

2018 Small Business Credit Survey of the Federal Reserve Banks

INTRODUCTION

Thank you for participating in the 2018 Small Business Credit Survey.

This voluntary survey is sponsored solely by the Federal Reserve Banks. **The questions are best answered by an owner or key financial decision maker** and will take about 10 minutes.

Survey responses will be aggregated for research and analysis. The Federal Reserve Banks will not disclose individual or identifiable survey responses except to trusted service providers to prepare data for analysis under strict confidentiality guidelines or if required by law or legal process. The Federal Reserve Banks may make anonymized data publicly available.

By taking this survey, you agree to these uses.

DEMOGRAPHICS

First, we have some general questions about your business.

1. Is your business currently operating?

- Yes
- No, business is not yet started
- No, business is *temporarily* closed
- No, business has *permanently* closed or been sold/ transferred

If **Is your business currently operating = No, business is temporarily closed:**

2. Why is your business temporarily closed? *Select all that apply.*

- Business is seasonal
- Lack of demand
- Cannot secure financing to fulfill contract(s)
- Owner tending to other matters (e.g. family, medical reasons)
- Business is moving, being renovated, etc.
- Extreme weather event or natural disaster
- Other. Please specify: _____

If Is your business currently operating = No, business is temporarily closed:

3. How long has your business been temporarily closed?

12 months or less

More than 12 months

4. In what year was your business established? (YYYY) _____

5. Which state or territory is your headquarters located in?

> **Dropdown list of all states**

6. ZIP code? _____

7. Which industry is your business in?

Manufacturing

Finance or insurance

Wholesale trade

All other industries

Unsure

8. Please describe what your business **generally** does.

As you type, a list will appear. Select your business' industry or write in your own description.

Note: this screen may take a few seconds to load. If you encounter a connection error message, click 'retry'.

If which industry is your business in? = Finance or insurance:

9. Is your business a lender? *E.g. equity investment firm, financial institution, etc.*

Yes

No

Next, we have a few questions about the approximate size of your business.

10. Does your business currently have **any paid employees**, excluding owner(s) and contract workers?

Yes

No

Unsure. Please explain: _____

If Does your business currently have any paid employees, excluding owner(s) and contract workers? = Yes OR Unsure:

11. How many employees does your business have?

	Number (If none, enter 0)
Full-time employees (30+ hours/ week)	
Part-time employees (less than 30 hours/ week)	

12. Does your business use any **contract workers**?

- Yes
- No
- Unsure

13. How many **owners** does your business have? Only include those individuals who own a share of the business and/or profits.

- 1
- 2
- 3
- 4
- 5 or more

PERFORMANCE

We now have a few questions about your business' performance and challenges.

14. Roughly, what were your business' total revenues in 2017?

- \$25,000 or less
- \$25,001 - \$100,000
- \$100,001 - \$500,000
- \$500,001 - \$1,000,000
- \$1,000,001 - \$5,000,000
- \$5,000,001 - \$10,000,000
- More than \$10,000,000
- Unsure or decline to answer

15. At the end of 2017, was your business operating at a profit,¹ break-even, or loss?

- At break-even
- At a profit
- At a loss
- Unsure or decline to answer

¹ **Profit** is the financial benefit when the amount of revenue gained from business activity is greater than business expenses and costs.

16. How did the following change over the **past 12 months?**

	Decreased	No change	Increased
Revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17. How did the following change over the past 12 months?

	Decreased a lot (4% or greater)	Decreased a little (less than 4%)	No Change	Increased a little (less than 4%)	Increased a lot (4% or greater)
Prices the business pays for products/services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prices the business charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Has your business experienced any financial challenges during the past 12 months? *Select all that apply.*

- Making payments on debt
- Paying operating expenses (including wages)
- Purchasing inventory or supplies to fulfill contracts
- Credit availability
- Other financial challenge. Please specify: _____
- Did not experience any financial challenges

If Has your business experienced any financial challenges during the past 12 months? ≠ Did not experience any financial challenges:

19. What actions did your business take to deal with the issue(s)? *Select all that apply.*

- Made a late payment or did not pay
- Used personal funds
- Took out additional debt
- Cut staff, hours, and/or downsized operations
- Other. Please specify: _____
- Unsure

20. How does your business **expect** the following to change over the **next 12 months?**

	Decrease	No change	Increase
Revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

FINANCING: GENERAL

We have a few questions about how your business is financed.

