBCS.

Challenges

Financial and operational challenges and actions taken in response

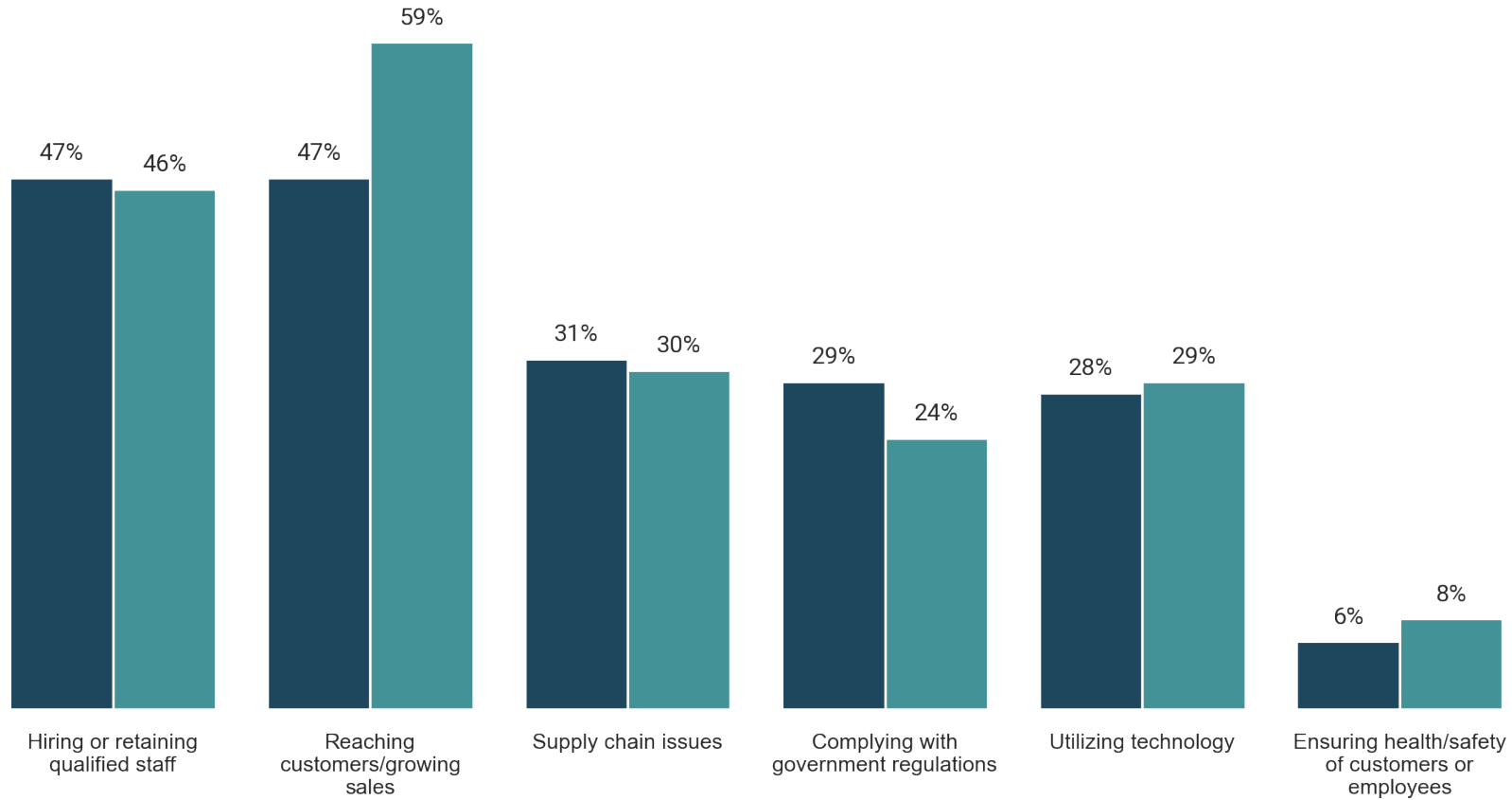


Operational challenges, prior 12 months

(% of employer firms)



Rural N=770 Urban N=5,655



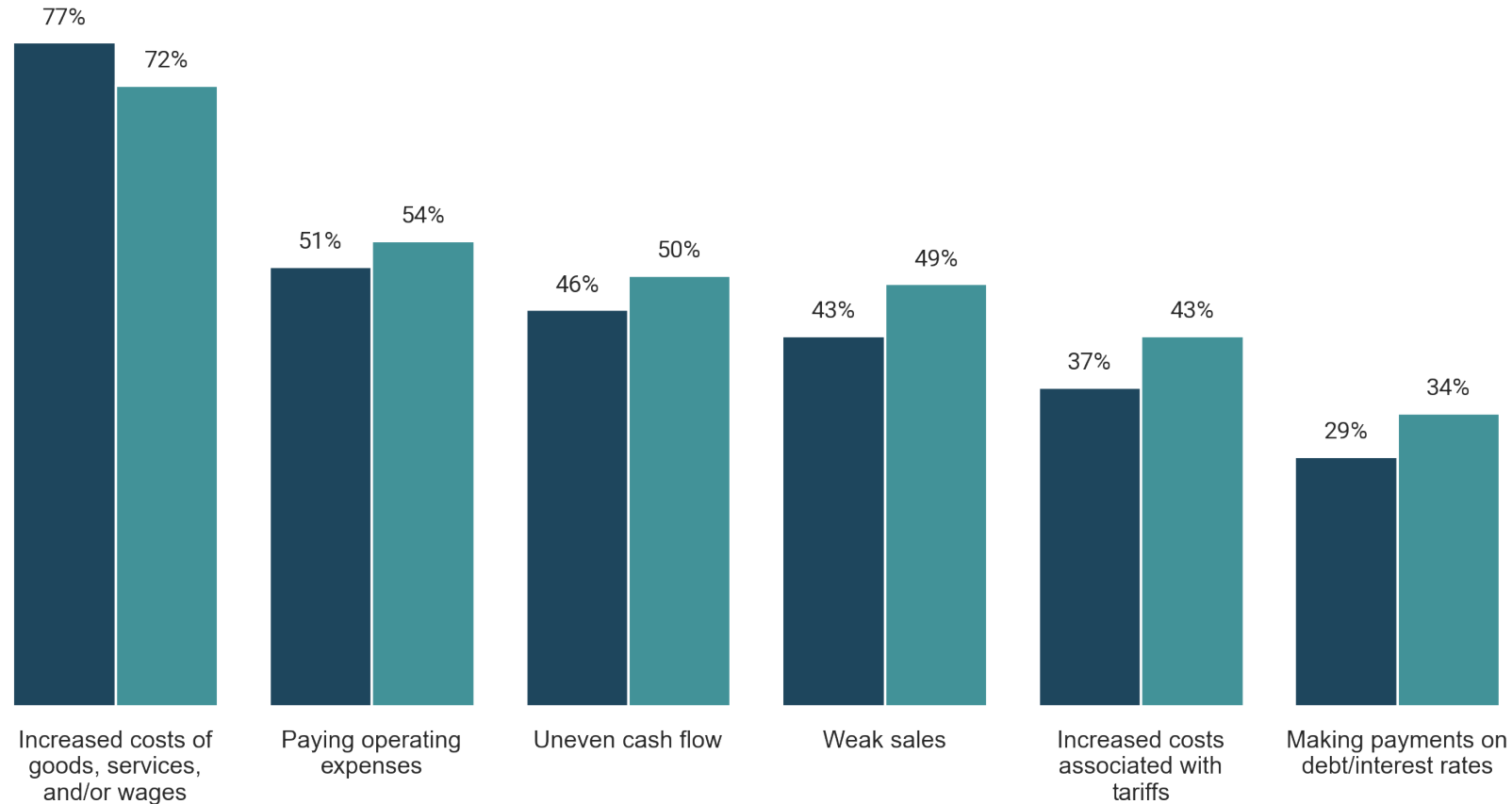
Notes: "Utilizing technology" includes issues with ecommerce, cybersecurity, social media, and websites. Respondents could select multiple options. Most common responses shown. See Appendix for time period definitions used in the SBCS.

Financial challenges, prior 12 months

(% of employer firms)



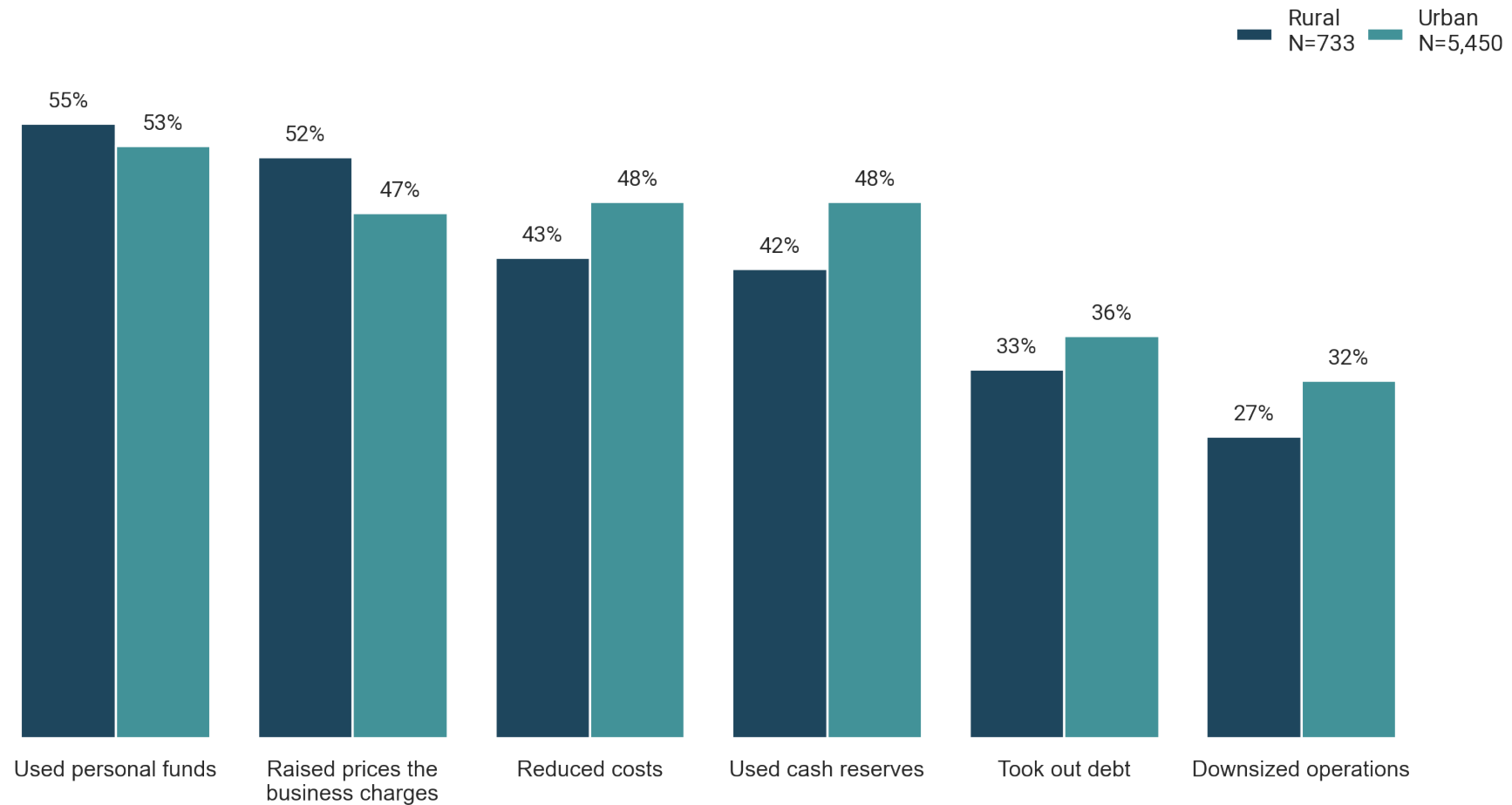
Rural N=774 Urban N=5,726



Notes: "Uneven cash flow" includes collecting on receivables. Examples presented for "paying business expenses" include payroll, rent, and inventory costs. Respondents could select multiple options. Most common responses shown. See Appendix for time period definitions used in the SBCS.

Actions taken in response to financial challenges, prior 12 months

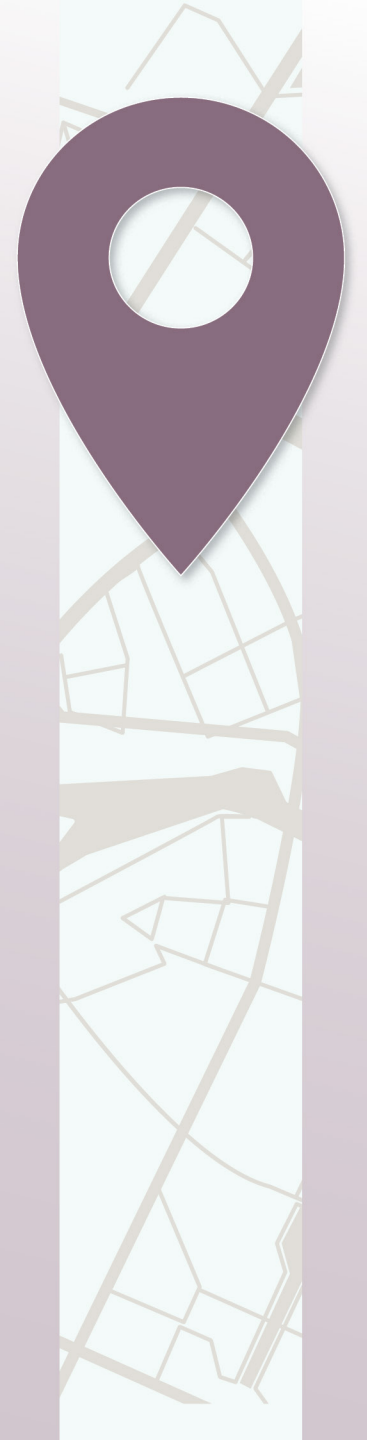
(% of employer firms with financial challenges)



Notes: Respondents could select multiple options. Select responses shown. See Appendix for time period definitions used in the SBCS.

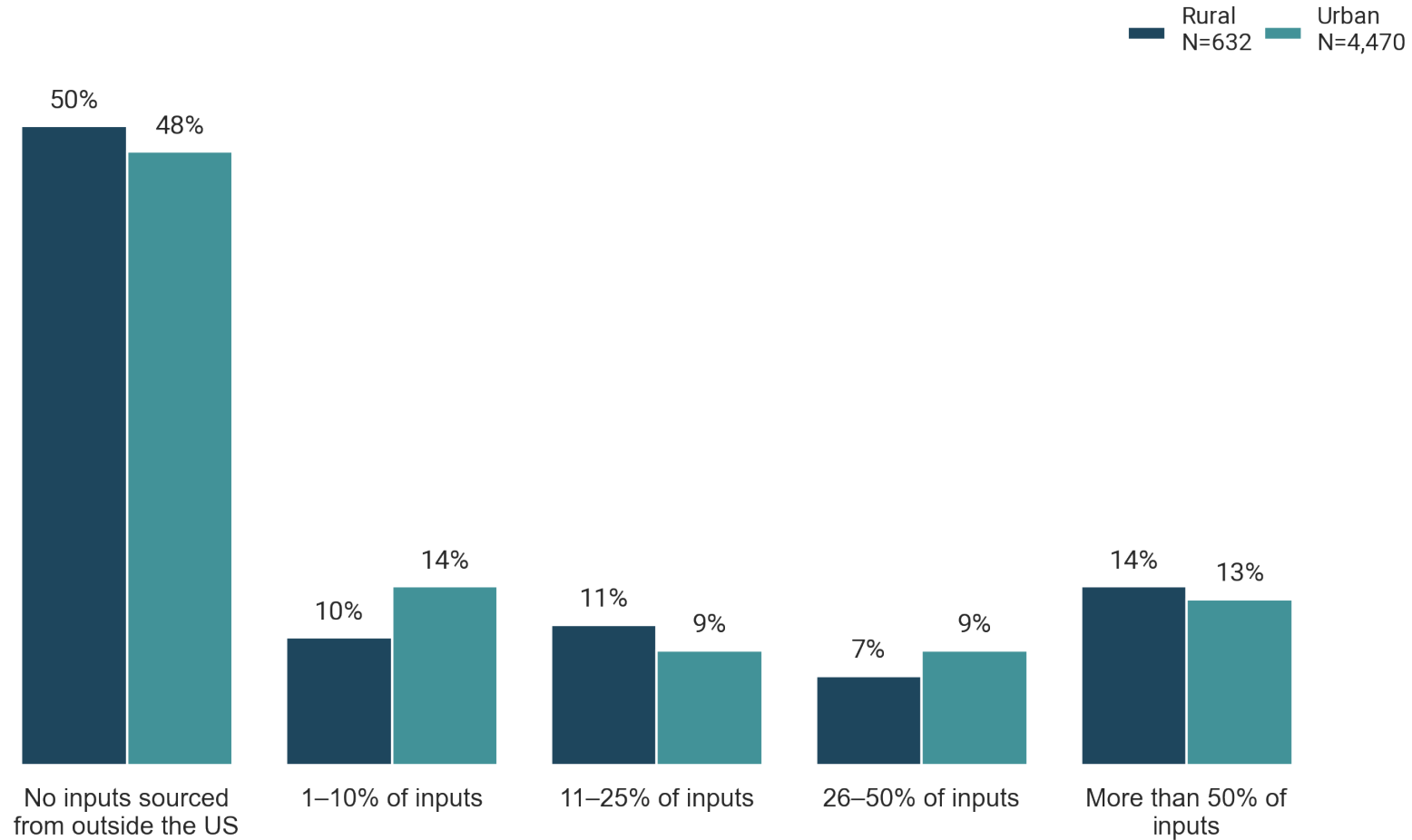
Customers and Trade

Changes in international sales and inputs sourced from outside the US



Share of inputs sourced from outside the US in 2024

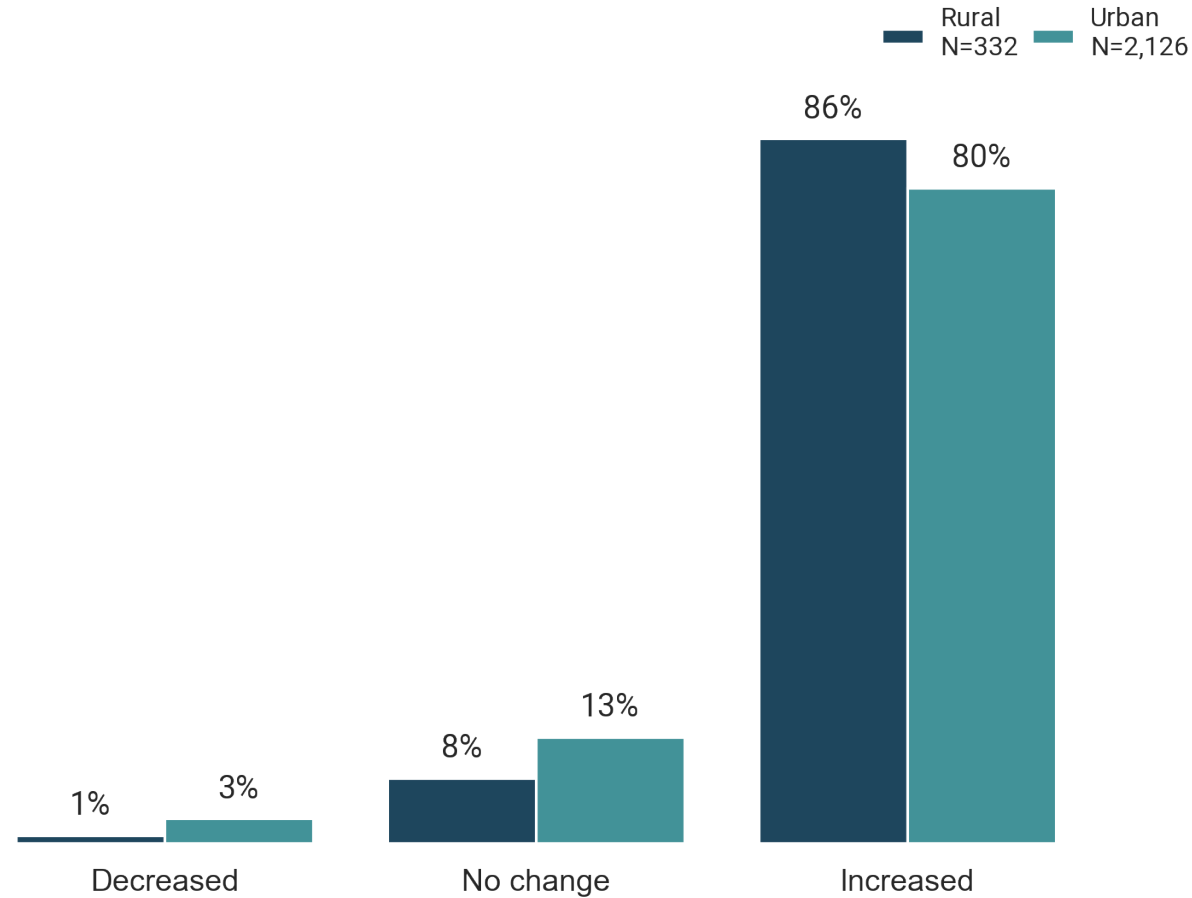
(% of employer firms)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents were asked to consider the inputs to their products or services, including finished and unfinished goods, sourced directly or indirectly (if known) from outside the US. Percentages may not sum to 100 within firm categories because of rounding.

