

2024 Firms in Focus

Findings from the
2023 Small Business Credit Survey

Chartbook on Firms by Credit Risk



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About the Small Business Credit Survey

- The Small Business Credit Survey (SBCS) is an annual survey of firms that have fewer than 500 employees.
- Data in this chartbook represent findings from the 2023 survey year. The survey was fielded from September through November 2023.
- The findings in this chartbook show data for employer firms only. Employer firms are those that have at least one employee in addition to the owner(s). For chartbooks on state and metropolitan statistical area (MSA) findings, the “US employer firms” comparison bars show data for the national SBCS sample.
- Estimates are shown only when the corresponding sample includes 50 or more observations.
- For more SBCS content, visit [FedSmallBusiness.org](https://fedsmallbusiness.org). Please direct inquiries about research and data in this report to Lucas Misera, Small Business Credit Survey senior policy analyst, at lucas.misera@clev.frb.org.

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Table of Contents

Firm Performance

Revenue, employment, and business conditions

Challenges

Financial and operational challenges and actions taken in response

Debt and Financial Services

Outstanding debt, use of financial services, and payments

Financing

Financing applications and outcomes

Demographics

Firm and owner characteristics

Appendix

SBCS definitions

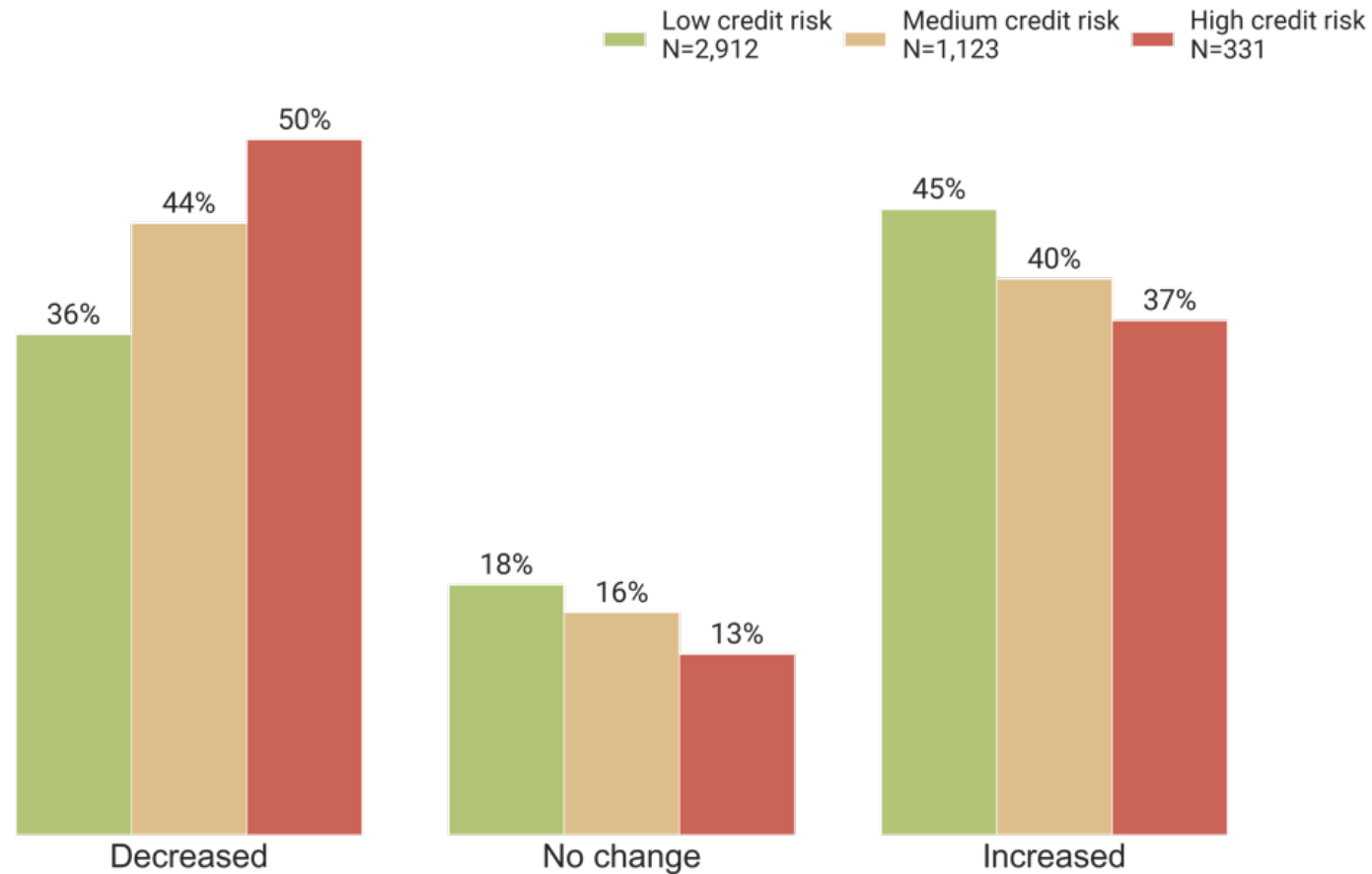
Firm Performance

Revenue, employment, and
business conditions



Revenue change, prior 12 months

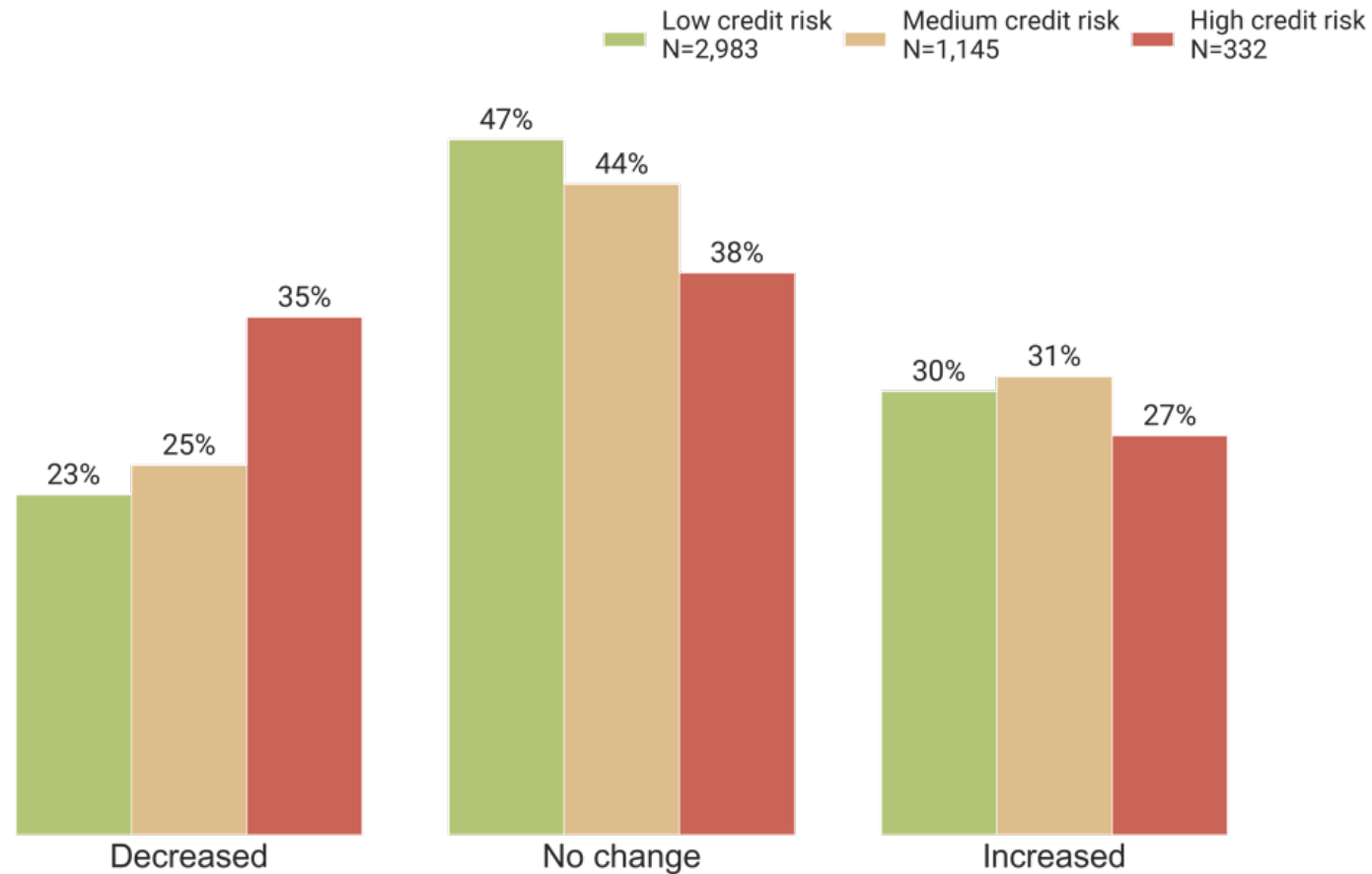
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Employment change, prior 12 months