21. How does your business **PRIMARILY** fund its operations?

- Retained business earnings
- Personal funds of owner(s)
- External financing
- Unsure

22. Which of the following forms of financing, if any, does your business regularly use or carry an outstanding balance on? *Select all that apply.*

- Loan or line of credit
- Merchant cash advance
- Credit card
- Trade credit
- Equity investment
- Factoring (sale of accounts receivable)
- Home equity line of credit
- Leasing
- Other. Please specify: _____
- Unsure
- Business does not use external financing

If Which of the following forms of financing, if any, does your business regularly use or carry an outstanding balance on? = Credit card:

23. Which type of credit card is used to fund your business?

- Personal card ONLY
- Business card ONLY
- BOTH personal and business cards

24. Does your business have any debt outstanding?

- Yes
- No
- Unsure

If does your business have any debt outstanding? = Yes:

25. How much total debt outstanding does your business have?

- \$25,000 or less
- \$25,001 - \$100,000
- \$100,001 - \$250,000
- \$250,001 - \$1,000,000
- More than \$1,000,000
- Unsure

If does your business have any debt outstanding? = Yes:

26. Were any of the following used as a guarantee or as collateral to secure this debt? *Select all that apply.*

- Personal assets
- Personal guarantee
- Business assets
- Portions of future sales²
- Other. Please specify: _____
- Unsure
- None

²Including percentage of future credit card receivables for payment of merchant cash advances

27. Did your business **APPLY** for any financing in the past 12 months?

Borrowing, leasing, or requesting equity investments - excluding financing provided by owner(s) of business

- Yes, completed at least one application
- Started credit search or application process but didn't complete
- Did not apply
- Unsure

If Did your business APPLY for any financing in the past 12 months? = Started credit search or application process but didn't compete OR Did not apply:

28. What was the **PRIMARY** reason your business **DID NOT** apply for financing?

- Not needed; had sufficient funding
- Did not think application would be approved
- Did not want to accrue debt
- Credit cost was too high
- Application process is too difficult or confusing
- Other. Please specify: _____

If the What was the **PRIMARY** reason your business **DID NOT** apply for financing? = Did not think application would be approved:

29. What were the likely reasons your business would not be approved? *Select all that apply.*

- Low credit score
- Insufficient credit history
- Insufficient collateral
- Weak business performance
- Unsure
- Other. Please specify: _____

APPLICANT BRANCH: INITIAL

If Did your business APPLY for financing in the past 12 months? = Yes, completed at least one application:

30. For what purpose(s) was your business seeking financing? *Select all that apply.*

- Meet operating expenses
- Expand business, pursue new opportunity, or acquire business assets
- Replace capital assets or make repairs
- Refinance or pay down debt
- Other. Please specify: _____

31. How much **TOTAL** financing was your business **SEEKING** in the last 12 months?

- \$25,000 or less
- \$25,001 - \$100,000
- \$100,001 - \$250,000
- \$250,001 - \$1,000,000
- More than \$1,000,000
- Unsure

32. How much of the **TOTAL** financing dollars that your business sought in the last 12 months did you obtain?

- All (100%)
- Most (51%-99%)
- Some (1%-50%)
- None (0%)
- Unsure

If business did not receive all the financing sought:

33. Why did your business not obtain all of the financing sought? *Select all that apply.*

- At least some of the financing was not approved
- Application(s) pending
- Declined some or all of the approved financing
- Other reason. Please specify: _____