Change in price of inputs sourced from outside the US from 2024 to 2025

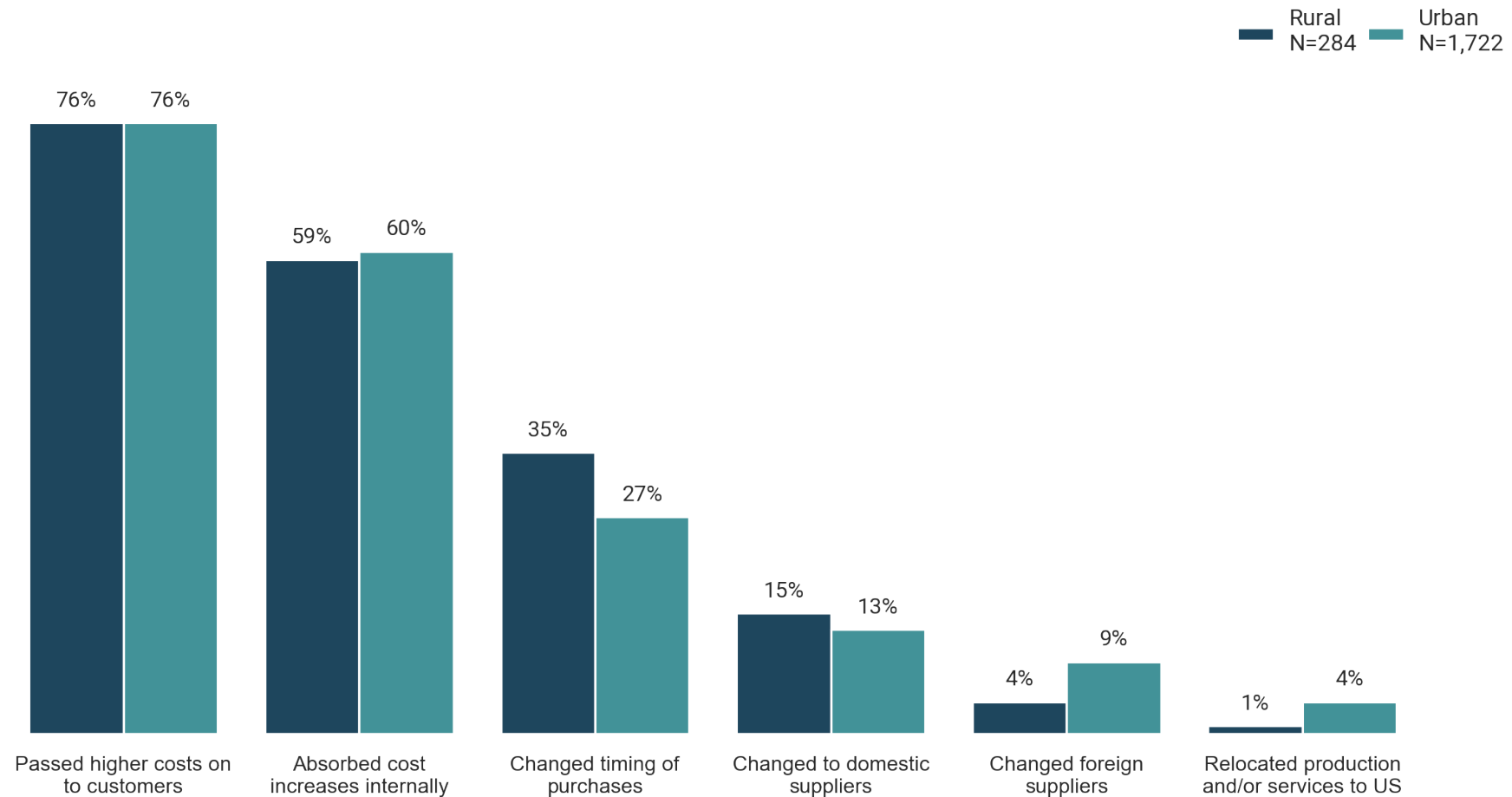
(% of employer firms that source inputs from outside the US)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Percentages may not sum to 100 within firm categories because of rounding.

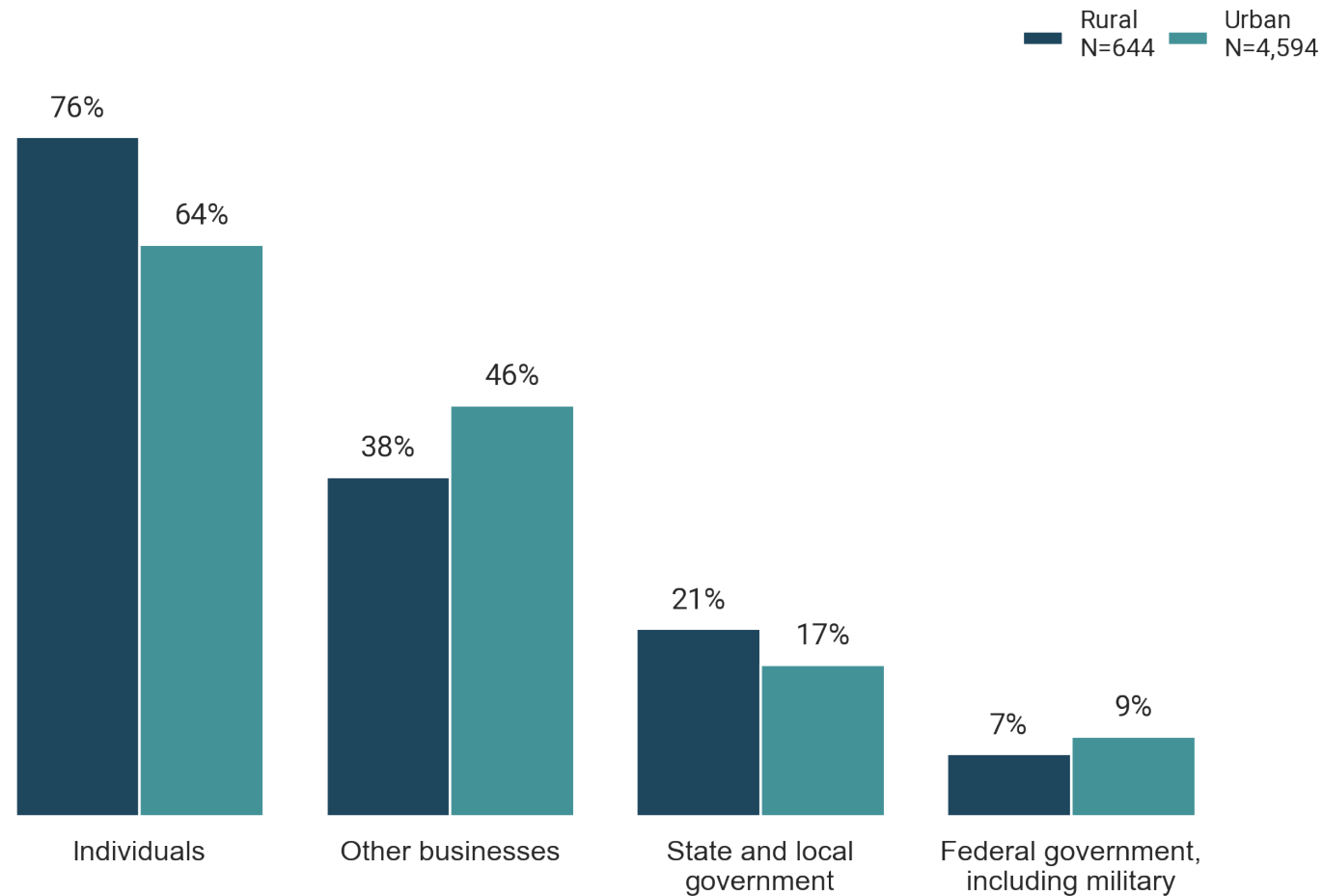
Actions taken in response to higher prices of inputs sourced from outside the US

(% of employer firms reporting increased costs for inputs sourced from outside the US)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents could select multiple options. Response option "other" not shown.

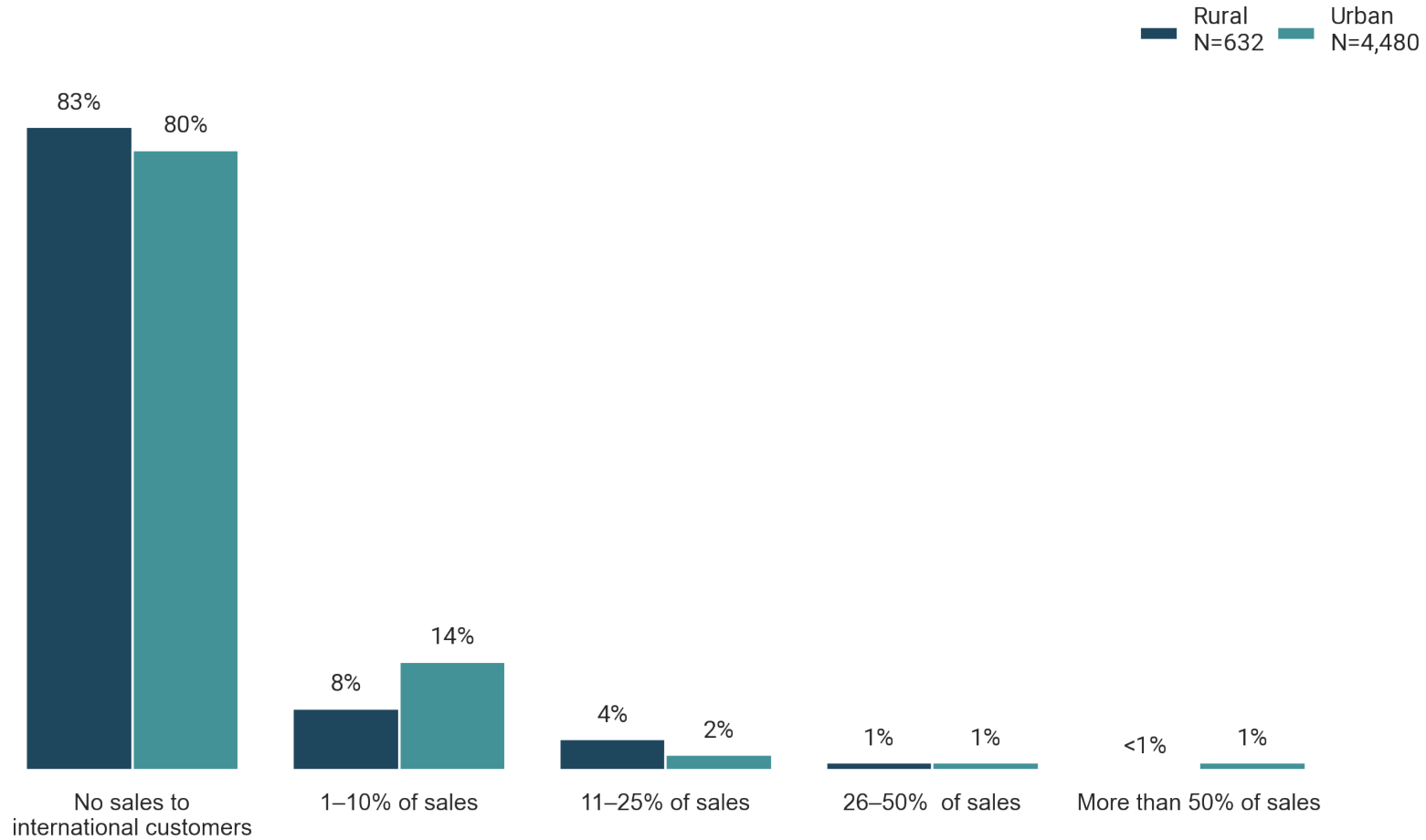
Types of customers accounting for 10% or more of firm's sales in 2024 (% of employer firms)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents could select multiple options. "Other businesses" includes organizations and distributors; "state and local government" includes school districts and transportation authorities. "Business did not have any sales" not shown.

Share of total sales to international customers in 2024

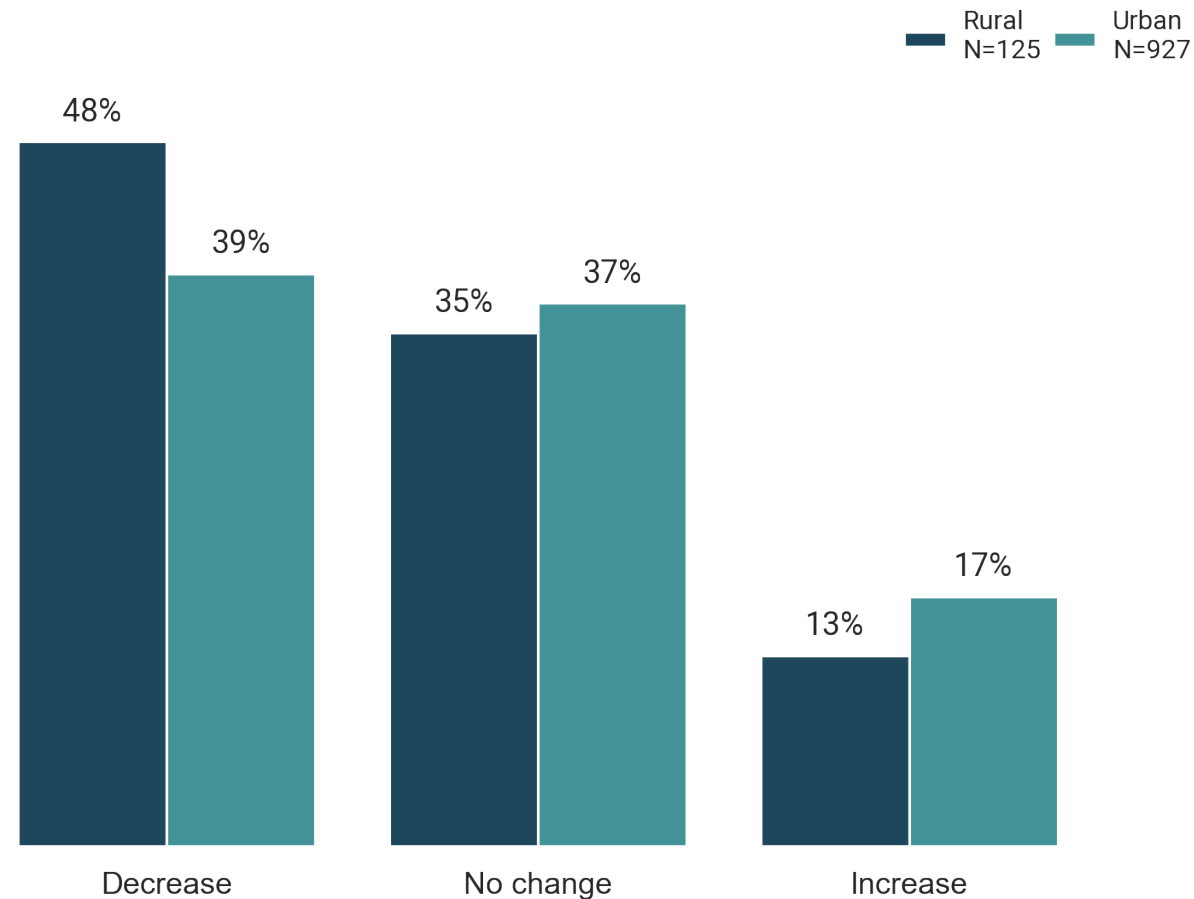
(% of employer firms)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Percentages may not sum to 100 within firm categories because of rounding.

Expected change in total annual sales to international customers from 2024 to 2025

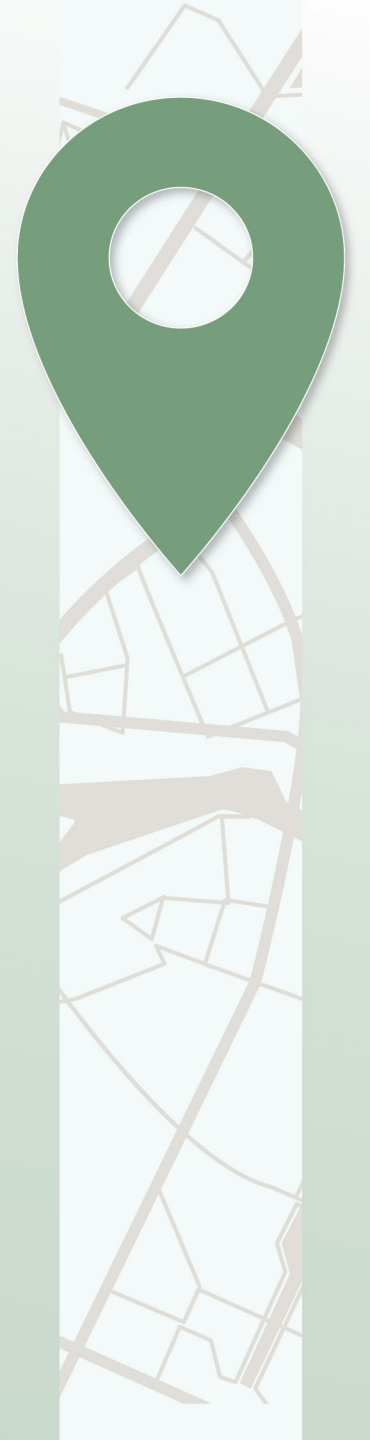
(% of employer firms with sales to international customers)



Notes: Data on customers and trade are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Percentages may not sum to 100 within firm categories because of rounding.