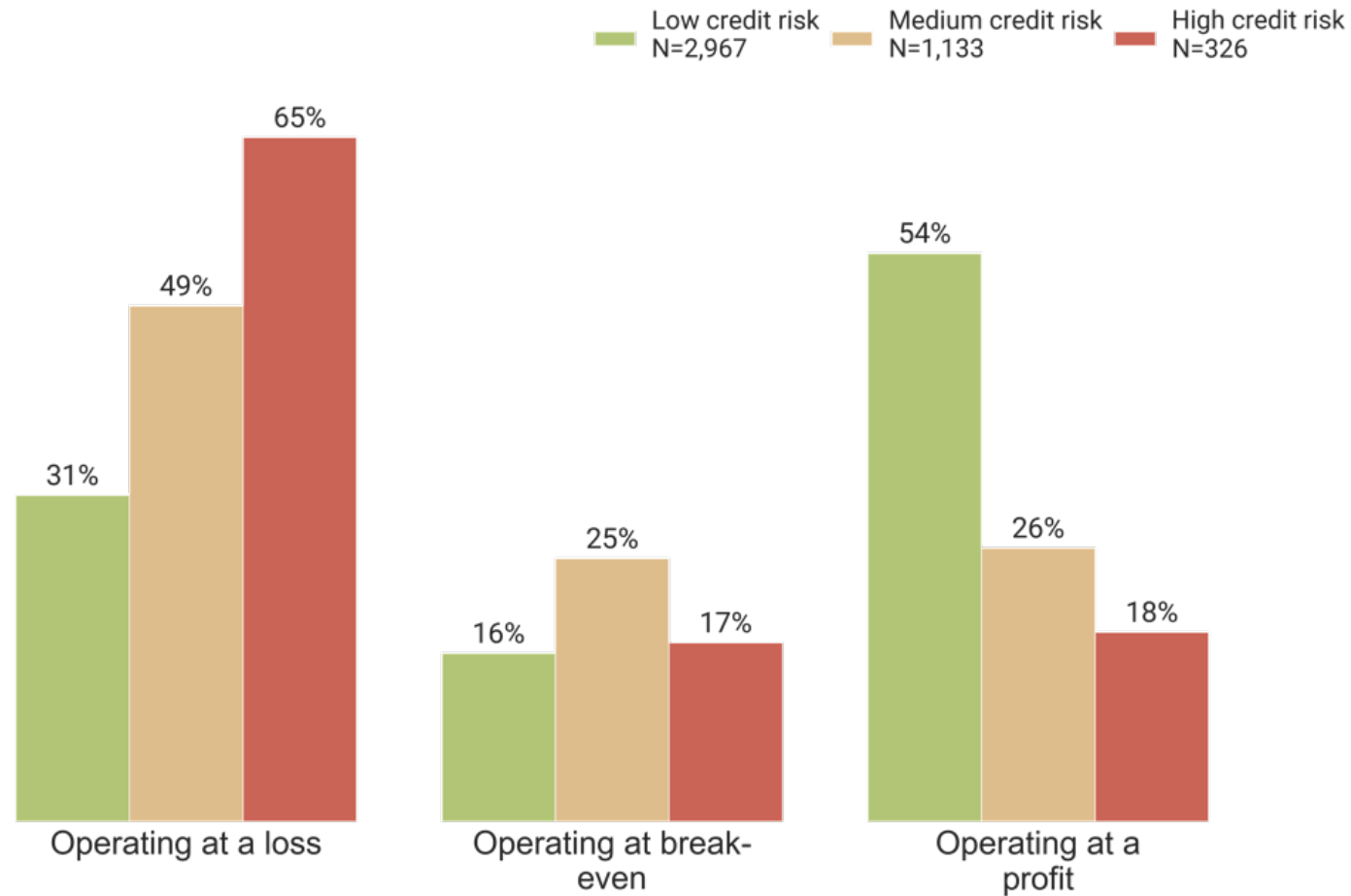
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Profitability, end of 2022