If Why did your business not obtain all of the financing sought? = At least some of the financing was not approved:

34. What were the likely reasons your business was not approved for the full amount of financing it sought? *Select all that apply.*

- Low credit score
- Too new/ insufficient credit history
- Insufficient collateral
- Too much debt already
- Weak business performance
- Other. Please specify: _____
- Unsure

35. In the past 12 months, what types of financing did your business **apply** for? *Select all that apply.*

- Loan or line of credit
- Merchant cash advance
- Credit card
- Trade credit
- Home equity line of credit
- Equity investment
- Factoring (sale of accounts receivable)
- Leasing
- Other. Please specify: _____
- Unsure

If in the past 12 months, what types of financing did your business apply for? = Credit card

36. Which type of credit card did your business **apply** for?

- Personal card ONLY
- Business card ONLY
- BOTH personal and business cards

RECENT CREDIT APPLICATIONS

If In the past 12 months, what types of financing did your business apply for? = Loan or line of credit OR Merchant cash advance:

37. In the past 12 months, how many total loan, line of credit, and/ or cash advance applications did you submit? _____

Now, we'd like to ask about your business' loan, line of credit, and/or cash advance applications submitted in the past 12 months.

Beginning with your most recent application, tell us about each loan, line of credit (LOC), and/ or cash advance your business applied for in the past 12 months.

	Product: SBA loan/LOC Business loan Business LOC Personal loan Mortgage Auto/equipment loan Cash advance HELOC Other product	Source: Large bank Small bank Credit union Nonbank online lender CDFI Other source	Share approved: All (100%) Most (51%-99%) Some (1%-50%) None Pending Unsure
1			
2			
3			
4			
5			

38. How much financing did your business apply for in your {most recent application | second most recent application} (the {PRODUCT 1|2 from the SOURCE 1|2})?

- \$25,000 or less
- \$25,001 - \$100,000
- \$100,001 - \$250,000
- \$250,001 - \$1,000,000
- More than \$1,000,000
- Unsure

If {SOURCE 1|2} = Nonbank online lender:

39. Which type of online lender did you apply to?

- Retail/payments processor (e.g. Paypal Working Capital, Square Capital, Amazon Capital Services)
- Peer-to-peer lender (e.g. Lending Club, Prosper, Funding Circle)
- Merchant cash advance lender (e.g. RapidAdvance, CAN Capital, BizFi)
- Direct lender (e.g. OnDeck, Kabbage, Fundation, Blue Vine)
- Other. Please specify: _____

40. Why did your business pursue this financing option (the {PRODUCT 1|2} from the SOURCE 1|2)?
Select all that apply.

- Speed of decision or funding
- No collateral was required
- Chance of being funded
- Cost or interest rate
- Flexibility of product
- Existing relationship with lender
- Recommendation or referral
- Other. Please specify: _____

If Why did your business pursue this financing option... = Recommendation or referral:

41. Which resources, if any, provided the recommendation or referral that influenced your decision to borrow from the {SOURCE 1|2} for the {PRODUCT 1|2}? Select all that apply.

- Lender
- Accountant/tax preparer
- Broker
- Business consultant
- Nonprofit business advisor
- Auto/ equipment dealer
- Advertisement
- Website that compares financing options
- Other. Please specify: _____

42. Did your business experience any challenges in applying for the {PRODUCT 1|2}? *Select all that apply.*

- High interest rate
- Unfavorable repayment terms
- Long wait for credit decision or funding
- Difficult application process
- Lack of transparency
- Other challenges. Please specify: _____
- Experienced no challenges

43. Overall, was your business satisfied or dissatisfied with the {SOURCE 1|2} where you applied for the {PRODUCT 1|2}?

- Satisfied
- Neutral
- Dissatisfied

EXISTING DEBT

If Which of the following forms of financing, if any, does your business regularly use or carry an outstanding balance on? = Loan or line of credit OR Merchant cash advance;
AND If In the past 12 months, what types of financing did your business apply for? ≠ Loan or line of credit NOR Merchant cash advance:

Beginning with the **one you most recently obtained**, tell us about each **loan, line of credit (LOC), and/or cash advance** product your business currently holds or has recently used. If your business holds more than two, tell us about the **two most recent**.