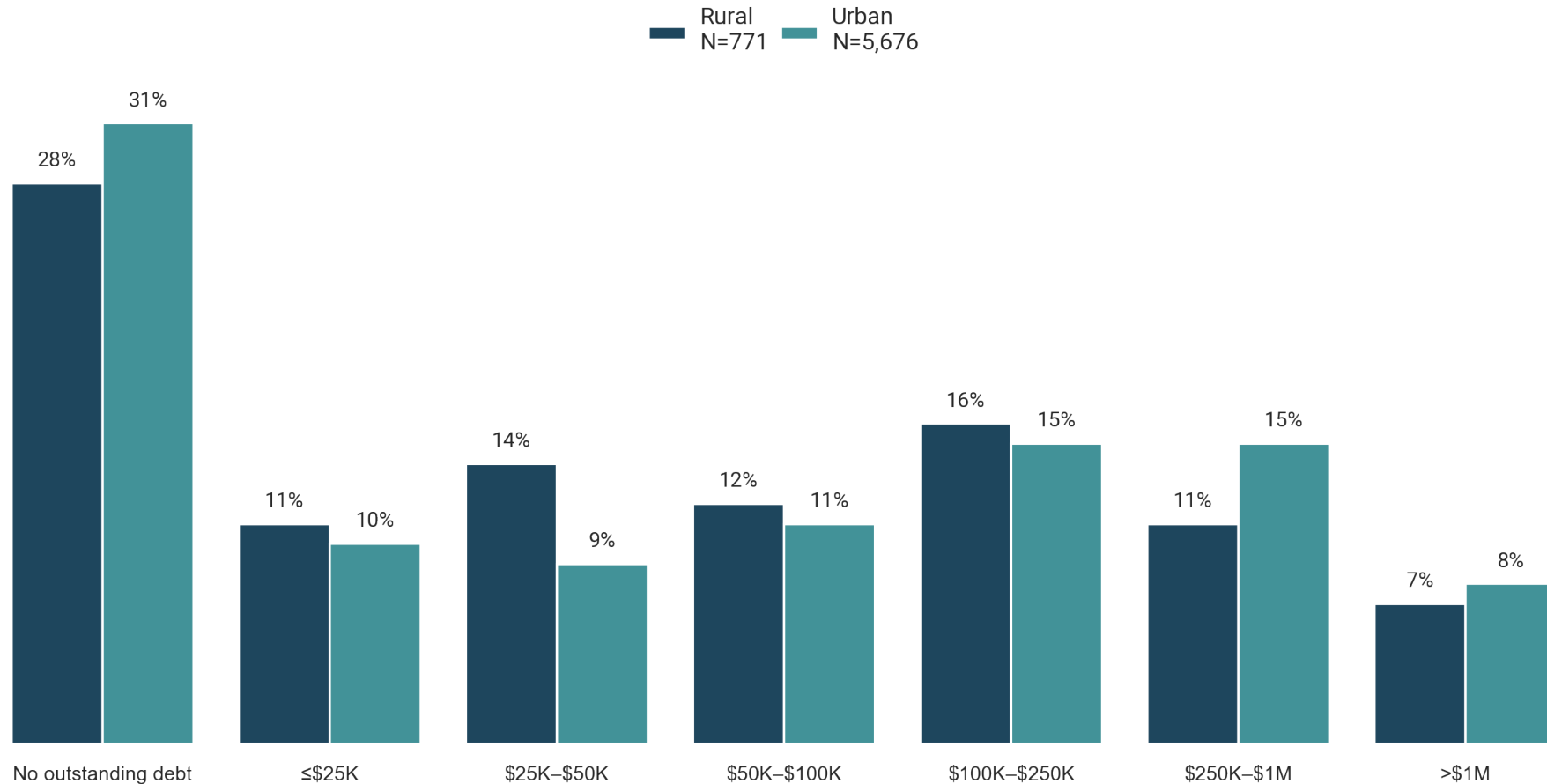
Debt and Financial Services

Outstanding debt and
use of financial services



Amount of outstanding debt, time of survey

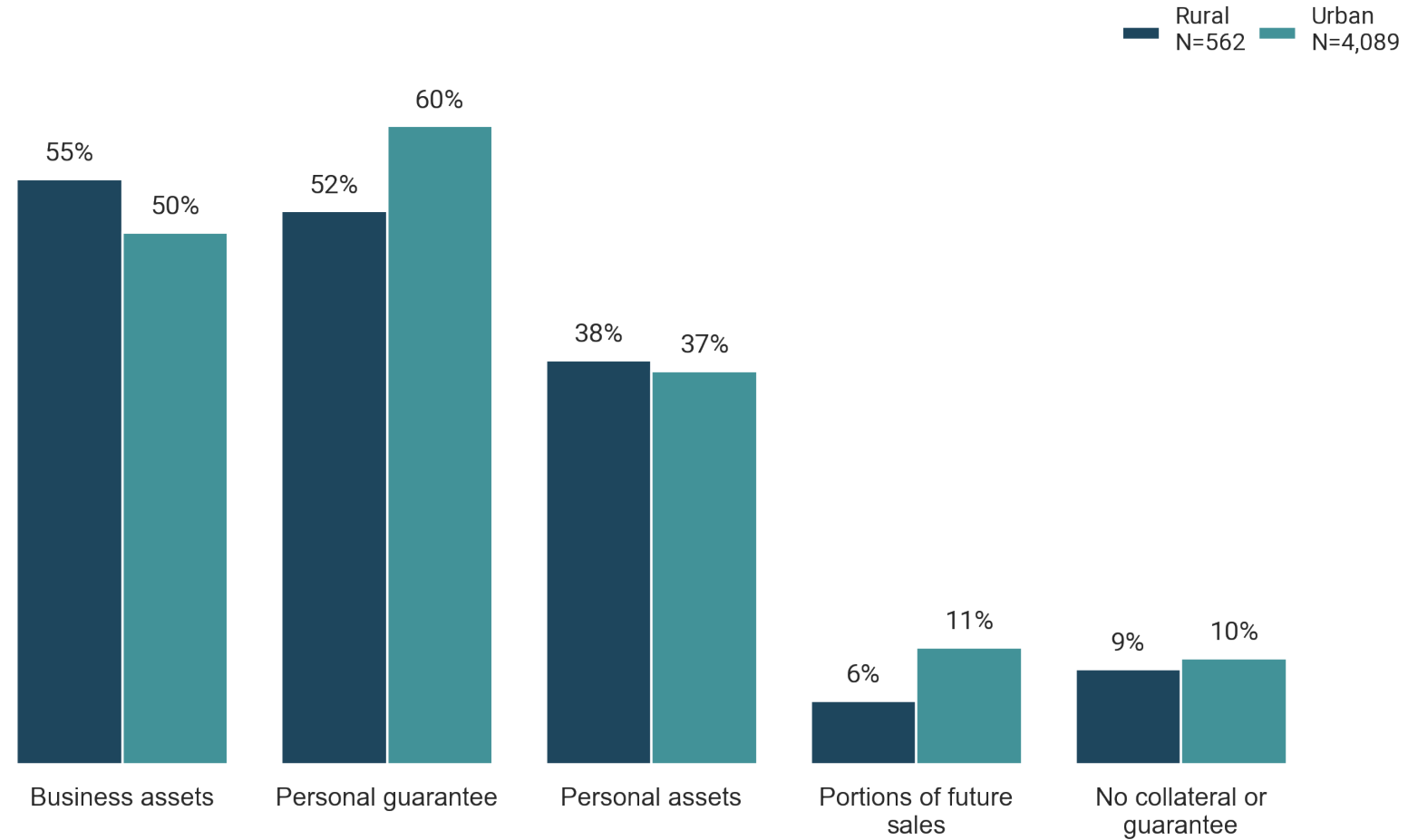
(% of employer firms)



Notes: Respondents were instructed to consider funds borrowed from external parties, including formal borrowing from financial institutions and loans from friends and family. Categories have been simplified for readability. Actual categories are: ≤\$25K, \$25,001–\$50K, \$50,001–\$100K, \$100,001–\$250K, \$250,001–\$1M, and >\$1M. Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

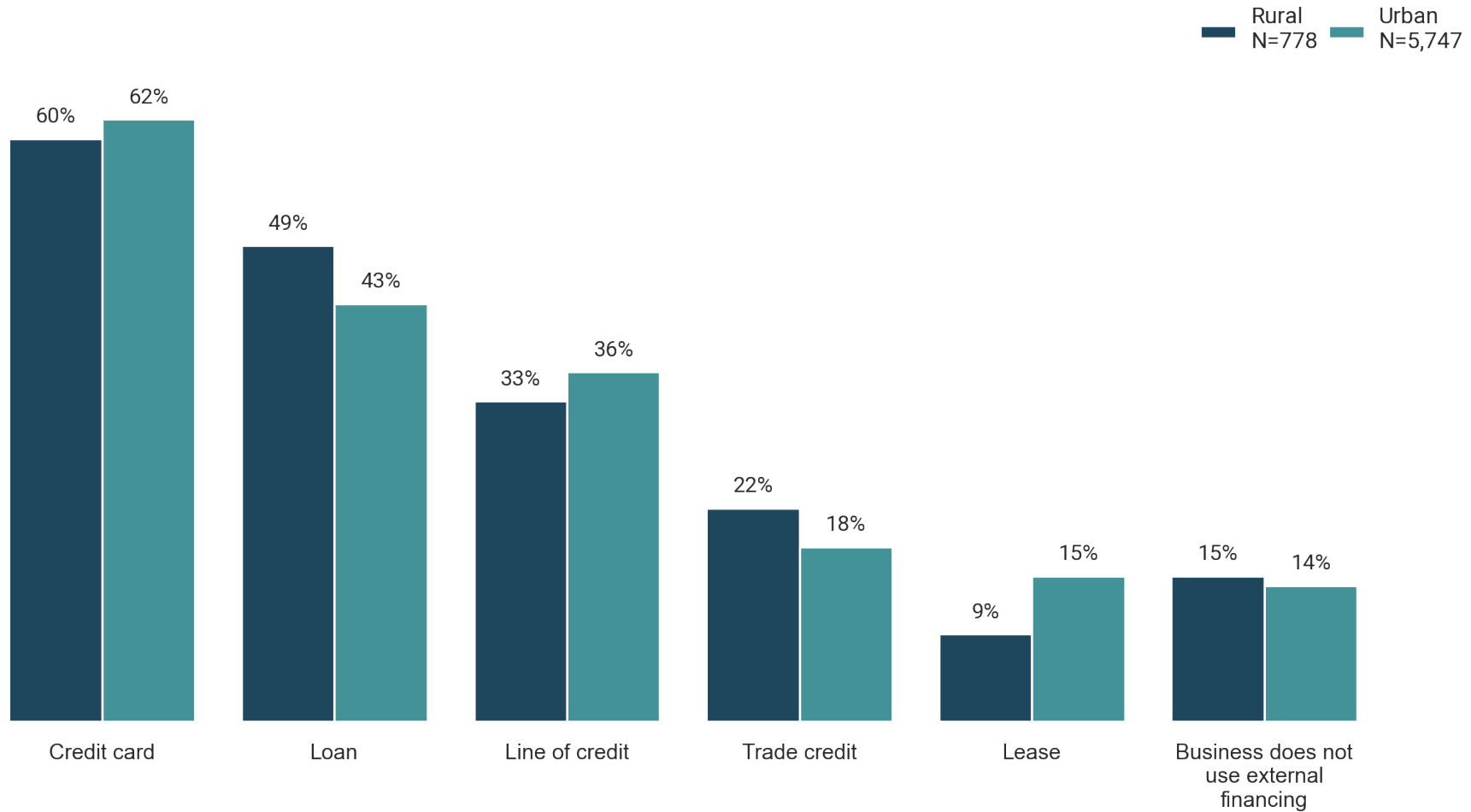
Type of collateral used to secure debt

(% of employer firms with debt)



Notes: Respondents could select multiple options. Response option "other" not shown.

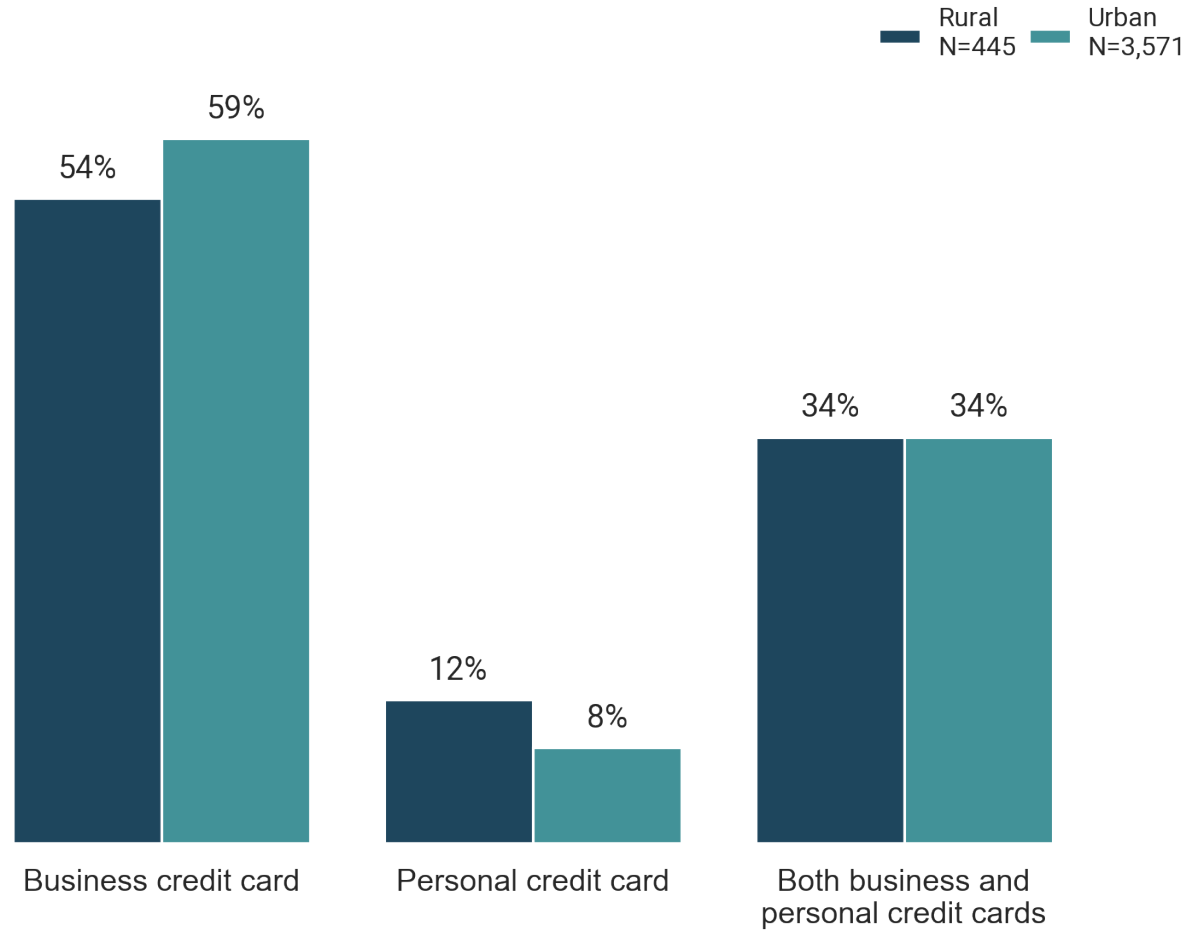
Use of financing and credit, products used on a regular basis (% of employer firms)



Notes: Respondents were asked to select the types of financing products they regularly use or on which they regularly carry a balance. "Loan" includes mortgage for the business. Respondents could select multiple options. Most common responses shown.

Type of credit card used by business

(% of employer firms that regularly use or carry a balance on a credit card)



Notes: Percentages may not sum to 100 within firm categories because of rounding.

Type of credit score used by business

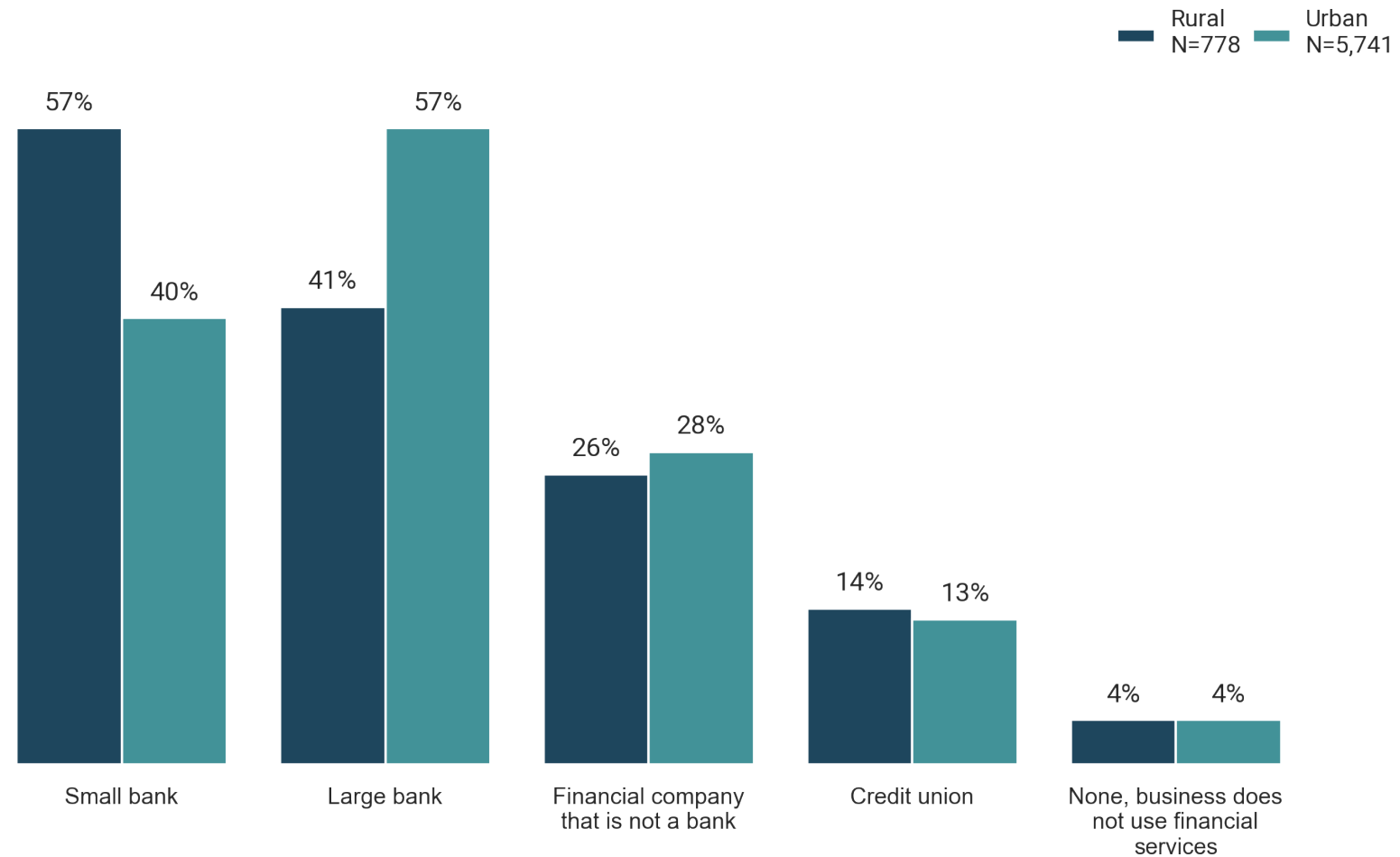
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding.

Use of financial services providers

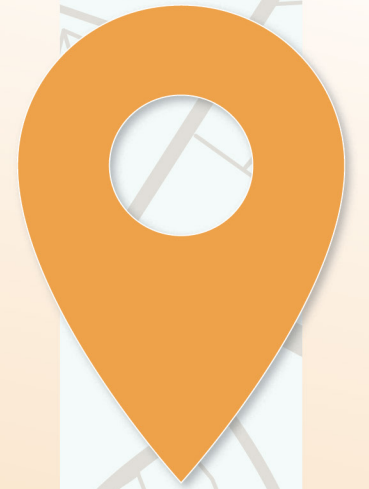
(% of employer firms)



Notes: Financial services providers are those at which the firm has an account or uses other financial services, including loans and payments processing. Respondents could select multiple options. Response option "other" not shown. See Appendix for financial services provider definitions used in the SBCS.

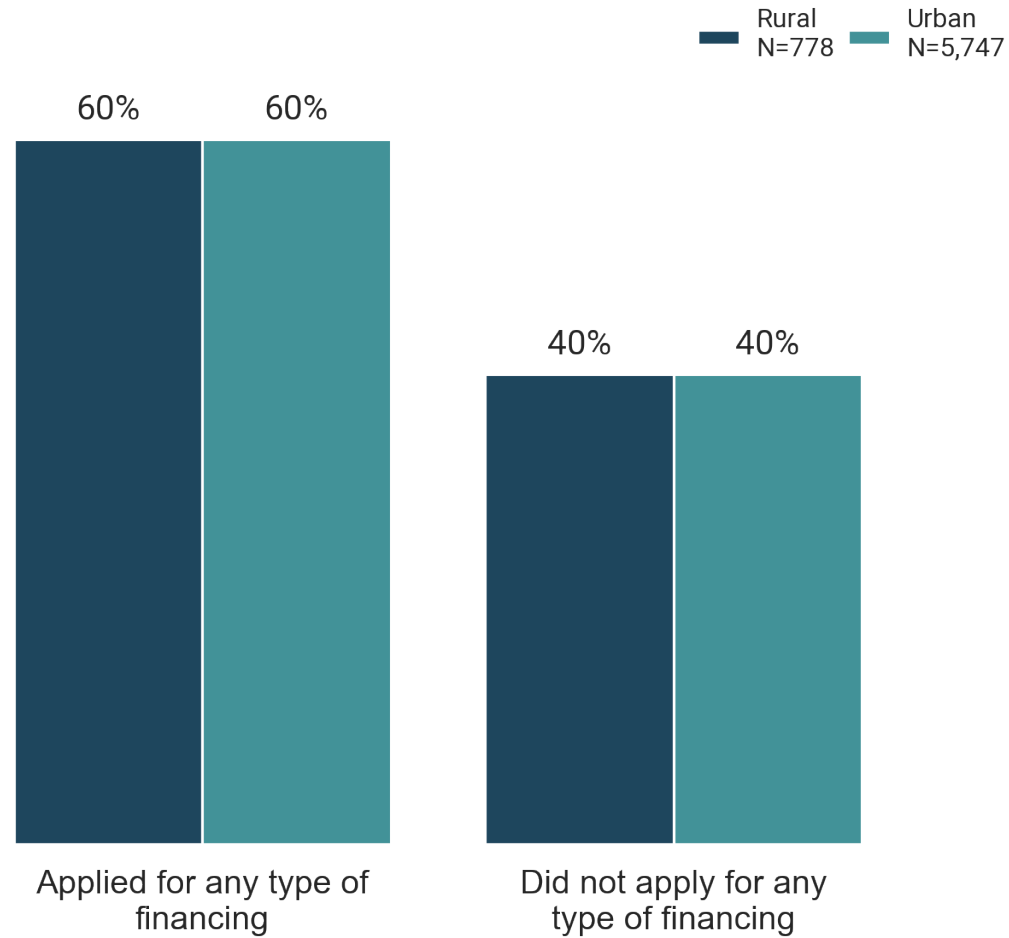
Financing

Financing applications
and outcomes



Share that applied for financing, prior 12 months

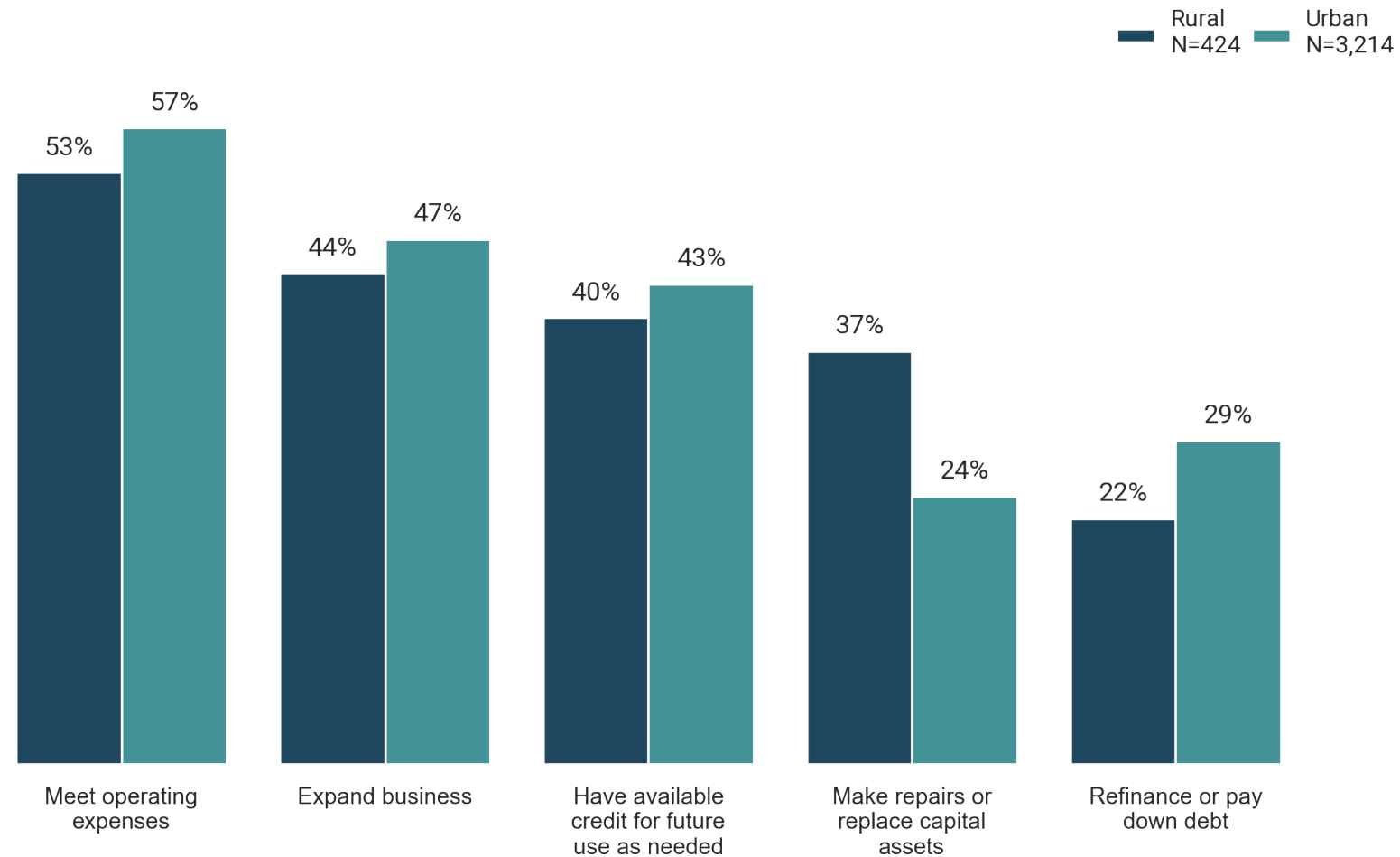
(% of employer firms)



Notes: Includes financing applications for loans, lines of credit, merchant cash advances, leases, trade credit, credit cards, and factoring. See Appendix for time period definitions used in the SBCS.