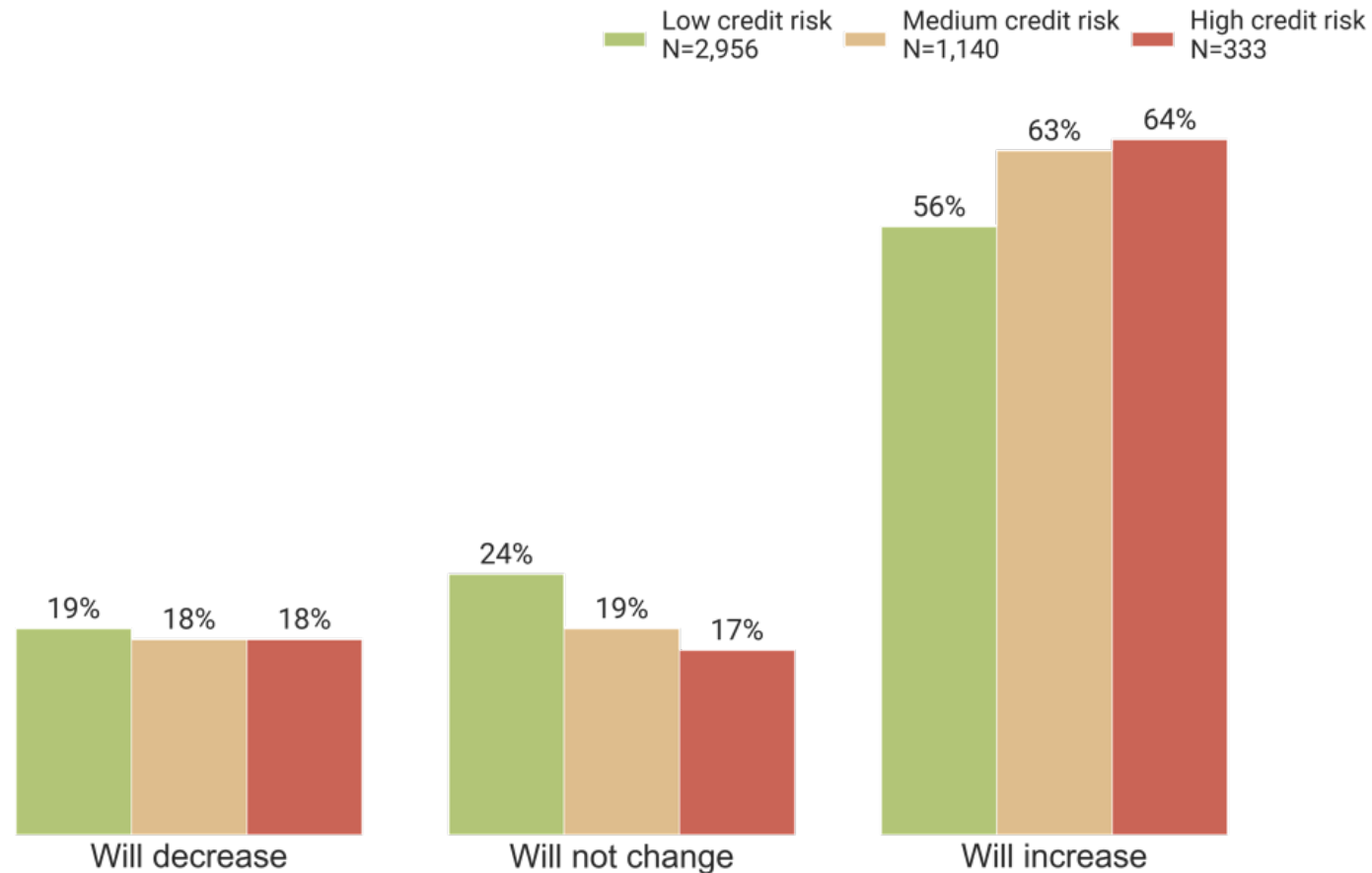
(% of employer firms)



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

Revenue expectations, next 12 months

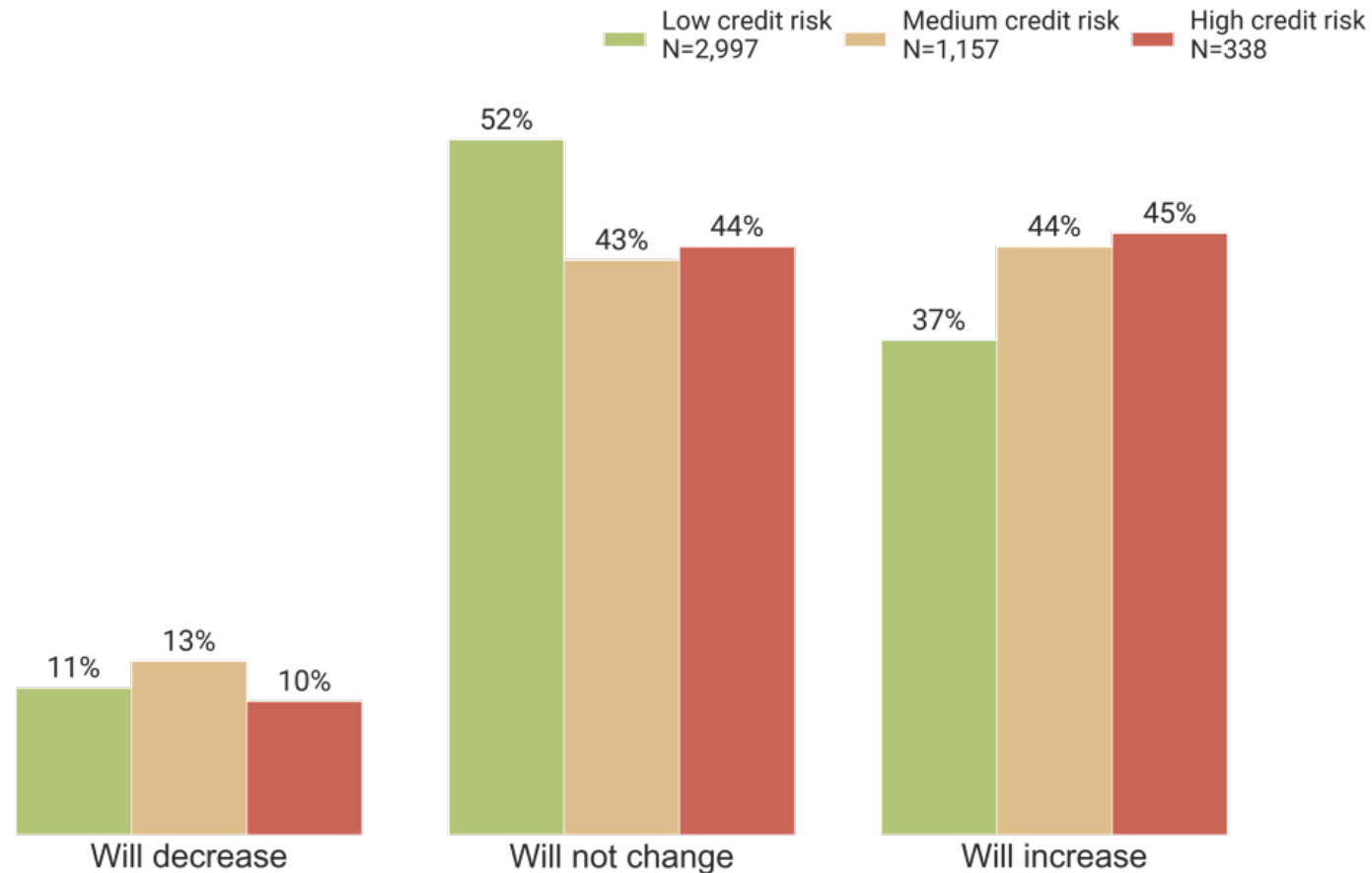
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Employment expectations, next 12 months