If you only have one loan, LOC, and/or cash advance, complete the **first row only**.

	Product: SBA loan/LOC Business loan Business LOC Personal loan Mortgage Auto/equipment loan Cash advance HELOC Other product	Source: Large bank Small bank Credit union Nonbank online lender CDFI Other source
1		
2		

If {SOURCE 1|2} = Nonbank online lender:

44. From which type of nonbank online lender did you obtain the {PRODUCT 1|2}?

- Retail/payments processor (e.g. Paypal Working Capital, Square Capital, Amazon Capital Services)
- Peer-to-peer lender (e.g. Lending Club, Prosper, Funding Circle)
- Merchant cash advance lender (e.g. RapidAdvance, CAN Capital, BizFi)
- Direct lender (e.g. OnDeck, Kabbage, Fundation, Blue Vine)
- Other. Please specify lender: _____

45. How much financing did your business obtain from the {SOURCE 1|2 for the PRODUCT 1|2}?

- \$25,000 or less
- \$25,001 - \$100,000
- \$100,001 - \$250,000
- \$250,001 - \$1,000,000
- More than \$1,000,000
- Unsure

46. Why did your business pursue this financing option (the {PRODUCT 1|2 from the SOURCE 1| 2})? Select all that apply.

- Speed of decision or funding
- No collateral was required
- Chance of being funded
- Cost or interest rate
- Flexibility of product
- Existing relationship with lender
- Recommendation or referral
- Other. Please specify: _____

If Why did your business pursue this financing option... = Recommendation or referral:

47. Which resources, if any, provided the recommendation or referral that influenced your decision to borrow from the {SOURCE 1|2}? *Select all that apply.*

- Lender
- Accountant/tax preparer
- Broker
- Business consultant
- Nonprofit business advisor
- Website that compares financing options
- Auto/ equipment dealer
- Advertisement
- Other. Please specify: _____

48. Has your business experienced any challenges in obtaining the {PRODUCT 1|2}? *Select all that apply.*

- High interest rate
- Unfavorable repayment terms
- Long wait for credit decision
- Difficult application process
- Lack of transparency
- Other challenges. Please specify: _____
- Experienced no challenges

49. Overall, was your business satisfied or dissatisfied with the {SOURCE 1|2} where you applied for the {PRODUCT 1|2}?

- Satisfied
- Neutral
- Dissatisfied

FINAL DEMOGRAPHICS

Last, we have a few general questions about your business and the characteristics of the owner(s).

50. Does your business rely on a business credit score or does it use an owner's personal credit score?

- Business score
- Owner's personal score
- Both business score AND personal score
- Unsure or neither

If Does your business rely on a business credit score or does it use an owner's personal credit score? = Business score OR Both business score AND personal score:

51. What would you say is your firm's **business** credit score?

- 80-100
- 50-79
- 0-49
- Unsure

If Does your business rely on a business credit score or does it use an owner's personal credit score? = Owner's personal score OR Both business score AND personal score:

52. What would you say is the **owner's personal** credit score?

- Above 760
- 720-760
- 680-719
- 620-679
- Below 620
- Unsure

If How many owners does your business have? =1, 2, 3, 4, 5 or more:

53. You previously indicated that your business has [NUMBER OF OWNERS from Q13]. What is the race and ethnicity of each owner? *Please complete the entire table.*

	Ownership share of business	Ethnicity		Race					
		Hispanic or Latino	Not Hispanic or Latino	White	Black or African American	Asian or Pacific Islander	American Indian or Alaskan Native	Middle Eastern or North African	Other race
Owner #1									
Owner #2									
Owner #3									
Owner #4									

*If there are more than four owners, tell us about the four persons with the **greatest ownership share**.*