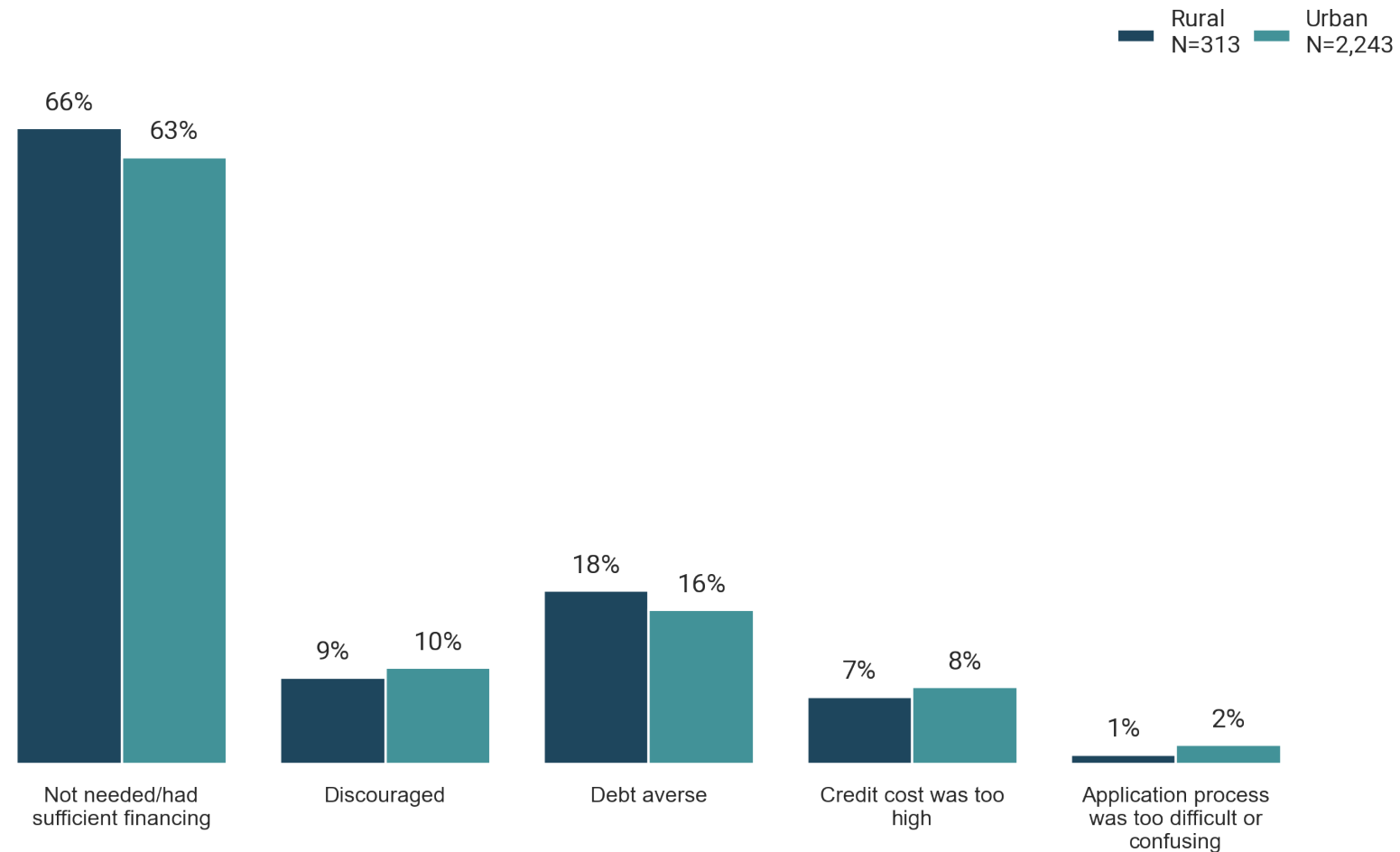
Reasons for applying for financing, prior 12 months

(% of applicants)



Notes: Respondents could select multiple options. Response option "other" not shown. See Appendix for time period definitions used in the SBCS.

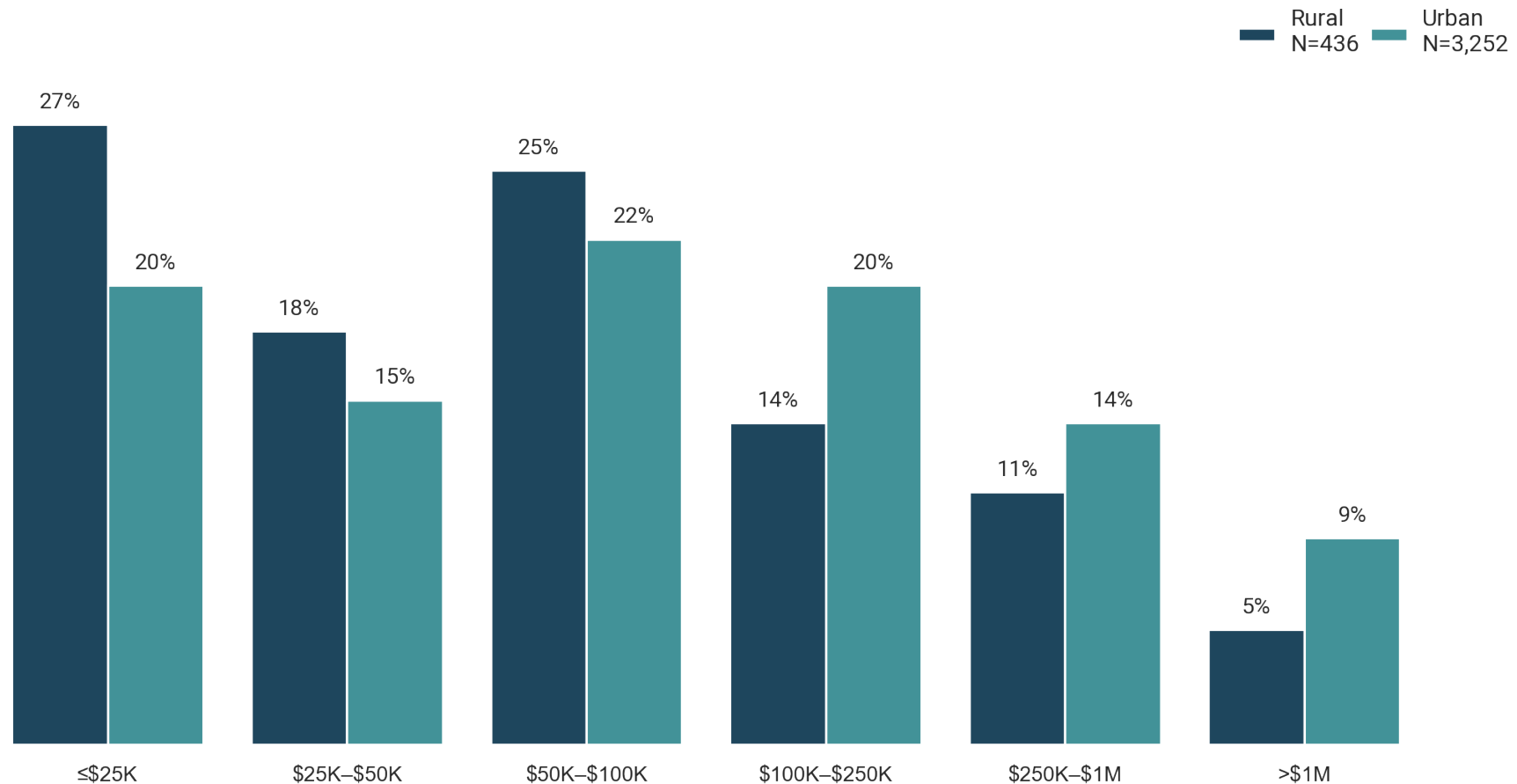
Top reasons for not applying for financing, prior 12 months (% of nonapplicants)



Notes: Respondents were asked to select the primary reason they chose not to apply for financing. "Nonapplicants" are firms that did not apply for financing in the prior 12 months. "Discouraged" firms are those that did not apply because they did not think they would be approved. Percentages may not sum to 100 within firm categories because of rounding and because response option "other" is not shown.

Total amount of financing sought, prior 12 months

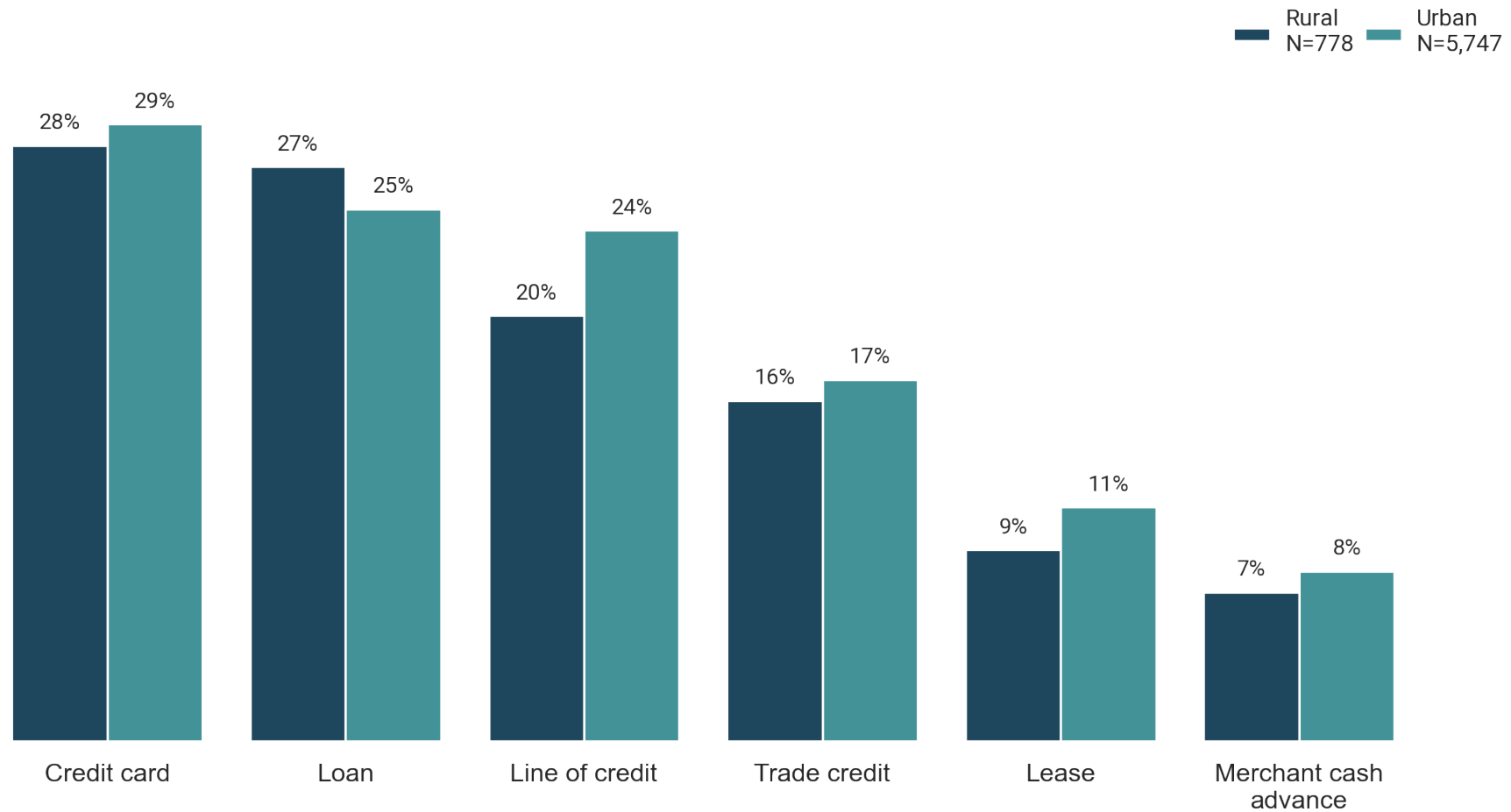
(% of applicants)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Categories have been simplified for readability. Actual categories are: ≤\$25K, \$25,001-\$50K, \$50,001-\$100K, \$100,001-\$250K, \$250,001-\$1M, and >\$1M. See Appendix for time period definitions used in the SBCS.

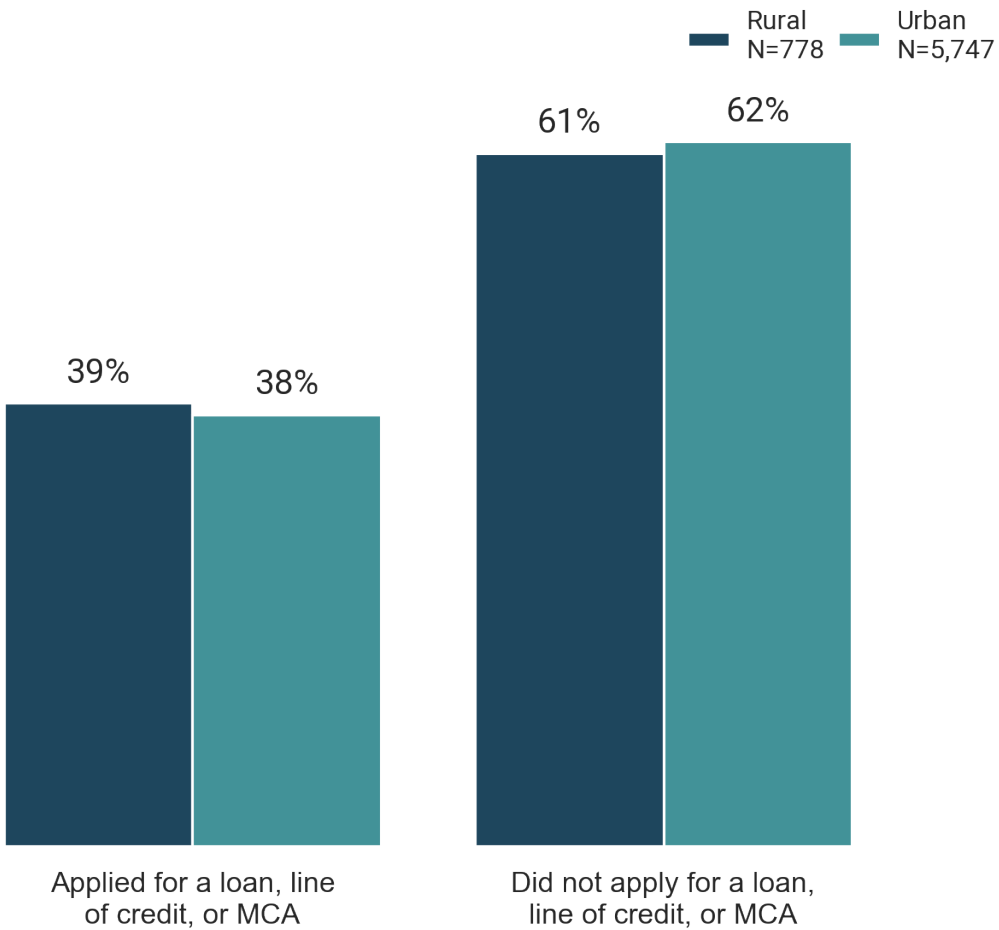
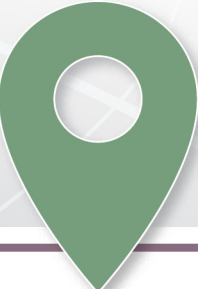
Financing and credit products sought, prior 12 months

(% of applicants)



Notes: Respondents could select multiple options. Most common responses shown. See Appendix for time period definitions used in the SBCS.

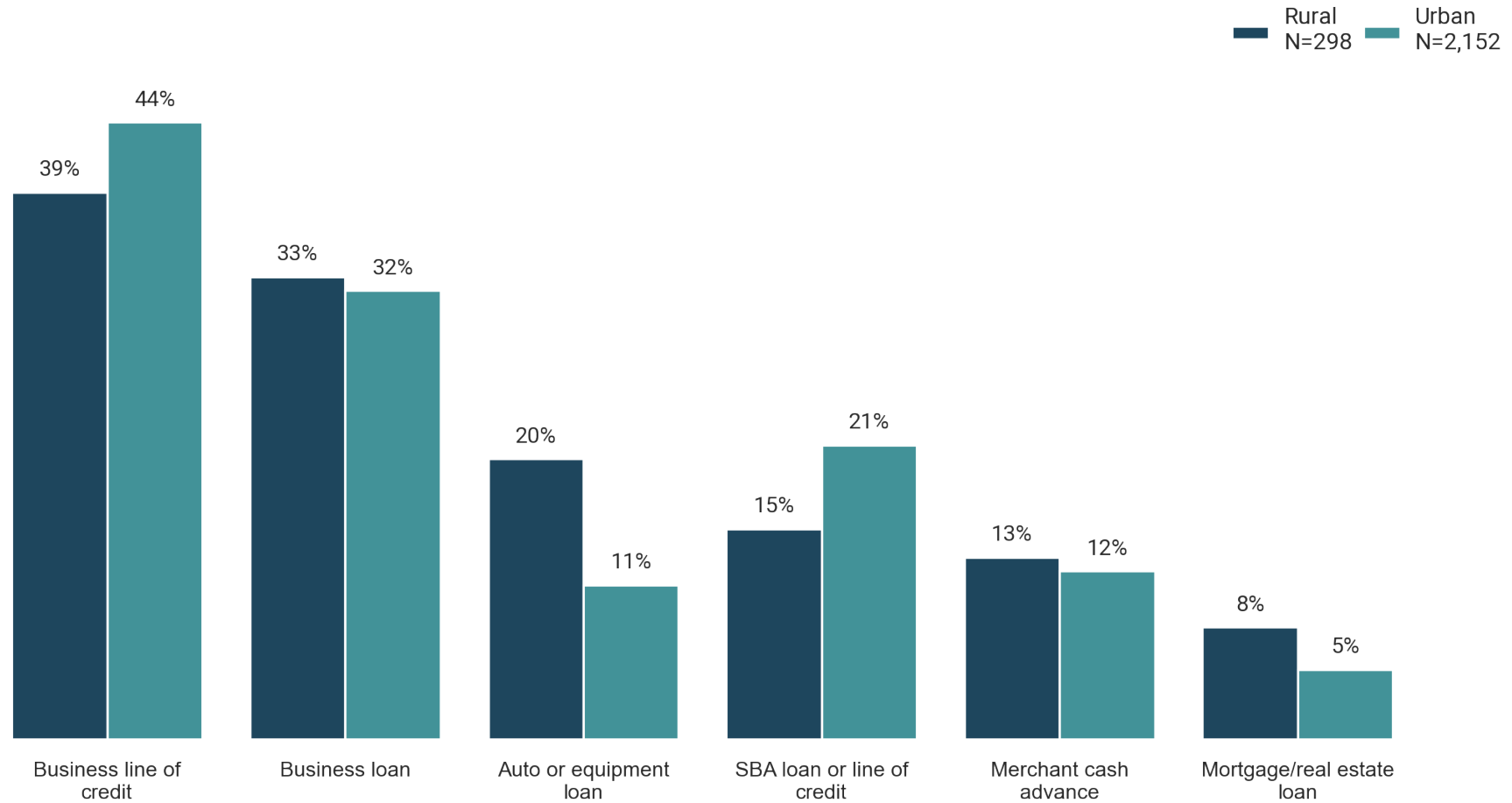
Share that applied for a loan, line of credit, or MCA, prior 12 months (% of employer firms)



Notes: "MCA" is a merchant cash advance. See Appendix for time period definitions used in the SBCS.