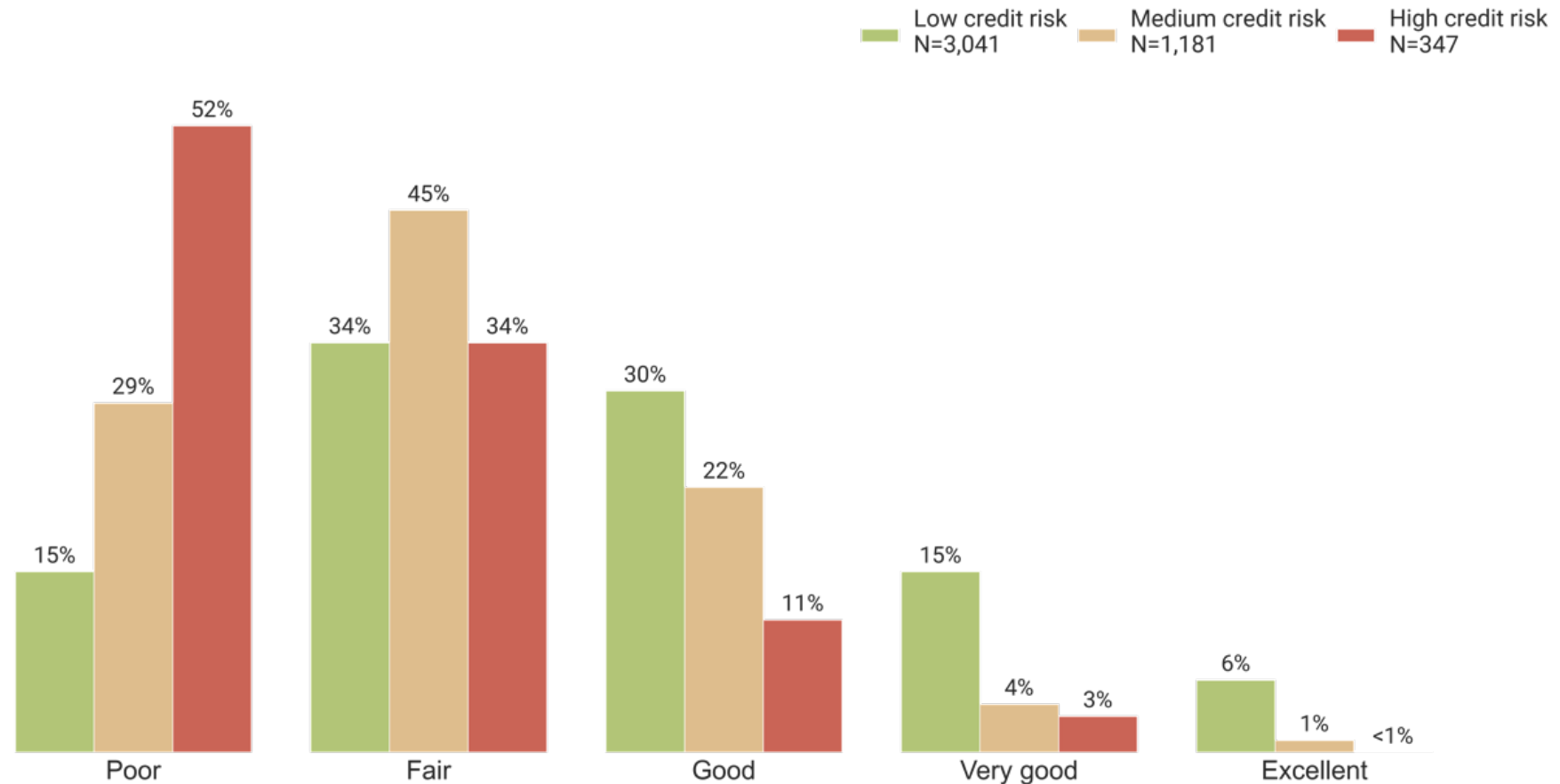
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Self-reported financial condition, time of survey

(% of employer firms)



Notes: Self-reported financial condition at time of survey. Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