If Race = American Indian or Alaskan Native:

54. Is your business headquartered in a Native American reservation?

Yes. Please specify the reservation: _____

No

55. How old is the primary decision maker of the business?

Under 25

25-35

36-45

46-55

56-65

Over 65

56. What is the highest degree or level of school completed by the primary decision maker of the business?

- High school diploma, GED, or less
- Technical, trade, or vocational school
- Associate degree or some college
- Bachelor's degree
- Master's, professional or doctoral degree

If In what year was your business established? \geq 2012; OR if Does your business currently have any paid employees, excluding owner(s) and contract workers? = No:

57. Did the owner start or acquire this business because he or she lacked other employment options?

- Yes
- No
- Unsure

58. What portion of your business is owned by:

	None (0%)	Less than half (1%-49%)	Half (50%)	More than half (51+%)
Someone not born a U.S. citizen?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A woman/women?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A veteran/veterans?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

59. Is your business a:

	Yes	No	Unsure
Certified minority-owned business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certified woman-owned business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certified veteran-owned business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If In what year was your business established? ≥ 2012 ; OR if Does your business currently have any paid employees, excluding owner(s) and contract workers? = No; OR if How many employees does your business have? < 5 :

60. Is your business...

	Yes	No	Unsure
Operated out of a home?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legally incorporated ¹ ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The primary source of income for one or more of the owner(s)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

¹**Legally incorporated** refers to businesses that are legal entities separate from the owner(s).

61. In 2017, which of the following types of customers accounted for **10% or more** of this business' total sales of goods and/or services? *Select all that apply.*

- Individuals
- Federal government, including military
- State and local government, including school districts, transportation authorities, etc.
- Other businesses and/or organizations, including distributors of your product(s)

62. In 2017, did your business **export** any goods and/or services outside the United States?

- Yes
- No
- Unsure

63. Which of the following statements best describes your preference for the future size of this business?

- Much larger
- Somewhat larger
- Same size
- Smaller
- Plan to sell/ close
- Unsure. Please explain: _____

If Which state or territory is your headquarters located in? = West Virginia

64. On whom do you rely most for your business strategy and planning?

- Friends or family
- Business associate or industry peers
- Financial planner or broker
- Bookkeeper or accountant
- Attorney
- Business coach or consultant
- I only rely on myself
- Other. Please specify: _____

65. Do you have any comments about the availability of business financing or general business conditions?

66. Business name: _____

67. Email Address (used only for survey-related purposes). You will receive a copy of the final report once it is released. _____

Thank you for your valuable input. Your answers will bring small business issues to the attention of policymakers. Please click 'Continue' to answer a few questions on special topics. This should take about 2 minutes to complete.

- Continue**
- End survey

SPECIAL TOPIC: WORKFORCE DEVELOPMENT

If Does your business currently have any paid employees, excluding owner(s) and contract workers? =
No:

68. Are you an independent contractor and/or 1099 worker?

Yes

No

If Does your business currently have any paid employees, excluding owner(s) and contract workers? =
No:

69. Are the majority of your customers found or sales made through an app or online marketplace
(e.g. Uber, Thumbtack, Taskrabbit, Upwork, Ebay, Etsy)?

Yes

No

If Does your business currently have any paid employees, excluding owner(s) and contract workers? =
No:

70. Do you currently have health insurance?

Yes

No

If Do you currently have health insurance? = Yes:

71. What is the source of your health insurance? *Select all that apply.*

- VA Benefits or Tricare
- Medicare or Medicaid
- Spouse's or parent's health insurance plan
- Current employer
- Prior employer pension or retirement/ severance package
- Pay for my own insurance (including ACA)
- State-run health insurance system (e.g. MassHealth)
- Labor union
- Other. Please specify: _____

If Do you currently have health insurance? = No:

72. Why do you currently lack health insurance coverage? *Select all that apply.*

- Healthy/ not currently needed
- Too expensive
- No option of employer/ union plan
- Process of obtaining is confusing/ difficult
- Application was denied
- Application is pending
- No options in ACA marketplace in my area
- Other. Please explain: _____

If Does your business currently have any paid employees, excluding owner(s) and contract workers? = Yes:

73. Has your business attempted to hire in the past 12 months?

- Yes
- No
- Unsure

If Has your business attempted to hire in the past 12 months? = Yes:

74. In the past 12 months, how difficult has it been to fill jobs that require:

	Very difficult	Somewhat difficult	Not difficult	N/A	Unsure
AT LEAST a bachelor's degree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
LESS than a bachelor's degree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If In the past 12 months, how difficult has it been to fill jobs that require AT LEAST a bachelor's degree = Very difficult OR Somewhat difficult:

75. What about the applicant pool or hiring environment has made it difficult to fill jobs that require **AT LEAST** a bachelor's degree? *Select all that apply.*

- Too few applicants
- Competition from other employers
- Lack of basic math, reading, or writing skills
- Lack of soft skills. Please specify: _____
- Lack of job-specific skills, education, or experience . Please specify: _____
- Difficulty passing background check or credit check
- Difficulty passing drug test
- Other. Please specify: _____
- Unsure

If In the past 12 months, how difficult has it been to fill jobs that require AT LEAST a bachelor's degree = Very difficult OR Somewhat difficult:

76. What changes has your business made **IN RESPONSE** to the difficulty filling jobs that require AT LEAST a bachelor's degree? *Select all that apply.*

- Made no changes
- Increased starting pay
- Loosened job requirements
- Offered more training
- Restructured existing employee responsibilities
- Invested more in labor-saving technologies
- Enhanced benefits or increased non-wage compensation
- Other. Please specify: _____
- Unsure

If In the past 12 months, how difficult has it been to fill jobs that require LESS THAN a bachelor's degree = Very difficult OR Somewhat difficult:

77. What about the applicant pool or hiring environment has made it difficult to fill jobs that require **LESS** than a bachelor's degree? *Select all that apply.*

- Too few applicants
- Competition from other employers
- Lack of basic math, reading, or writing skills
- Lack of soft skills. Please specify: _____
- Lack of job-specific skills, education, or experience. Please specify: _____
- Difficulty passing background check or credit check
- Other. Please specify: _____
- Difficulty passing drug test
- Unsure

If In the past 12 months, how difficult has it been to fill jobs that require LESS THAN a bachelor's degree = Very difficult OR Somewhat difficult:

78. What changes has your business made **IN RESPONSE** to the difficulty filling jobs that require LESS than a bachelor's degree? *Select all that apply.*

- Made no changes
- Increased starting pay
- Loosened job requirements
- Offered more training
- Restructured existing employee responsibilities
- Invested more in labor-saving technologies
- Enhanced benefits or increased non-wage compensation
- Other. Please specify: _____
- Unsure

If Does your business currently have any paid employees, excluding owner(s) and contract workers? = Yes:

79. What benefits does your business offer to the **MAJORITY** of employees? *Select all that apply.*

- Health insurance
- Parental leave
- Paid time off
- 401K investment option(s)
- Equity participation (e.g. stock options of a profit sharing program)
- Bonuses
- Flexible scheduling
- Remote work
- Fitness center/membership
- Volunteer programs
- Other. Please specify: _____
- Unsure
- Not applicable

If Does your business currently have any paid employees, excluding owner(s) and contract workers? =
Yes:

80. How does your business train and develop employees? *Select all that apply.*

- On-the-job training performed by your business
- Training conducted by an outside organization
- Reimbursement for employee-directed continuing education
- Other. Please specify: _____
- Unsure
- N/A

If Does your business currently have any paid employees, excluding owner(s) and contract workers? =
Yes:

81. What level of education do the **MAJORITY** of jobs at your business require?

- AT LEAST** a bachelor's degree
- LESS** than a bachelor's degree
- Unsure