Application rate by type of loan, line of credit, or MCA, prior 12 months

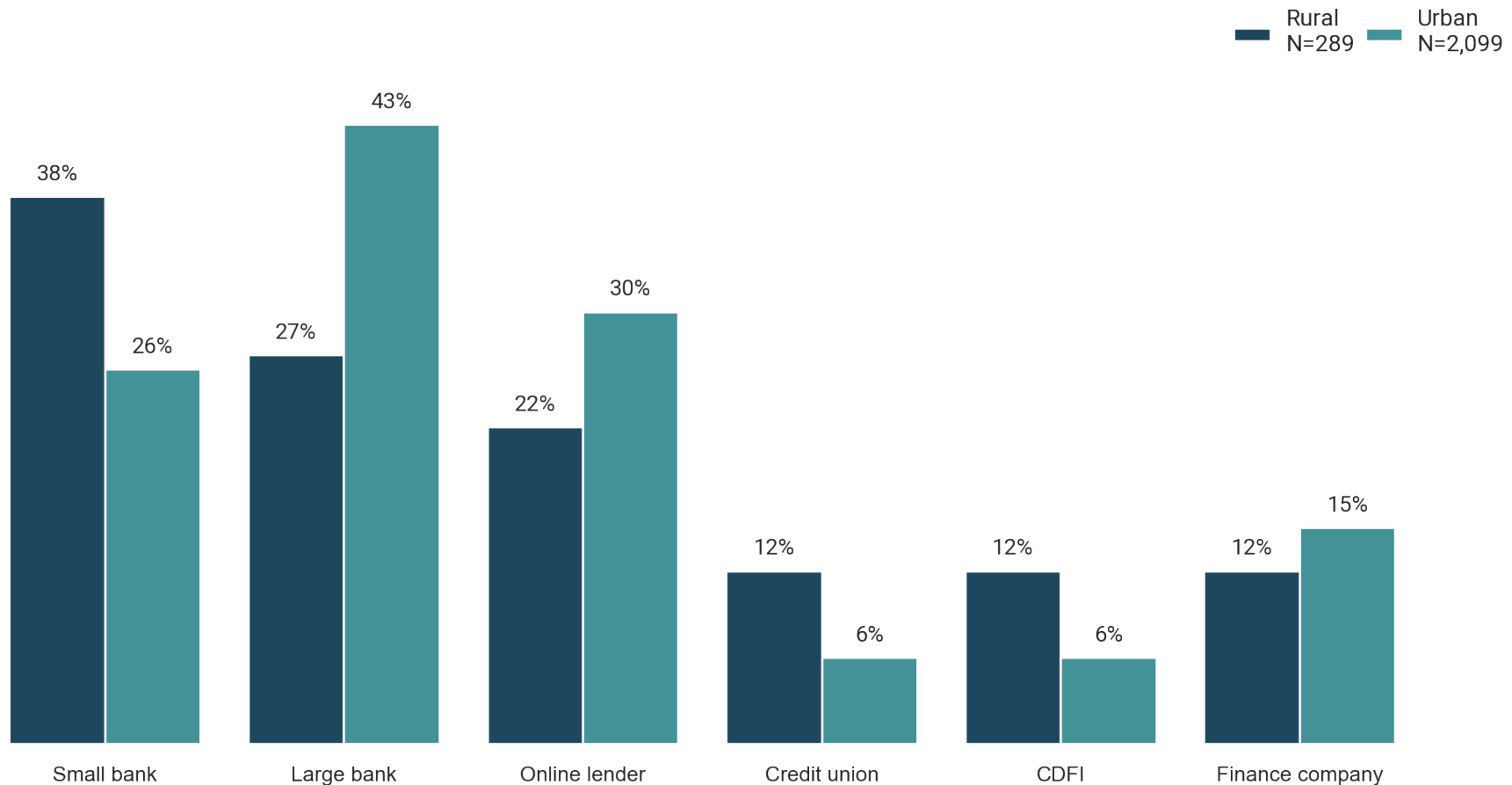
(% of loan, line of credit, or MCA applicants)



Notes: "SBA" refers to the Small Business Administration. Respondents could select multiple options. Most common responses shown. See Appendix for time period definitions used in the SBCS.

Credit sources applied to, prior 12 months

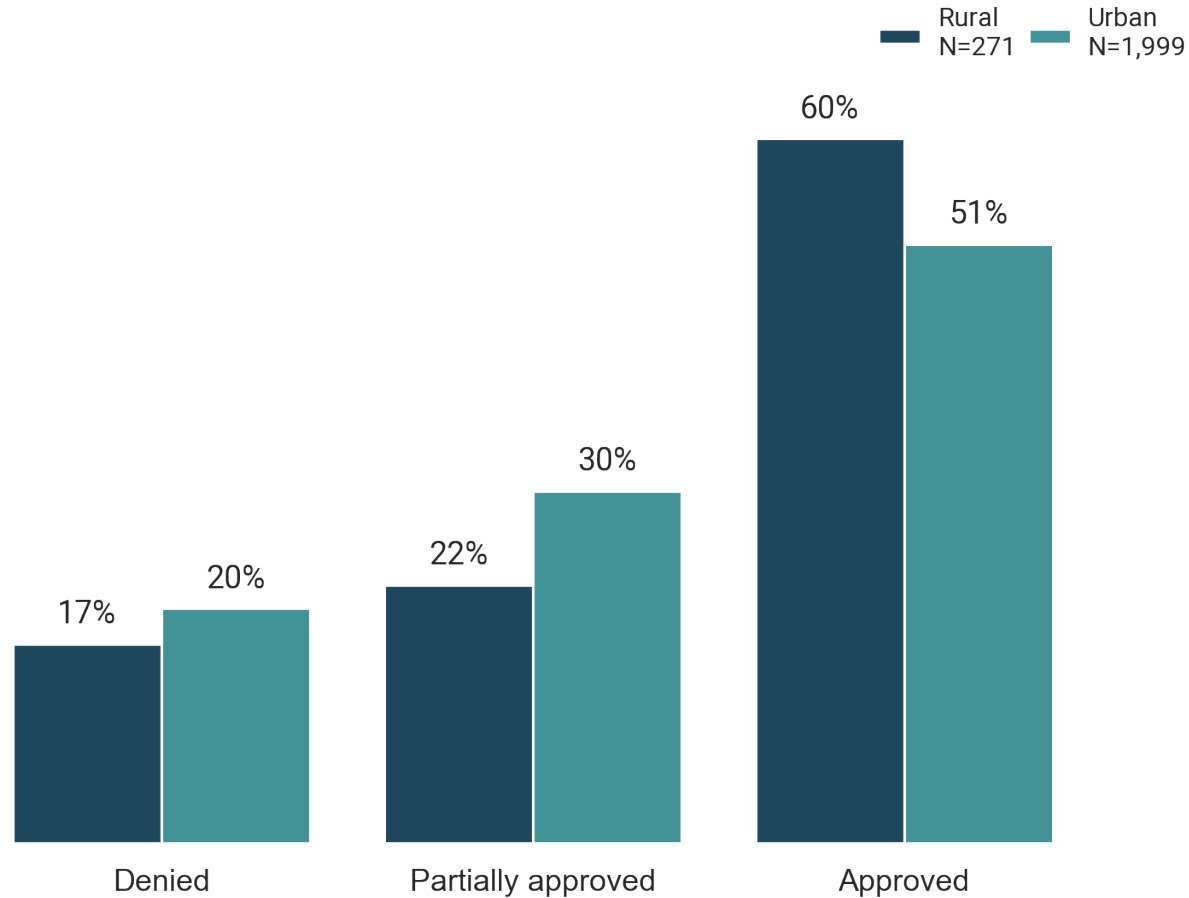
(% of loan, line of credit, or MCA applicants)



Notes: Respondents that submitted more than one application could select multiple source options. Response option "other source" not shown. "CDFI" refers to community development financial institutions. See Appendix for time period definitions and lender descriptions used in the SBCS.

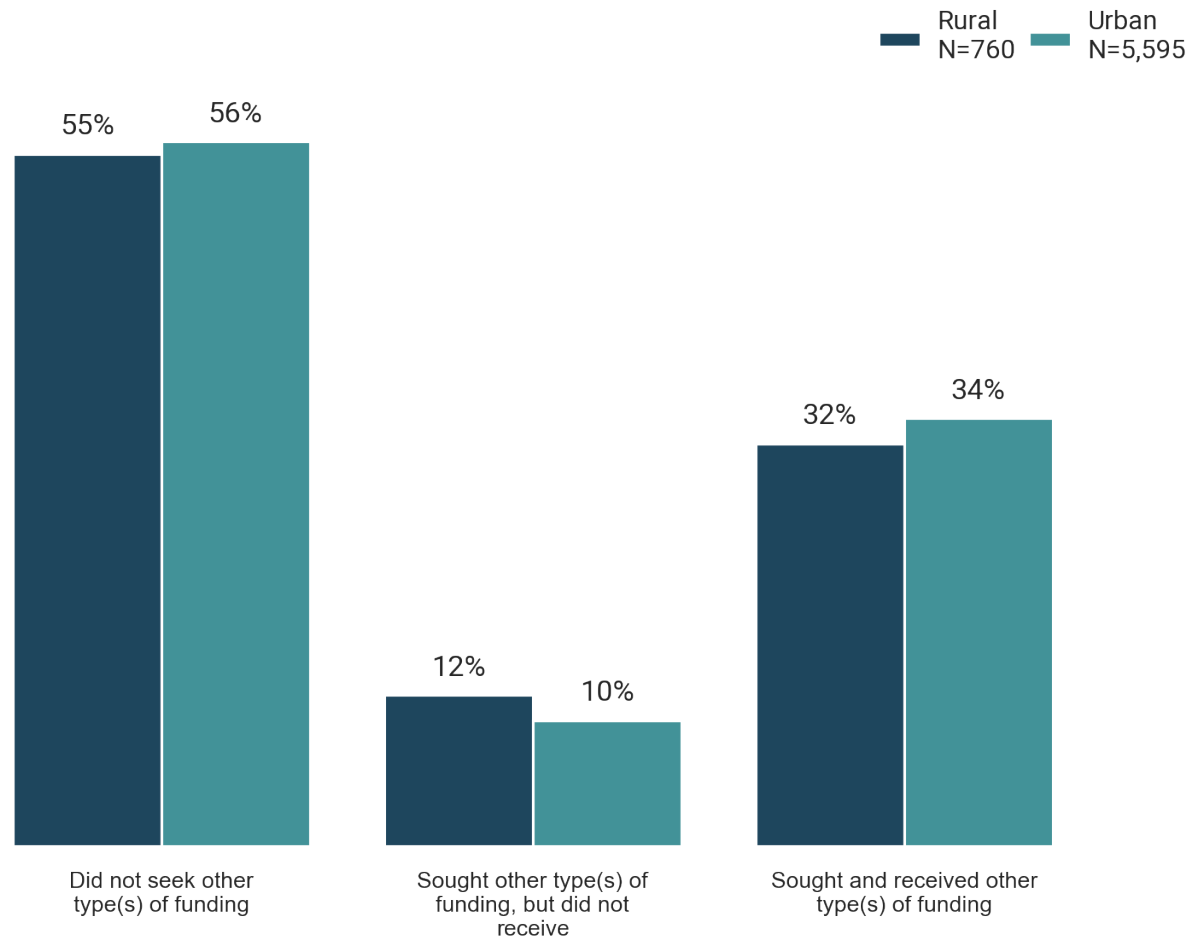
Outcomes for loan, line of credit, or MCA applicants, prior 12 months

(% of loan, line of credit, or MCA applicants)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

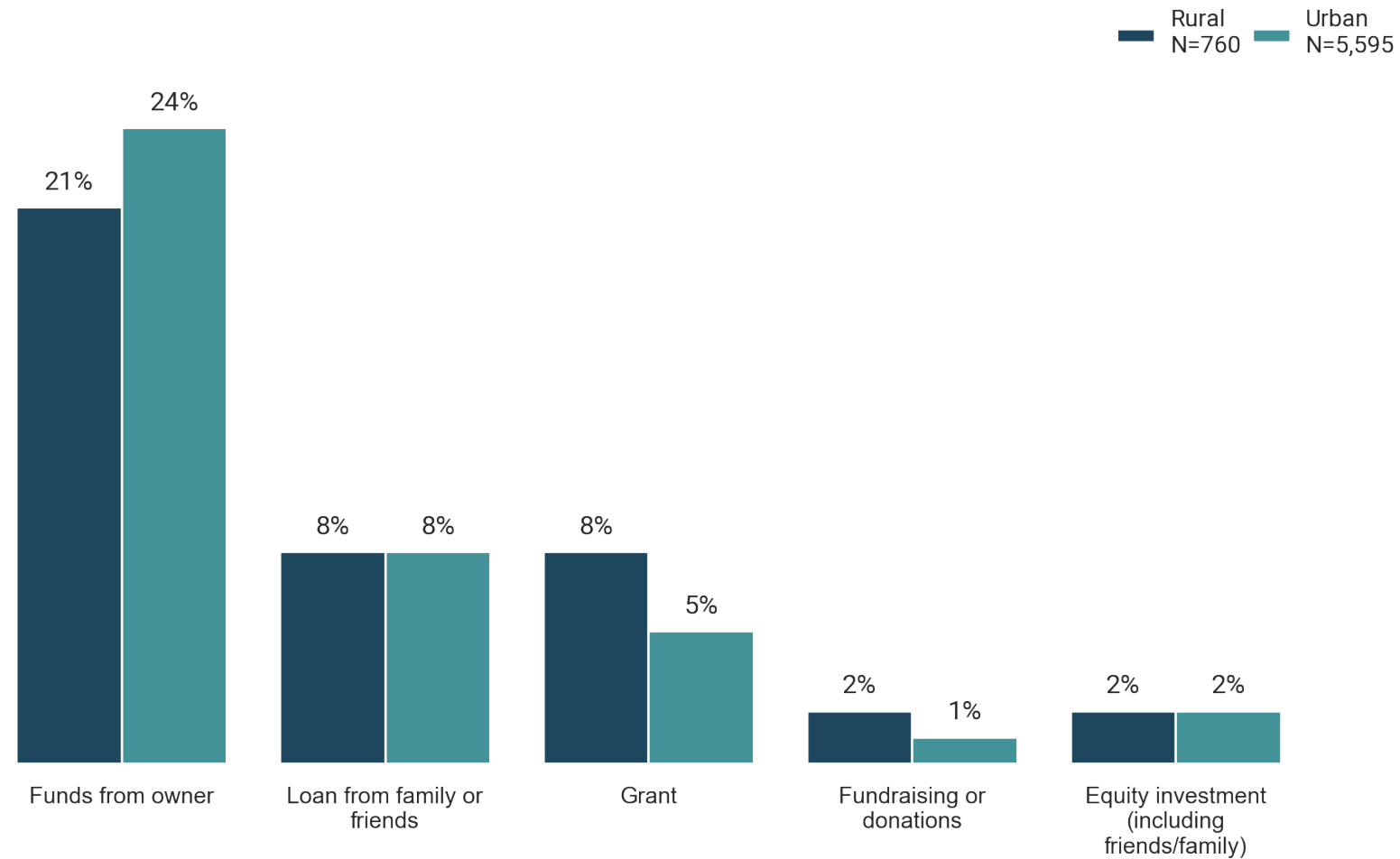
Other types of funding sought and received, prior 12 months (% of employer firms)



Notes: "Other type(s) of funding" includes funds from the owner(s), loans from family or friends, grants, equity investments, and fundraising or donations. Percentages may not sum to 100 within firm categories because of rounding. See Appendix for time period definitions used in the SBCS.

Other types of funding received, prior 12 months

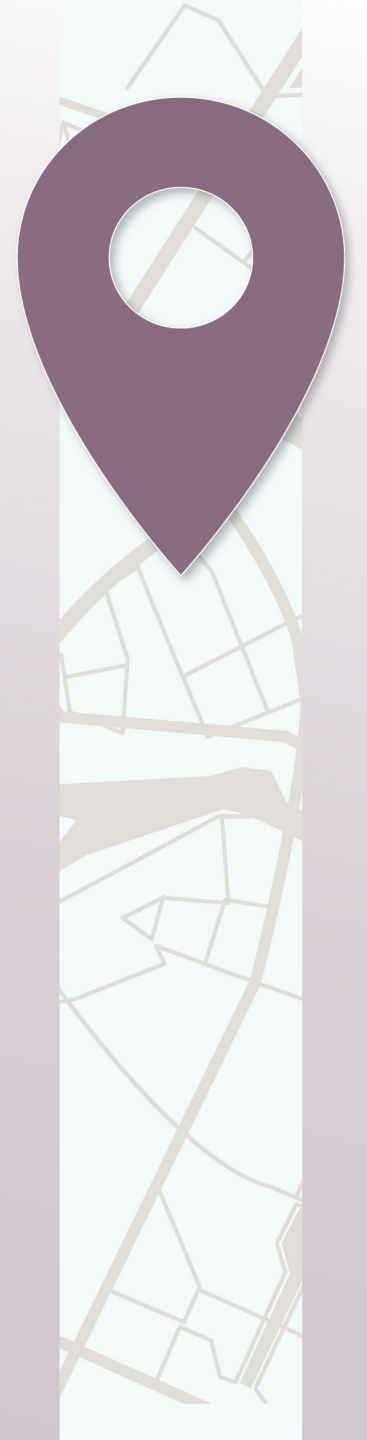
(% of employer firms)



Notes: Respondents could select multiple options. Response option "other" not shown. See Appendix for time period definitions used in the SBCS.