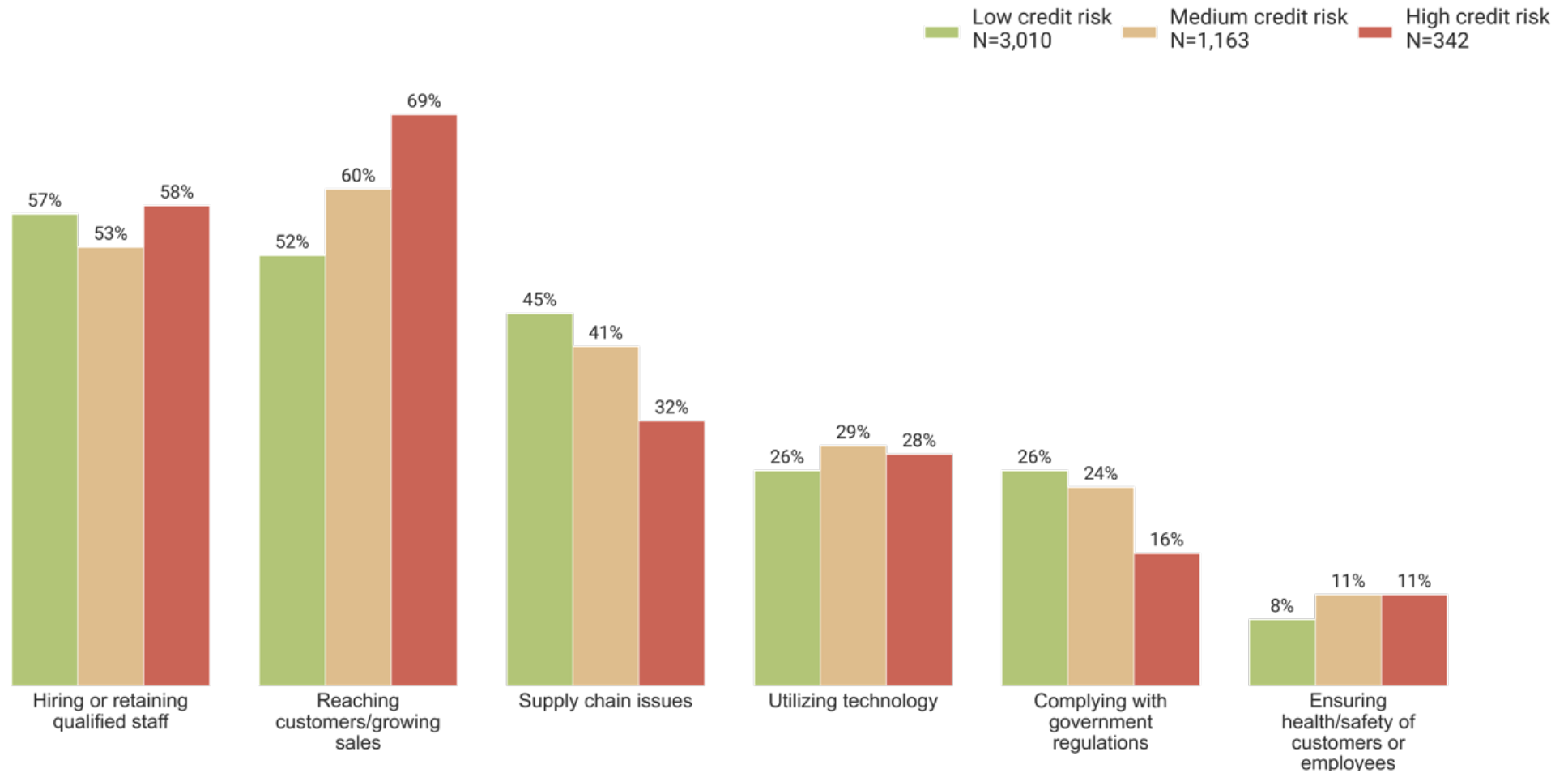
Challenges

Financial and operational
challenges and actions taken
in response



Operational challenges, prior 12 months

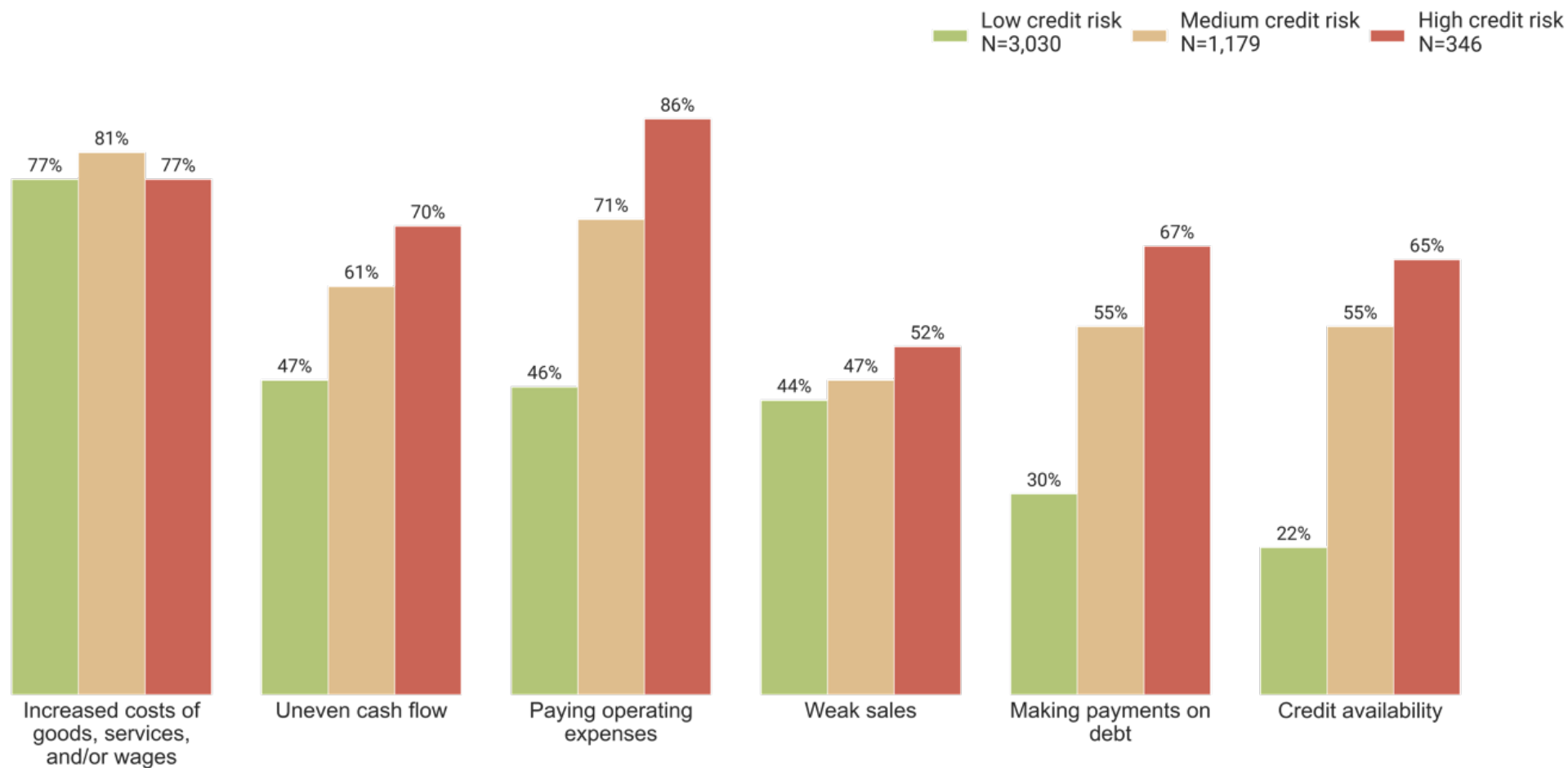
(% of employer firms)



Notes: "Utilizing technology" includes using websites, ecommerce, social media, and cybersecurity. Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

Financial challenges, prior 12 months

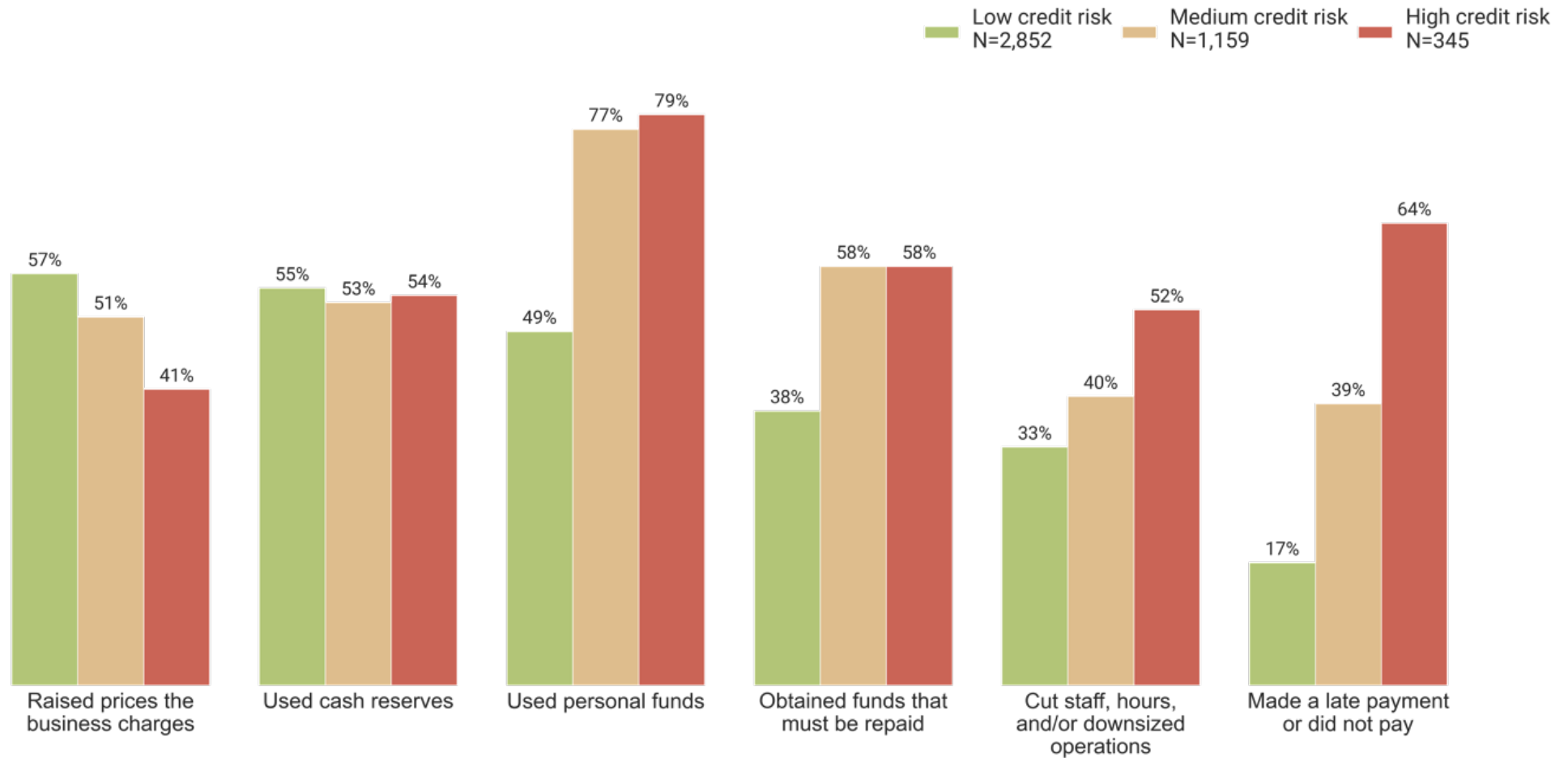
(% of employer firms)



Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

Actions taken in response to financial challenges, prior 12 months

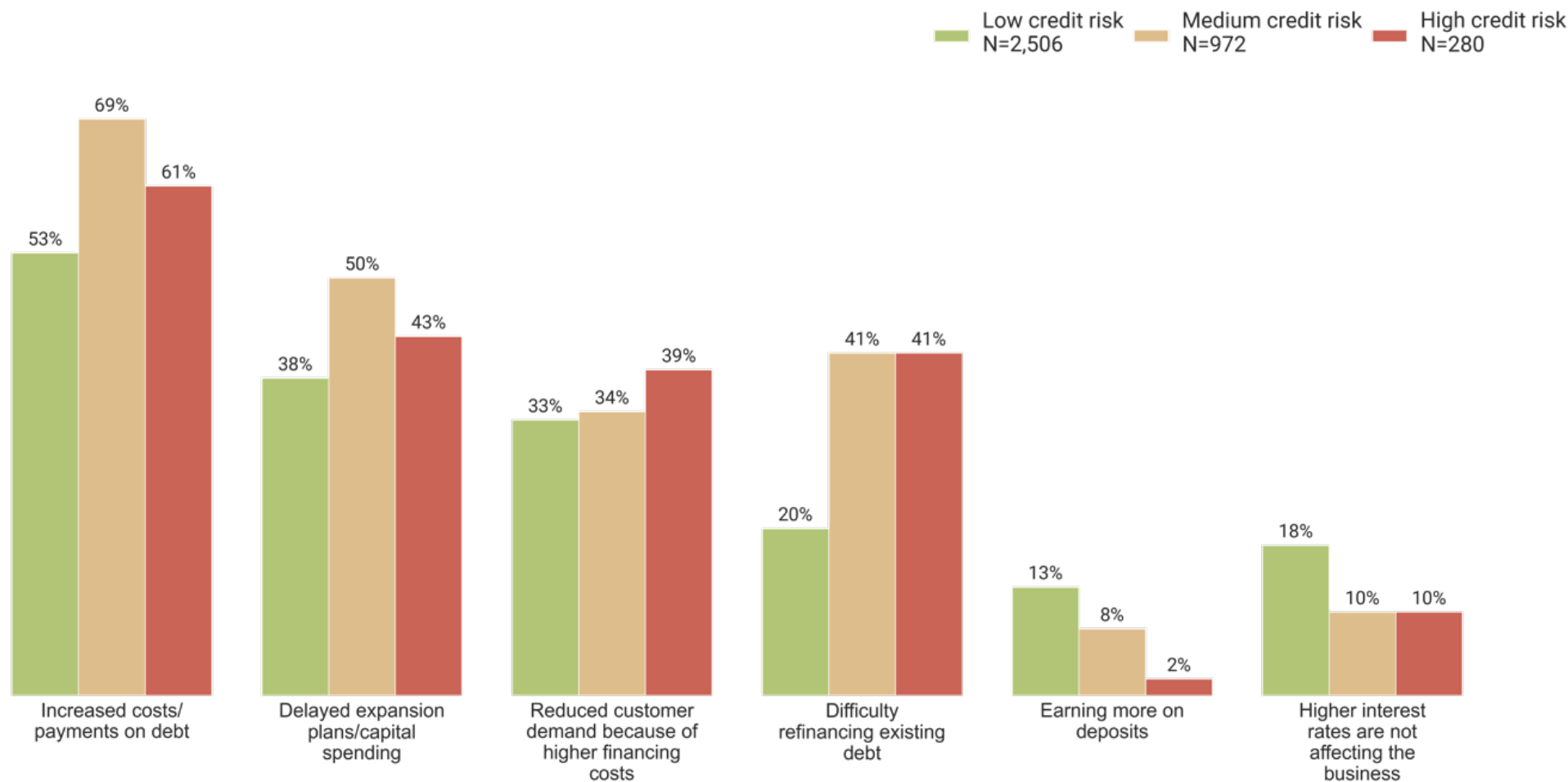
(% of employer firms with financial challenges)



Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

Effects of higher interest rates

(% of employer firms)



Notes: Data on the effects of higher interest rates are drawn from an optional end-of-survey module (approximately 80% of employer firms opted to answer in 2023). Respondents could select multiple options. Select response options shown.