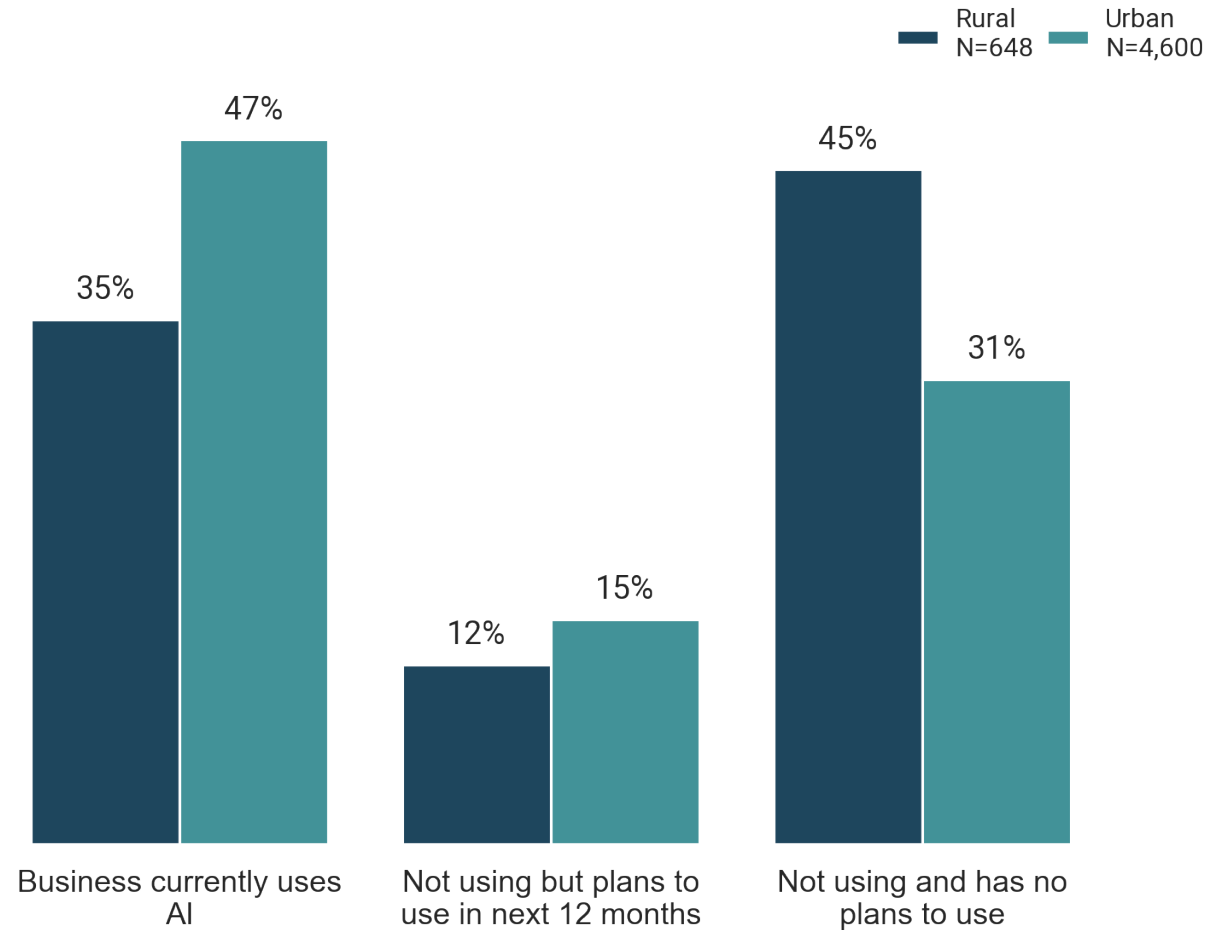
Use of AI

Level of use, importance, and challenges



Use of AI, time of survey

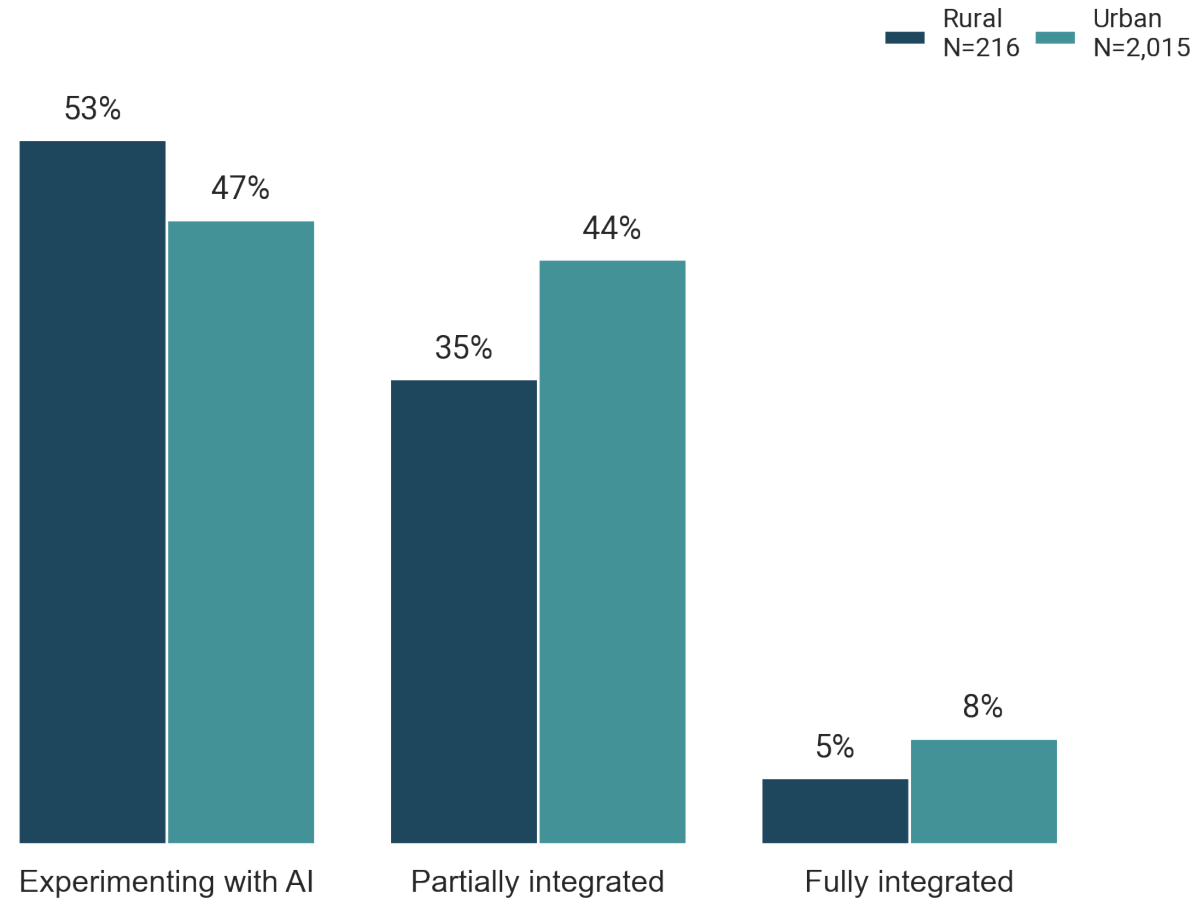
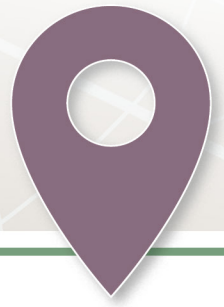
(% of employer firms)



Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents were asked whether the business or any of its employees were using AI for work. Respondents were presented with the following definition for AI: "AI refers to technology designed to perform and learn tasks that typically require human intelligence, such as decision-making and recognizing speech or images. AI tools can include stand-alone AI applications or features of software you already use." Percentages may not sum to 100 within firm categories because of rounding.

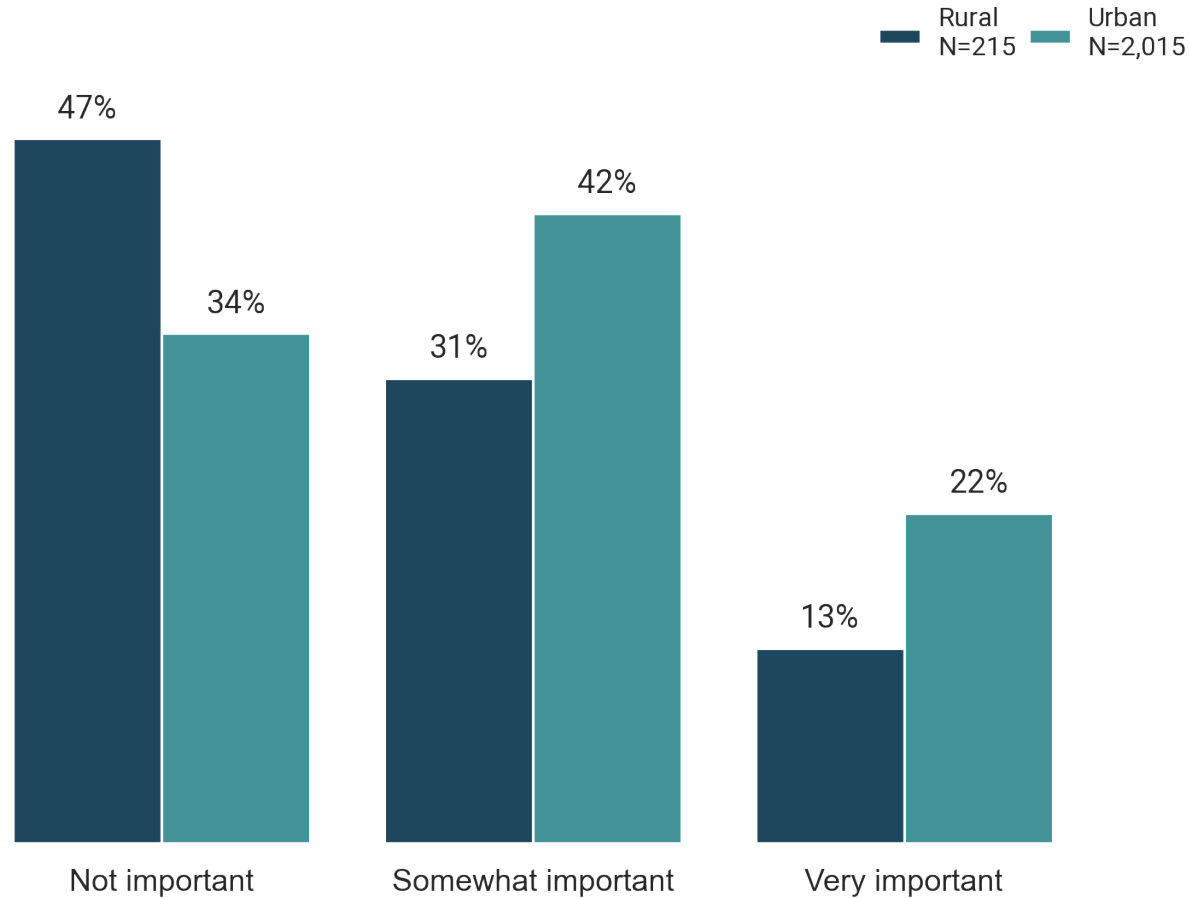
Level of AI adoption, time of survey

(% of employer firms that use AI)



Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Percentages may not sum to 100 because of rounding.

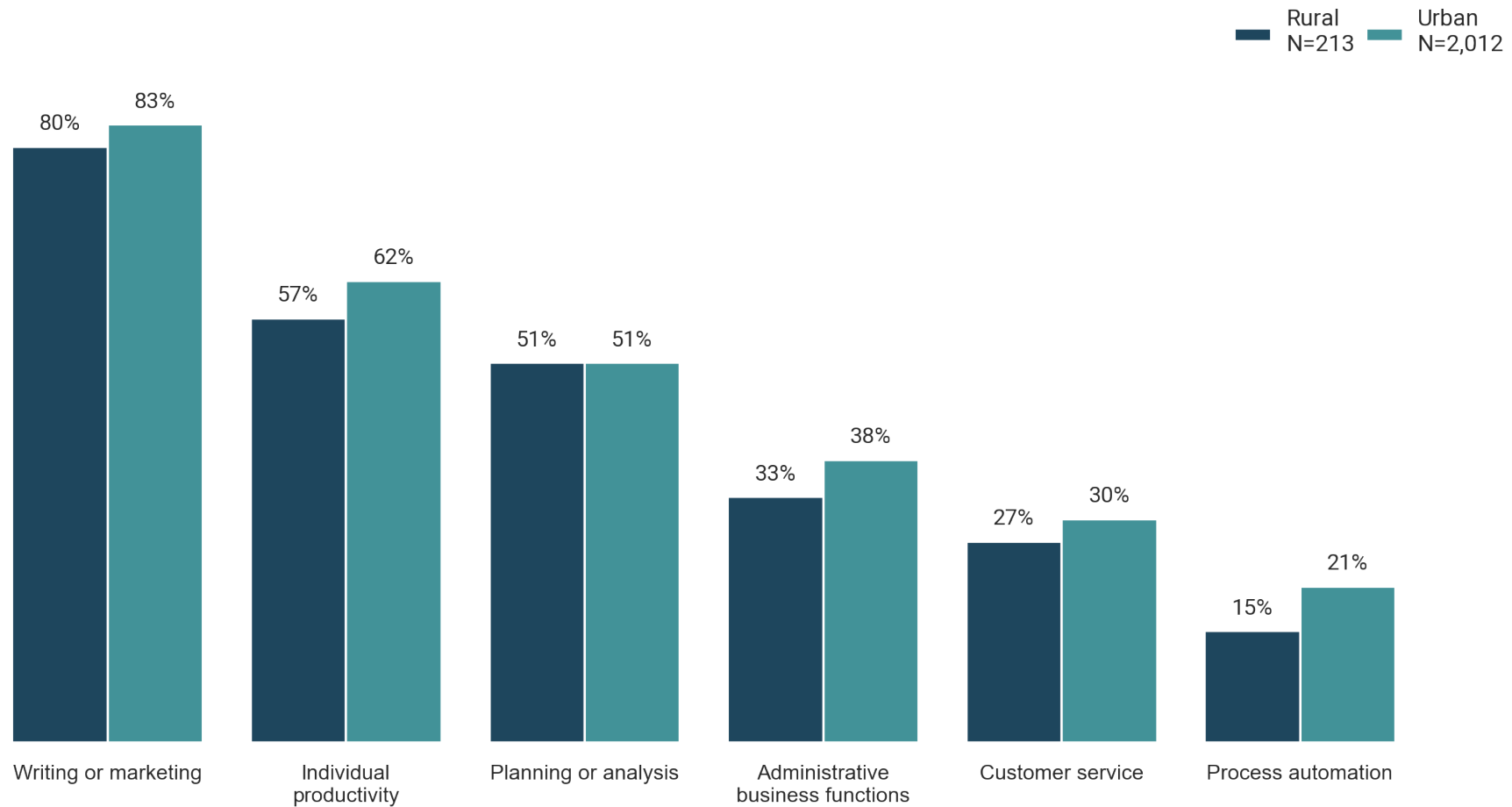
Importance of AI to production of the business's core goods and/or services (% of employer firms that use AI)



Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Percentages may not sum to 100 because of rounding.

Processes or tasks for which business uses AI

(% of employer firms that use AI)



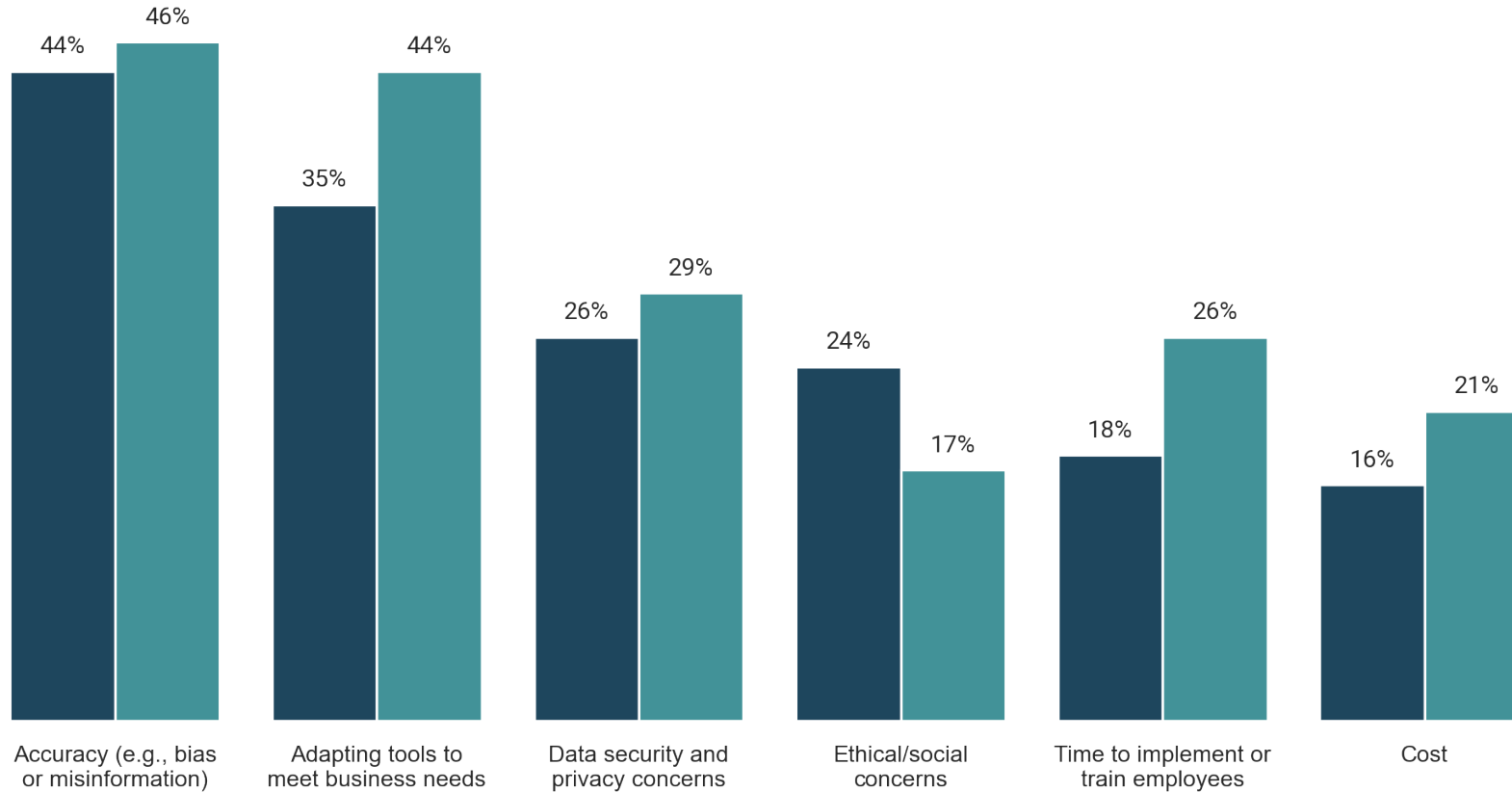
Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents could select multiple options. Examples of tasks were presented to respondents for each of the response options. Response option "other" not shown.

AI-related challenges

(% of employer firms that use AI)



Rural
N=212 Urban
N=1,991



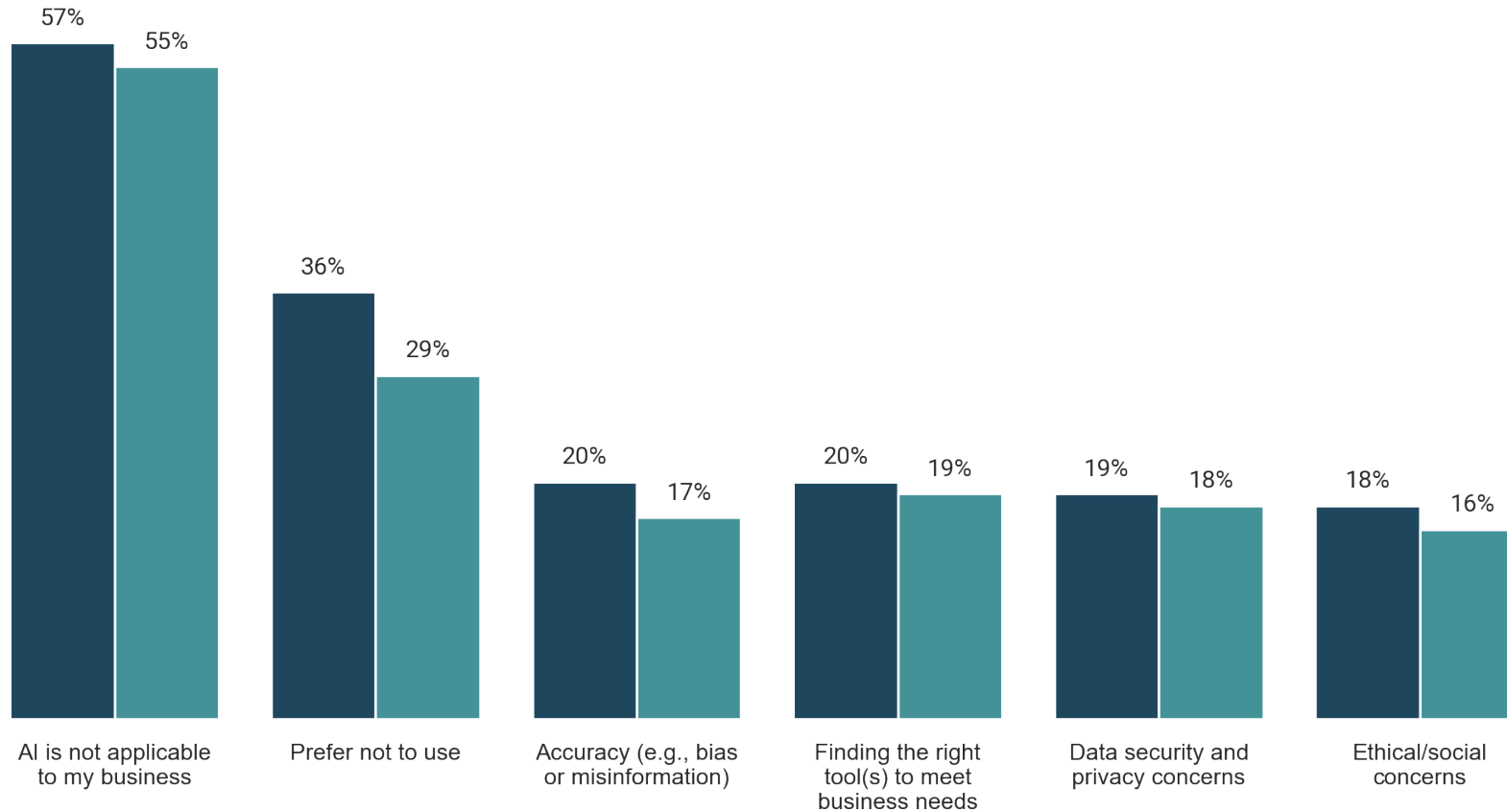
Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Response option "other" not shown.

Reasons business does not plan to use AI

(% of employer firms that have no plans to use AI)



Rural
N=295 Urban
N=1,560



Notes: Data on use of AI are drawn from an optional end-of-survey module (approximately 81% of employer firm respondents opted to answer in 2025). Respondents could select multiple options. Most common response options shown.