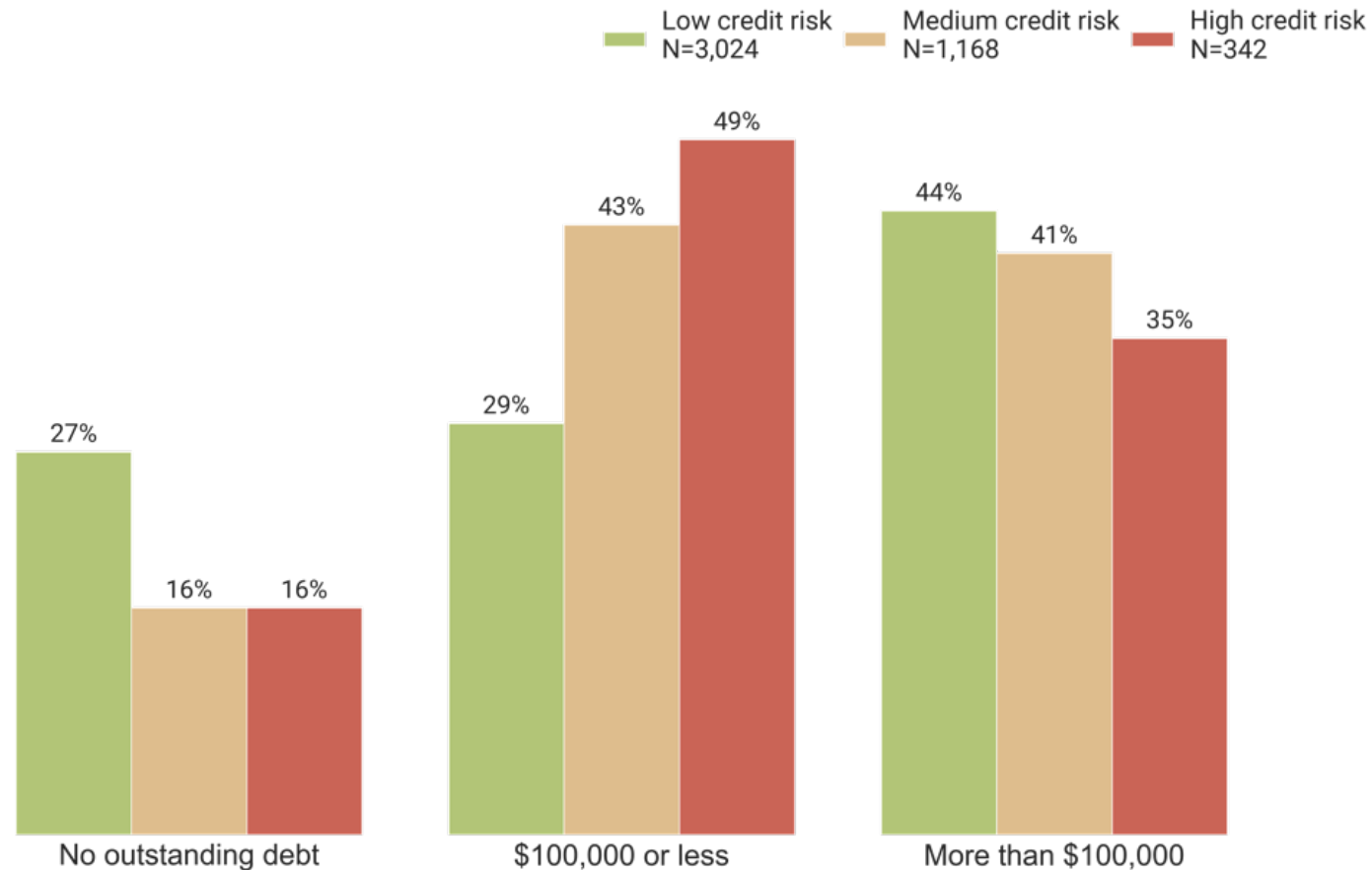
Debt and Financial Services

Outstanding debt, use of financial services, and payments



Amount of debt outstanding, time of survey

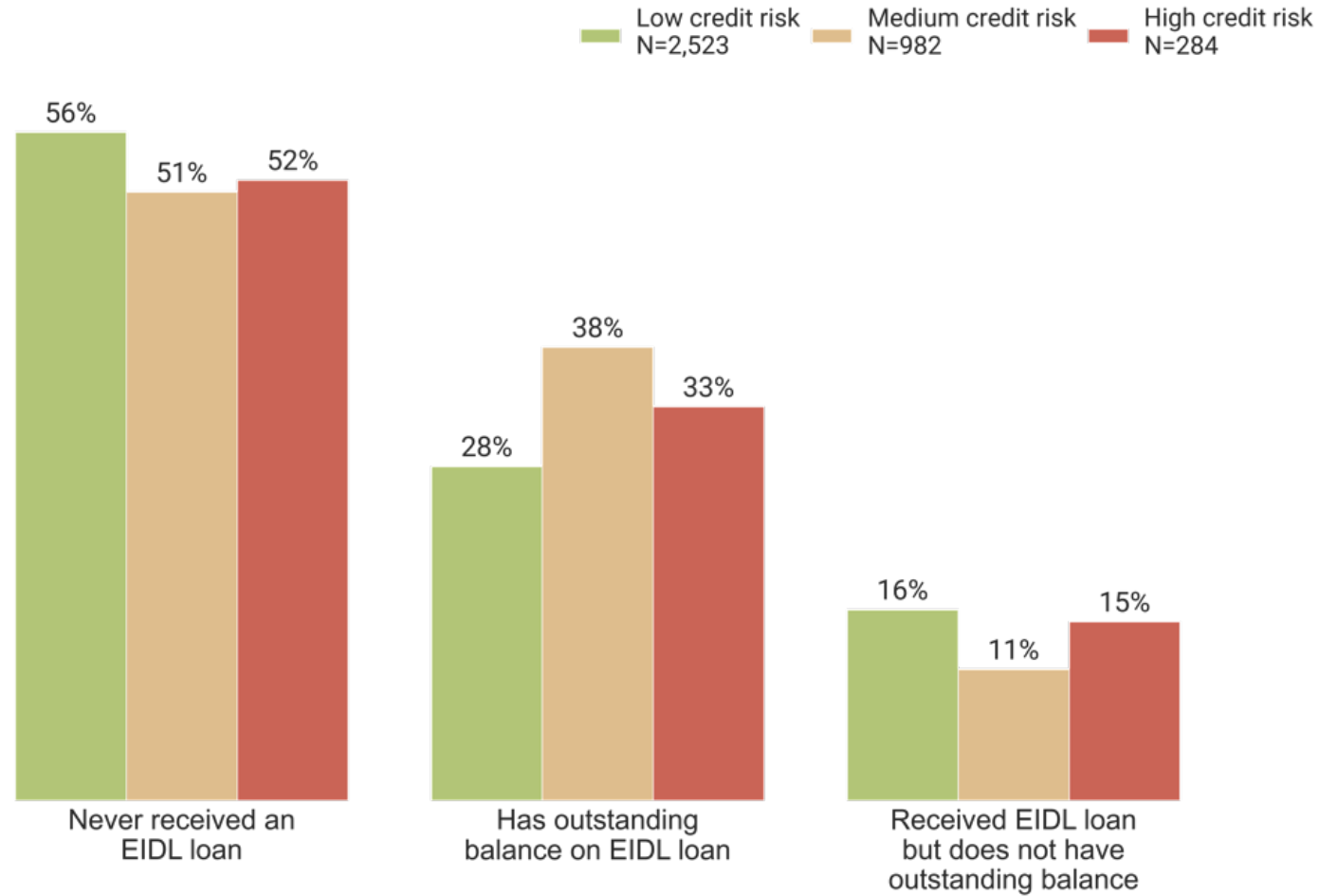
(% of employer firms)



Notes: Respondents were instructed to consider funds borrowed from external parties, including formal borrowing from financial institutions and loans from friends and family. Percentages may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