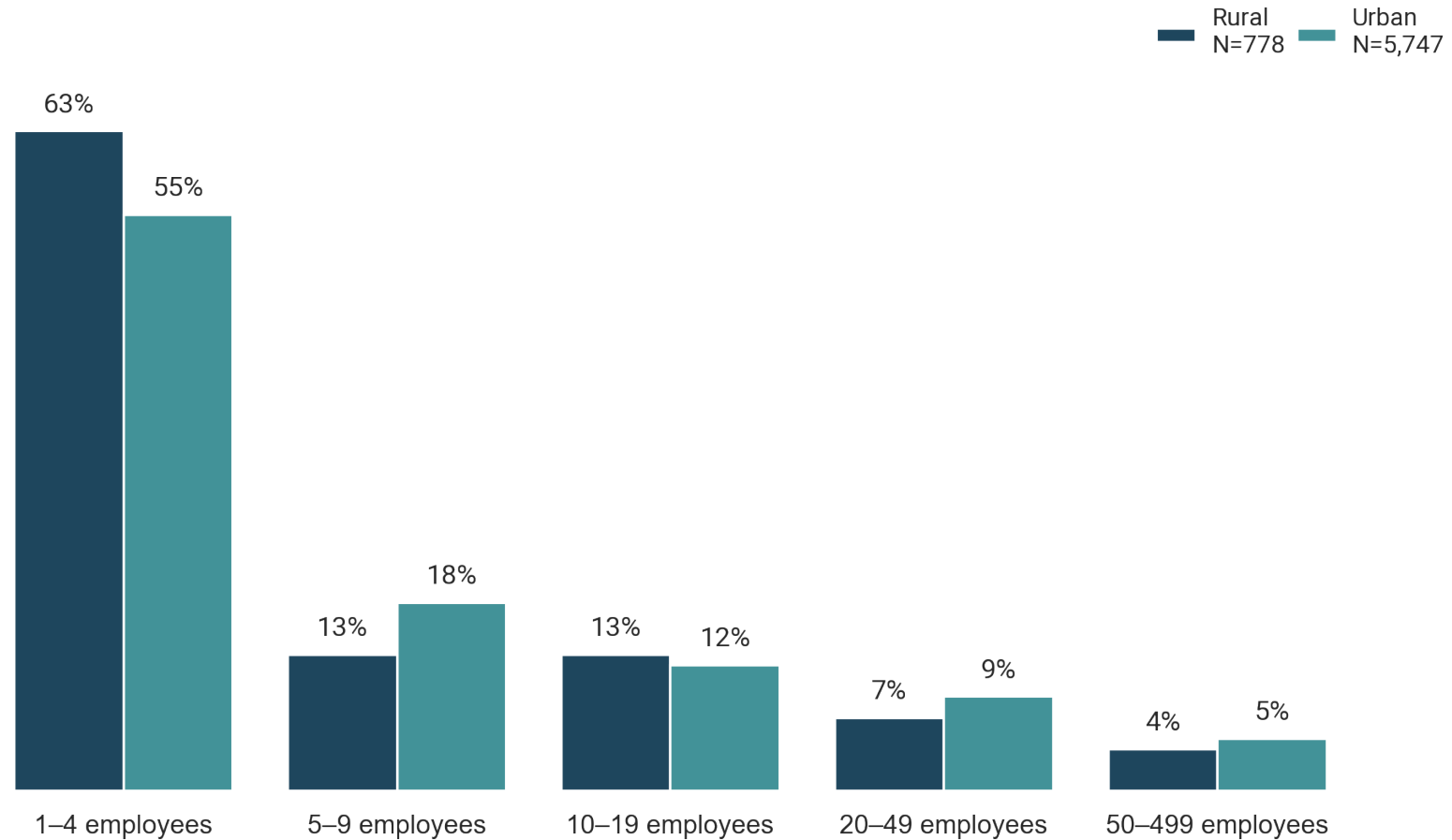
Demographics

Firm and
owner characteristics



Number of employees

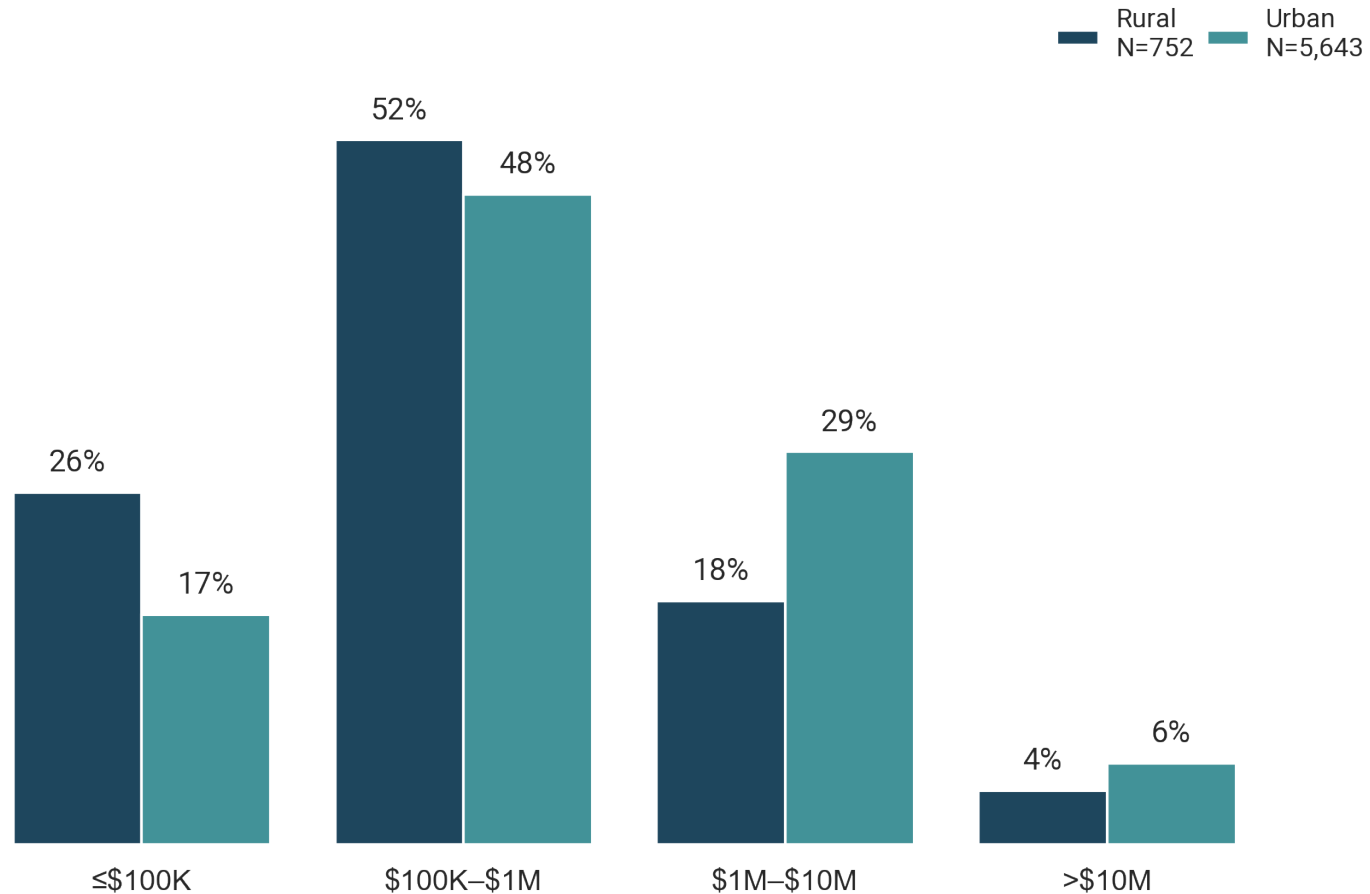
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Because firm size is included in the SBCS weighting dimensions, the shares shown in the figure reflect the weighted distribution as sourced from US Census Bureau data. See Appendix for details on national-, state-, and MSA-level SBCS weights.

Annual revenues

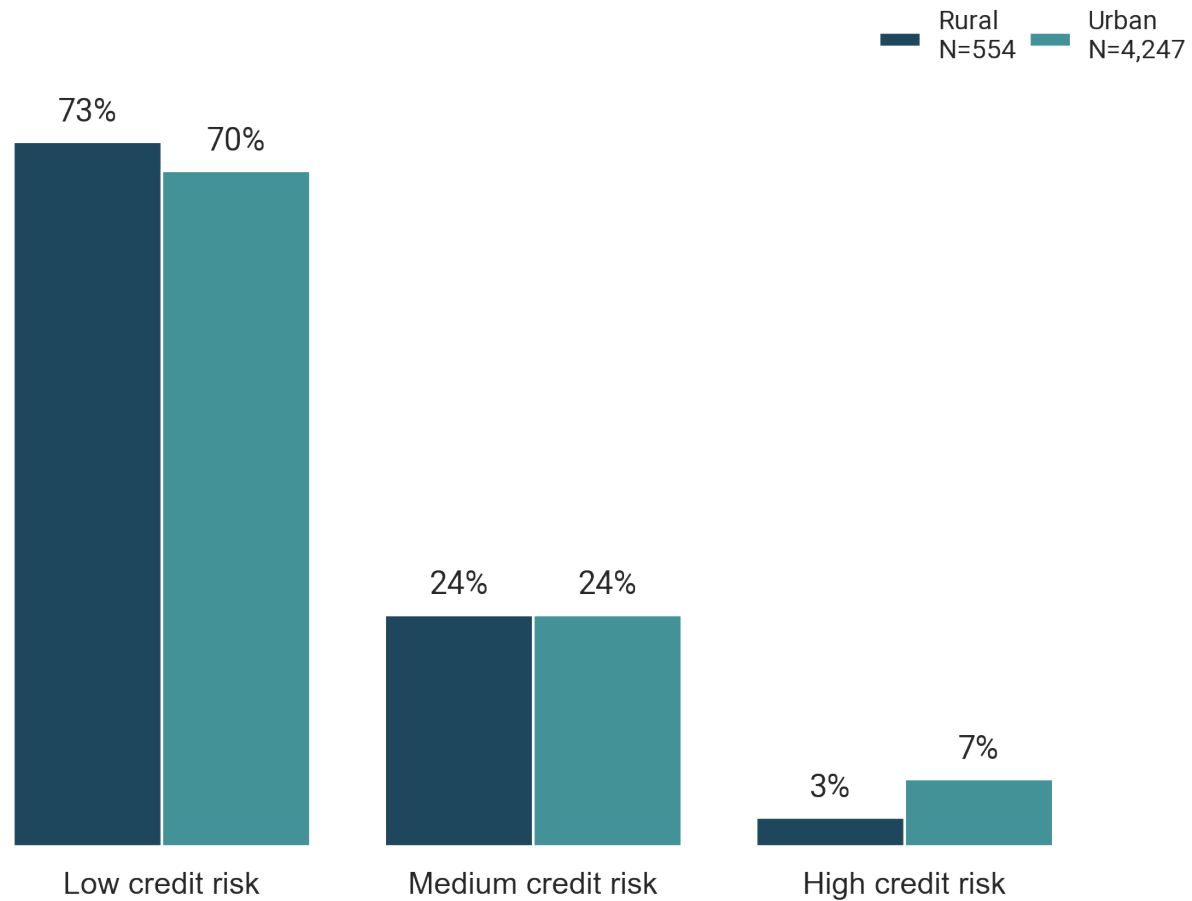
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Revenue size categories have been condensed and simplified for readability. Actual categories are ≤\$25K, \$25,001–\$50K, \$50,001–\$100K, \$100,001–\$250K, \$250,001–\$500K, \$500,001–\$1M, \$1,000,001–\$5M, \$5,000,001–\$10M, and >\$10M.

Credit risk of firm

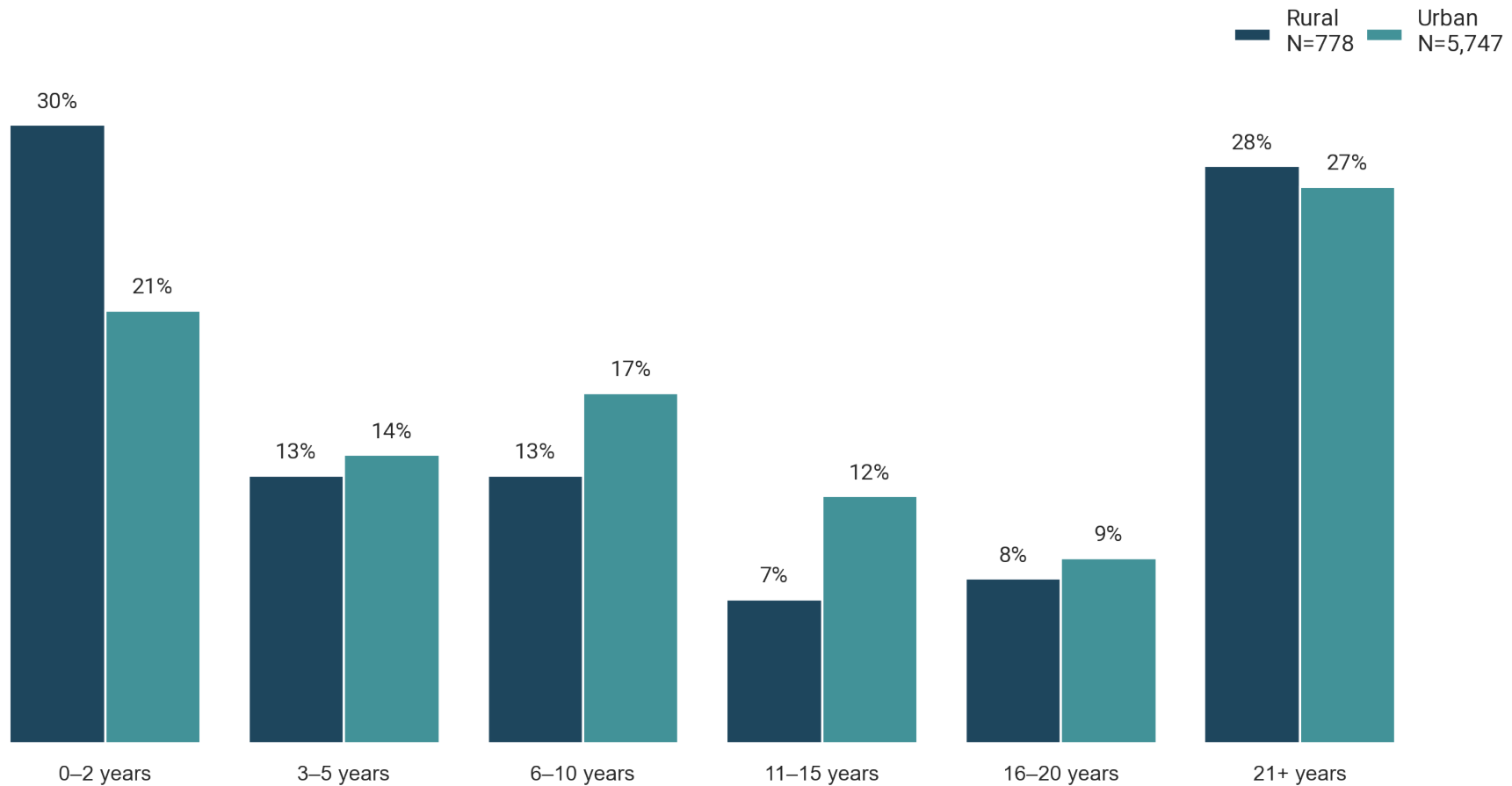
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. See Appendix for credit risk definitions used in the SBCS.

Age of firm

(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Because firm age is included in the SBCS weighting dimensions, the shares shown in the figure reflect the weighted distribution as sourced from US Census Bureau data. See Appendix for details on national-, state-, and MSA-level SBCS weights.

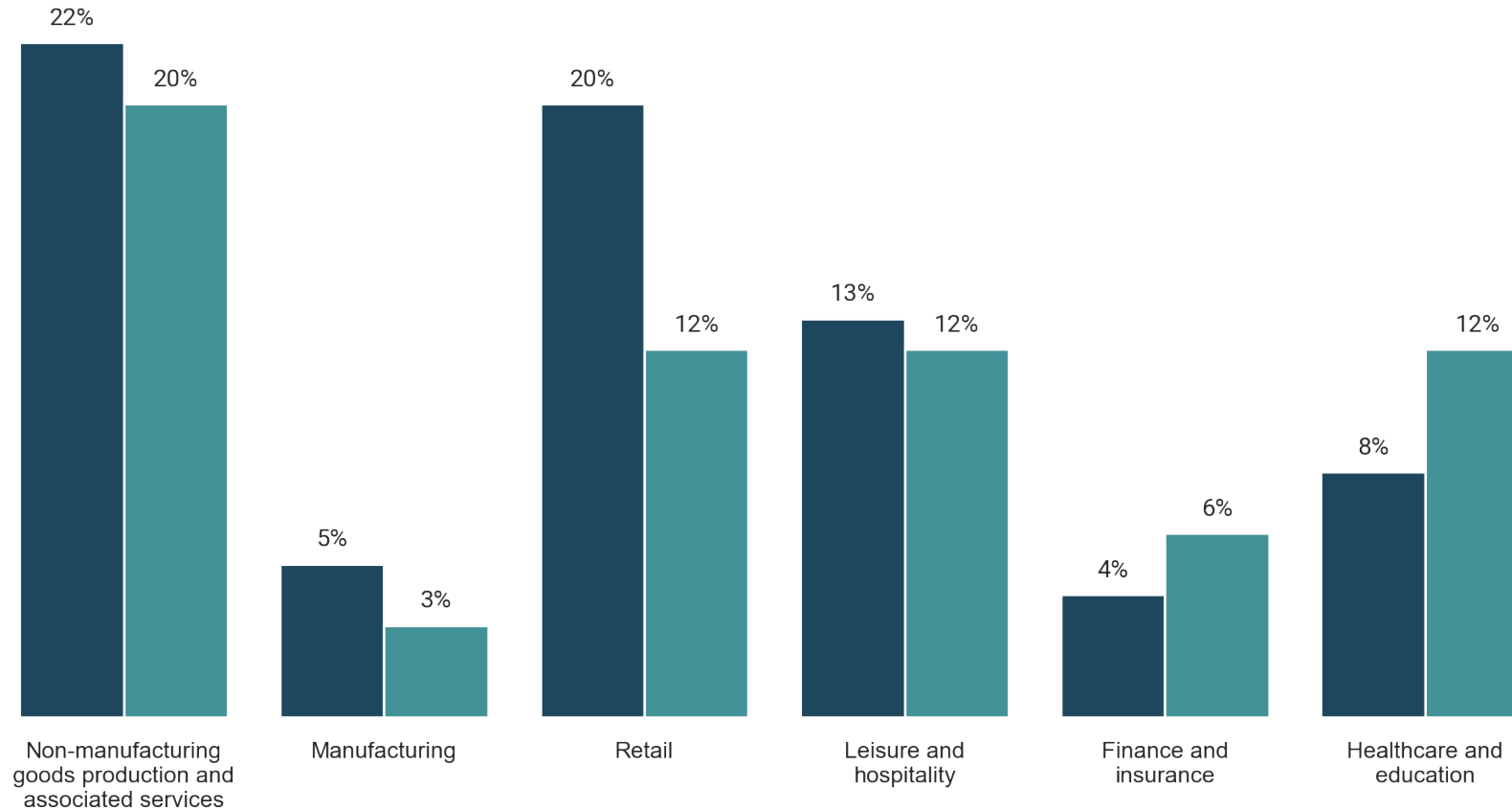
Industry

(% of employer firms)



Rural
N=778

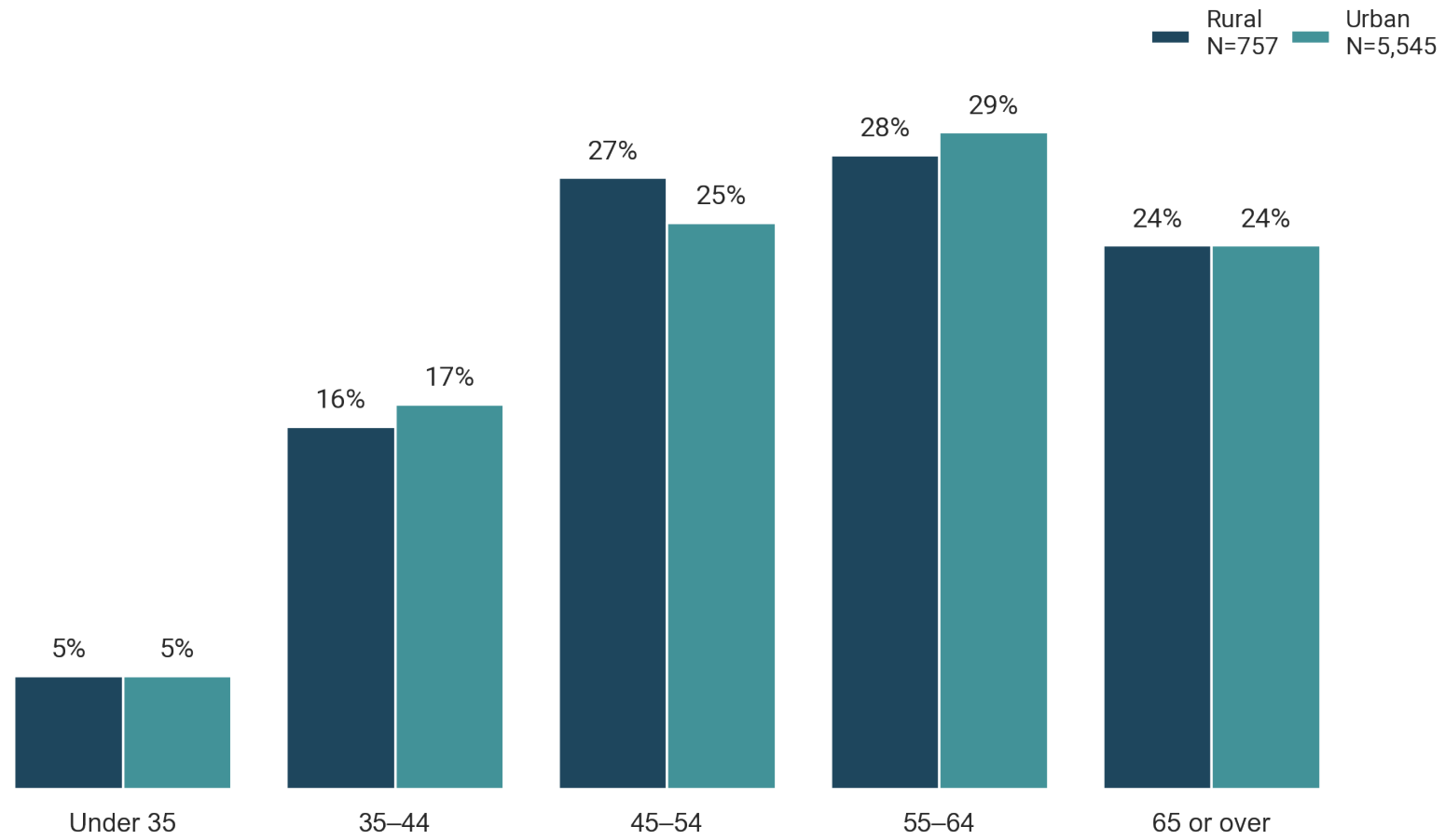
Urban
N=5,747



Notes: Select industries shown. Because industry is included in the SBCS weighting dimensions, the shares shown in the figure reflect the weighted distribution as sourced from US Census Bureau data. Industries are consolidated into two categories for state- and MSA-level chartbooks. See Appendix for industry definitions and for details on national-, state-, and MSA-level SBCS weights.

Age of firm's primary owner

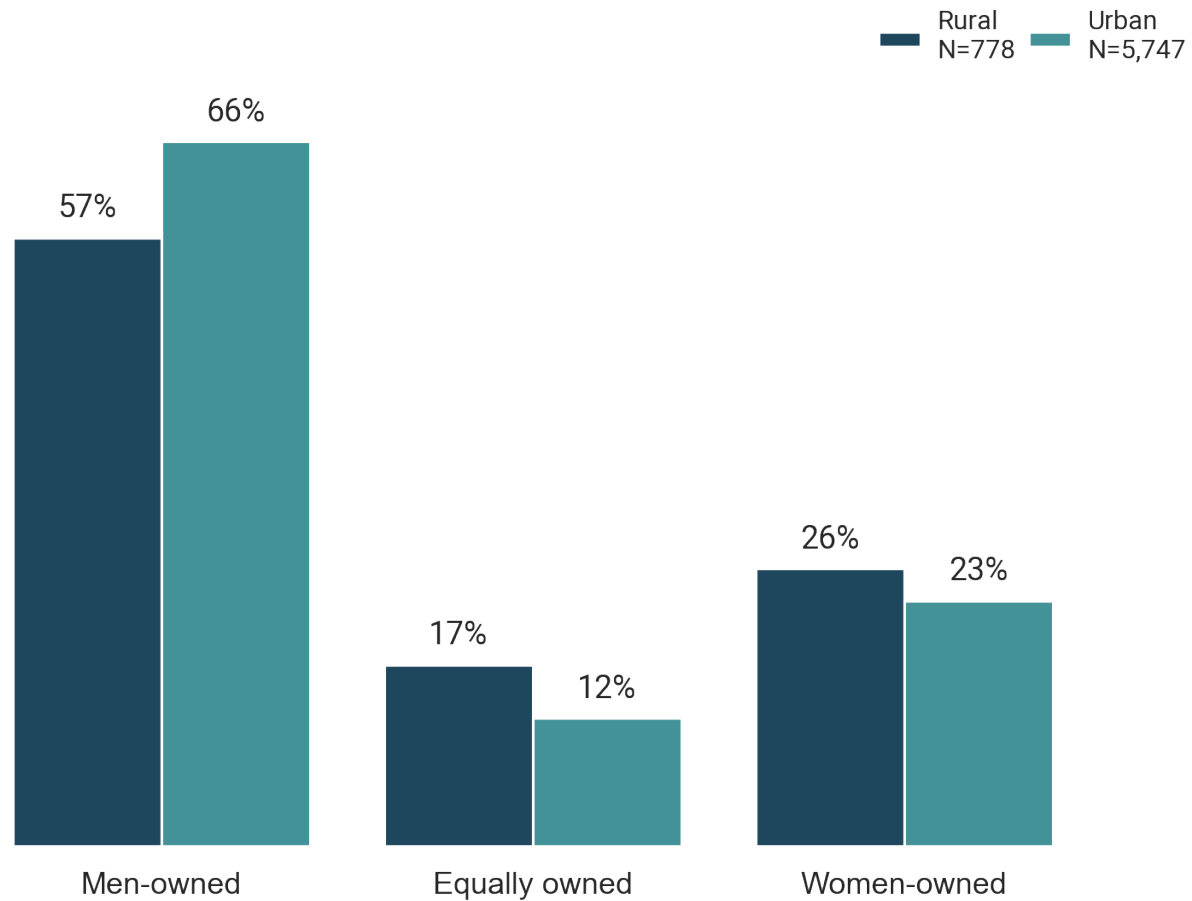
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding.

Gender of owner(s)

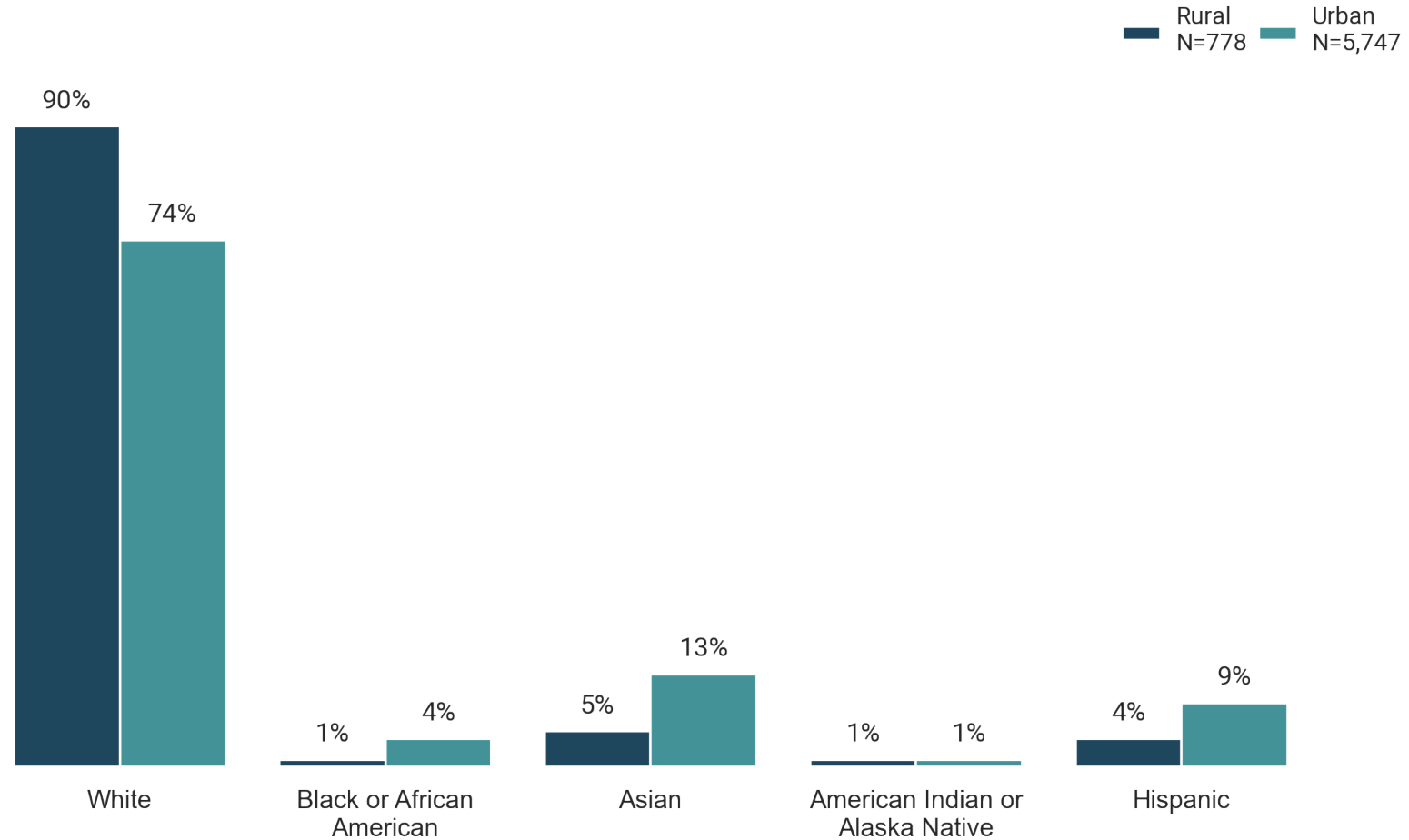
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Because gender of ownership is included in the SBCS weighting dimensions, the shares shown in the figure reflect the weighted distribution as sourced from US Census Bureau data. See Appendix for details on national-, state-, and MSA-level SBCS weights.

Race/ethnicity of owner(s)

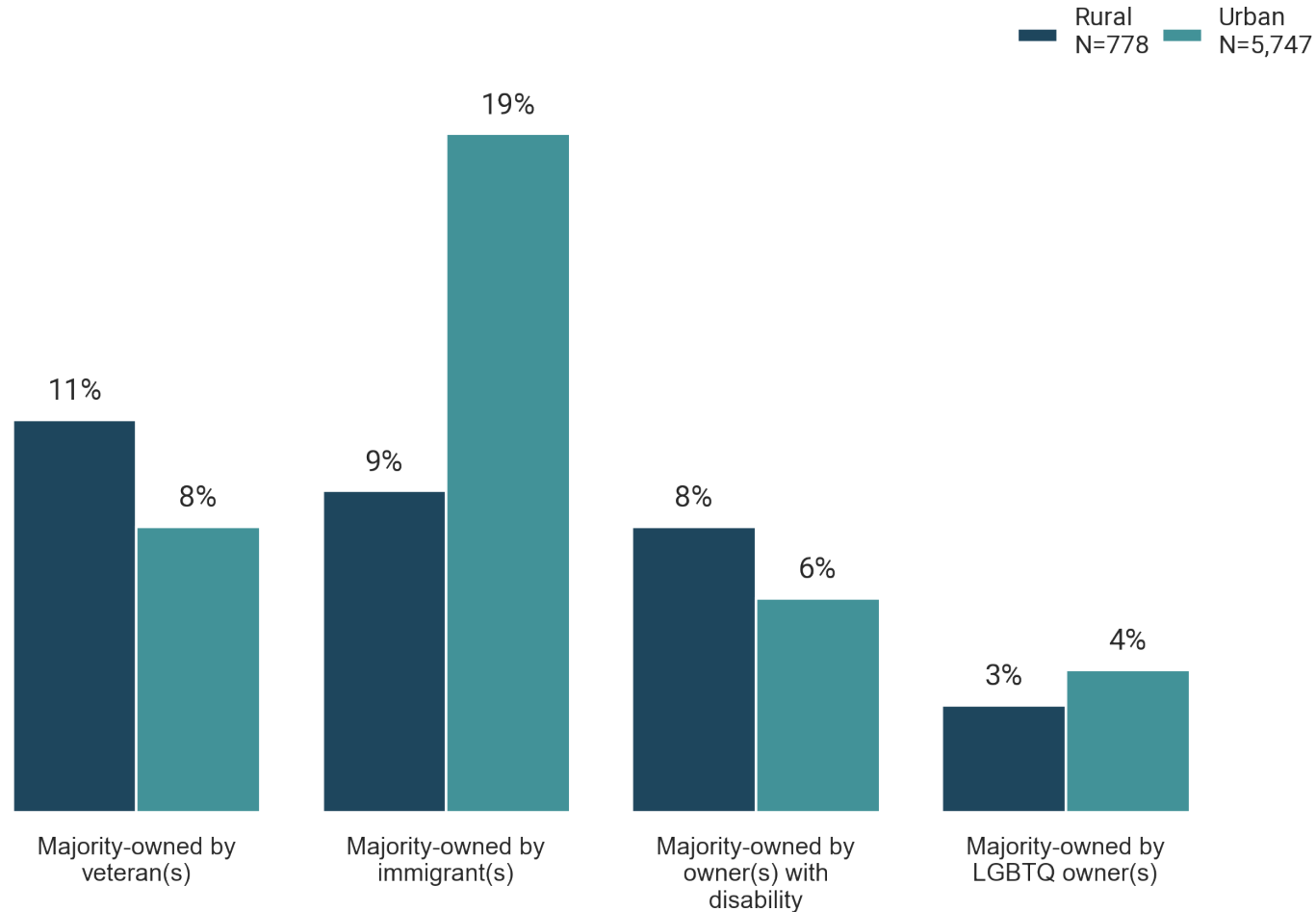
(% of employer firms)



Notes: Percentages may not sum to 100 within firm categories because of rounding. Because owner race and ethnicity are included in the SBCS weighting dimensions, the shares shown in the figure reflect the weighted distribution as sourced from US Census Bureau data. See Appendix for race and ethnicity definitions used in the SBCS and for details on national-, state-, and MSA-level SBCS weights.

Other characteristics of firm owner(s)

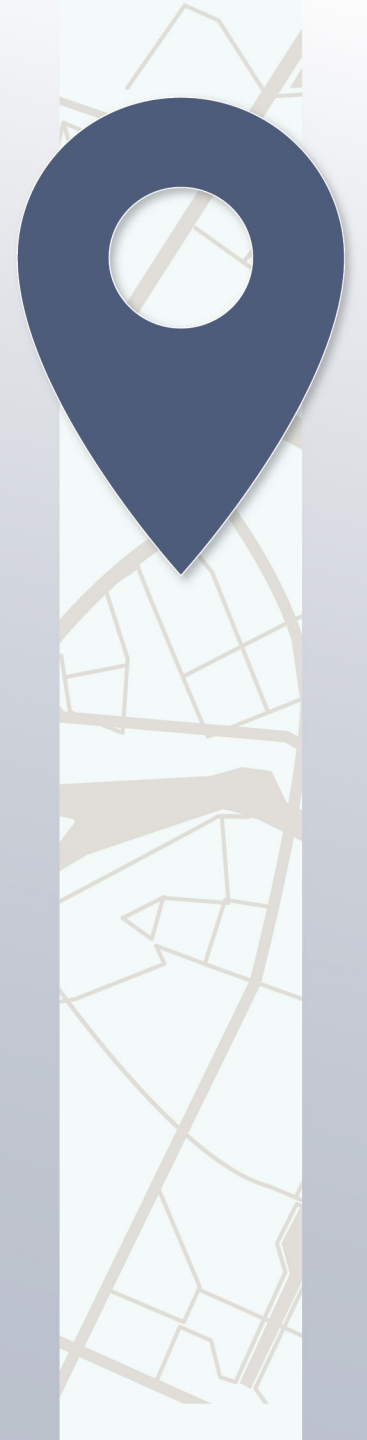
(% of employer firms)



Notes: Percentages shown represent the share of firms that are at least 51% owned by members of each respective category. The Americans with Disabilities Act defines an individual with a disability as a person who has a physical or mental impairment that substantially limits one or more major life activities. The SBCS questionnaire includes this definition as part of the question about owner disability.

Appendix

SBCS definitions



Definitions: Credit Risk



In the SBCS, “credit risk” refers to a self-reported business credit score or personal credit score, depending on which is used to obtain financing for the business. When firms use both, the weaker credit score is used to categorize the firm.

Low credit risk

Firms with either a business credit score of 80–100 or a personal credit score of 720 or greater.

Medium credit risk

Firms with either a business credit score of 50–79 or a personal credit score of 620–719.

High credit risk

Firms with either a business credit score of 1–49 or a personal credit score of less than 620.

Definitions: Financial Services Providers and Lenders



Questions in the SBCS ask respondents about their use of and experiences with lenders and other financial services providers. Because respondents may not have a uniform understanding of the terms used in the SBCS, the questionnaire provides examples and explanatory information about the response options.

The financial services providers, lenders, and lender categories referenced in the survey are defined as follows:

Category	Definition
Large bank, small bank	Large banks are defined as those with at least \$10 billion in total assets; small banks are those with less than \$10 billion in total assets. For applicable questions, respondents are shown a list of large banks operating in their state to assist them with proper classification of their institution.
Finance company	Finance companies are nonbanks that provide loans, leases, and other financial services. Examples include mortgage companies, equipment dealers, insurance companies, and auto finance companies.
Finance company that is not a bank	Examples include payroll services and payment-processing companies, fintech lenders, and finance companies.
Credit union	Credit unions are non-profit cooperatives where members can borrow money at competitive rates from pooled deposits.
Financial services provider	Financial services providers are entities at which the firm has an account or uses other financial services (including loans, payments processing, etc.).
Financial institution or lender	This category includes all bank or nonbank financial intermediaries such as banks, finance companies, online lenders, and credit unions.
Online lender/fintech lender	Online lenders/fintech lenders are nonbanks that operate online. Examples include OnDeck, CAN Capital, and PayPal Working Capital.
CDFI	Community development financial institutions, or CDFIs, are financial institutions that provide credit and financial services to underserved markets and populations. CDFIs are certified by the CDFI Fund at the US Department of the Treasury.

Definitions: Industry Categories



Industry	NAICS codes	Examples of businesses
Business support and consumer services	56, 81	Barbers, business-event planning, cleaning services, repair services, salons, spas, and travel agencies
Finance and insurance	52	Loan brokers and portfolio management firms
Healthcare and education	61, 62	Counseling services, daycare services, dentists, professional training services, sports instruction, and tutoring services
Leisure and hospitality	71, 72	Bars, caterers, fitness centers, gyms, hotels, and performing arts venues
Manufacturing	31, 32, 33	Electronics manufacturers, engraving services, packaging, print shops, and textile manufacturers
Nonmanufacturing goods production and associated services	11, 21, 22, 23, 42, 48, 49	Construction, farming, logistics, mining, taxis, wholesale suppliers and distributors, and warehousing
Professional services and real estate	51, 53, 54, 55	Book publishers, consulting services, notaries, real estate agents, and vehicle rental services
Retail	44, 45	Boutiques, craft stores, ecommerce providers, grocers, and hardware stores

Notes: Industries are consolidated into two categories for state- and MSA-level chartbooks. "Services, except finance" includes leisure and hospitality, healthcare and education, professional services and real estate, and business support and consumer services. "Goods, retail, and finance" includes nonmanufacturing goods production and associated services, manufacturing, retail, and finance and insurance.

Definitions: Race and Ethnicity



The SBCS relies on Census-defined categories of race and ethnicity. The SBCS uses simplified, mutually exclusive race/ethnicity labels to indicate that more than 50% of the business is held by owner(s) of the given race/ethnicity. As such,

- “American Indian or Alaska Native” refers to non-Hispanic American Indian or Alaska Native.
- “Asian” refers to non-Hispanic Asian or Pacific Islander.
- “Black” refers to non-Hispanic Black or African American.
- “Hispanic” refers to Hispanic or Latine ethnicity, regardless of race.
- “White” refers to non-Hispanic white, Middle Eastern, or North African.

Notes: Race and ethnicity categories are consolidated into two categories for state- and MSA-level chartbooks. “Nonminority-owned” includes white-owned businesses; “minority-owned” includes American Indian or Alaska Native-, Asian-, Black-, and Hispanic-owned businesses.

Definitions: Time Periods



Survey questions in the SBCS ask respondents to reference specific time periods. Most questions ask about respondents' experiences in the 12 months prior to the time of their response. Some questions ask about conditions at the time of their response. Finally, some questions ask about respondents' expectations in the 12 months following the time of their response. The time periods referenced in the survey are defined as follows throughout this report:

Prior 12 months

The 12 months prior to the fielding of the survey. For the 2025 SBCS, this is approximately September–November 2024 through September–November 2025.

Time of survey

September to November 2025.

Next 12 months

The 12 months following the fielding of the survey. For the 2025 SBCS, this is approximately September–November 2025 through September–November 2026.

Weighting



SBCS employer-firm responses are weighted using US Census Bureau data to represent the national small-employer-firm population across several demographics of businesses and their owners. SBCS data at the national, state, and MSA levels are weighted separately but largely rely on the same data sources and characteristics for weighting purposes. The tables below show the sources used by characteristic for national-, state-, and MSA-level employer weights. For more on SBCS weighting, visit <https://www.fedsmallbusiness.org/our-data/methodology>.

Sample	Data source	Characteristics
National sample	US Census Bureau Business Dynamics Statistics (BDS)	Age of firm
	US Census Bureau Annual Business Survey (ABS)	Race/ethnicity of owner(s), gender of owner(s)
	US Census Bureau County Business Patterns (CBP)	Industry, geography, firm size
State sample	US Census Bureau Business Dynamics Statistics (BDS)	Age of firm
	US Census Bureau Annual Business Survey (ABS)	Race/ethnicity of owner(s), gender of owner(s)
	US Census Bureau County Business Patterns (CBP)	Industry, geography, firm size
MSA sample	US Census Bureau Business Dynamics Statistics (BDS)	Age of firm
	US Census Bureau Annual Business Survey (ABS)	Race/ethnicity of owner(s), gender of owner(s)
	US Census Bureau County Business Patterns (CBP)	Industry, firm size