COVID-19 EIDL debt, time of survey

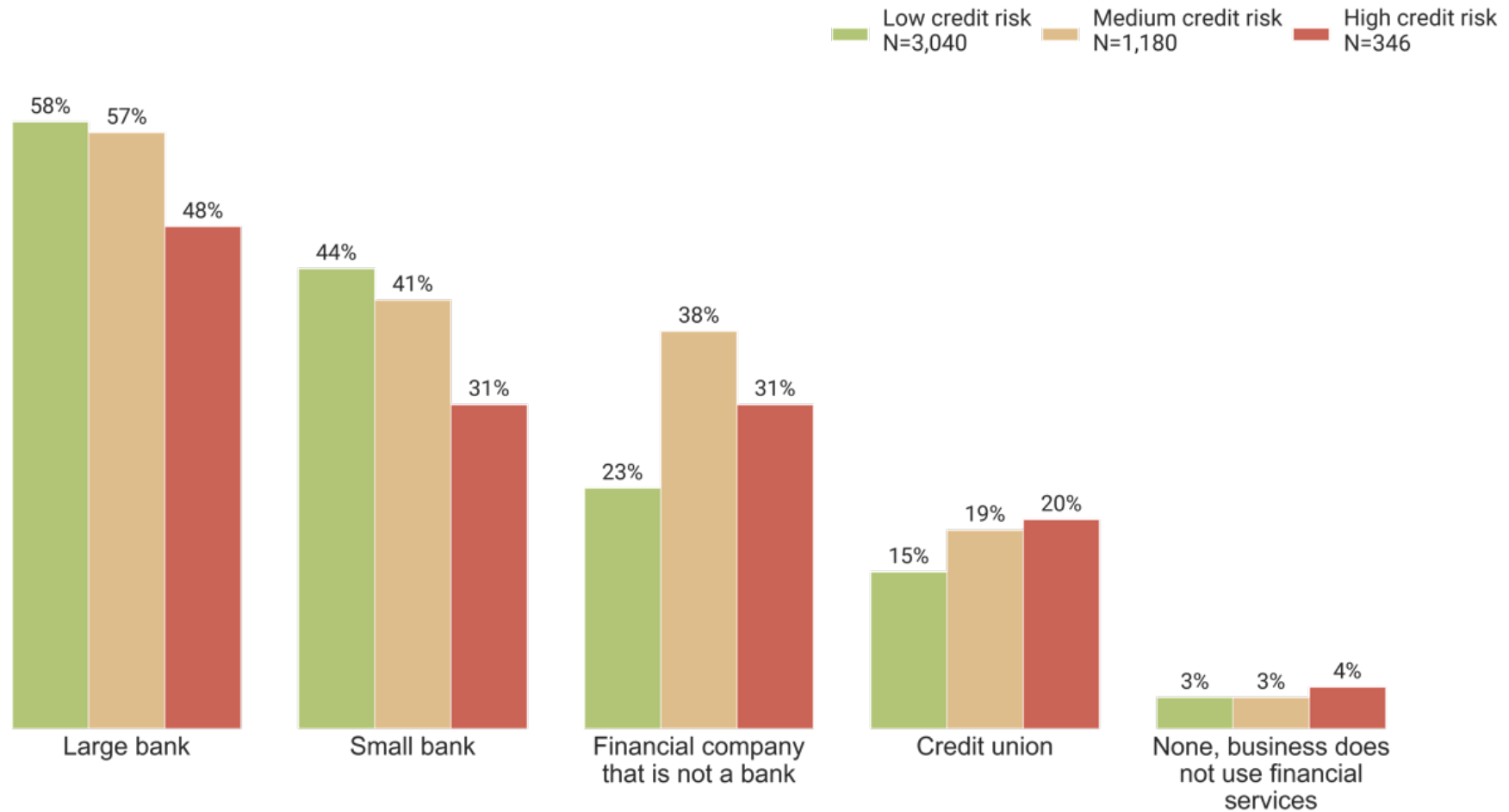
(% of employer firms)



Notes: The COVID-19 Economic Injury Disaster Loan (EIDL) program is administered by the US Small Business Administration. Data on COVID-19 EIDL debt are drawn from an optional end-of-survey module (approximately 80% of employer firms opted to answer in 2023). Percentages may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

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 payment processing. Respondents could select multiple options. See Appendix for financial services provider definitions used in the SBCS.

Use of financing and credit

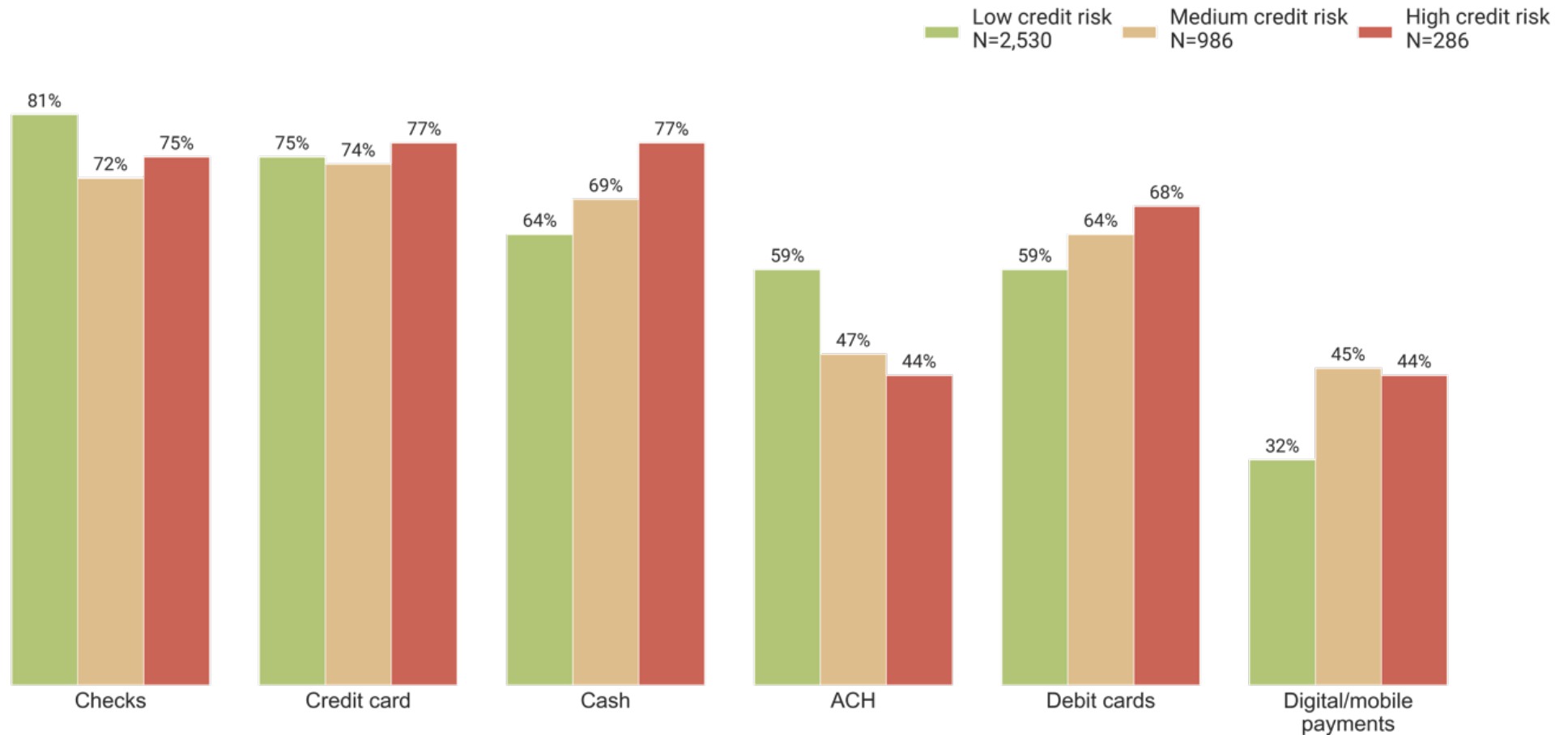
(% of employer firms)



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

Forms of payment accepted

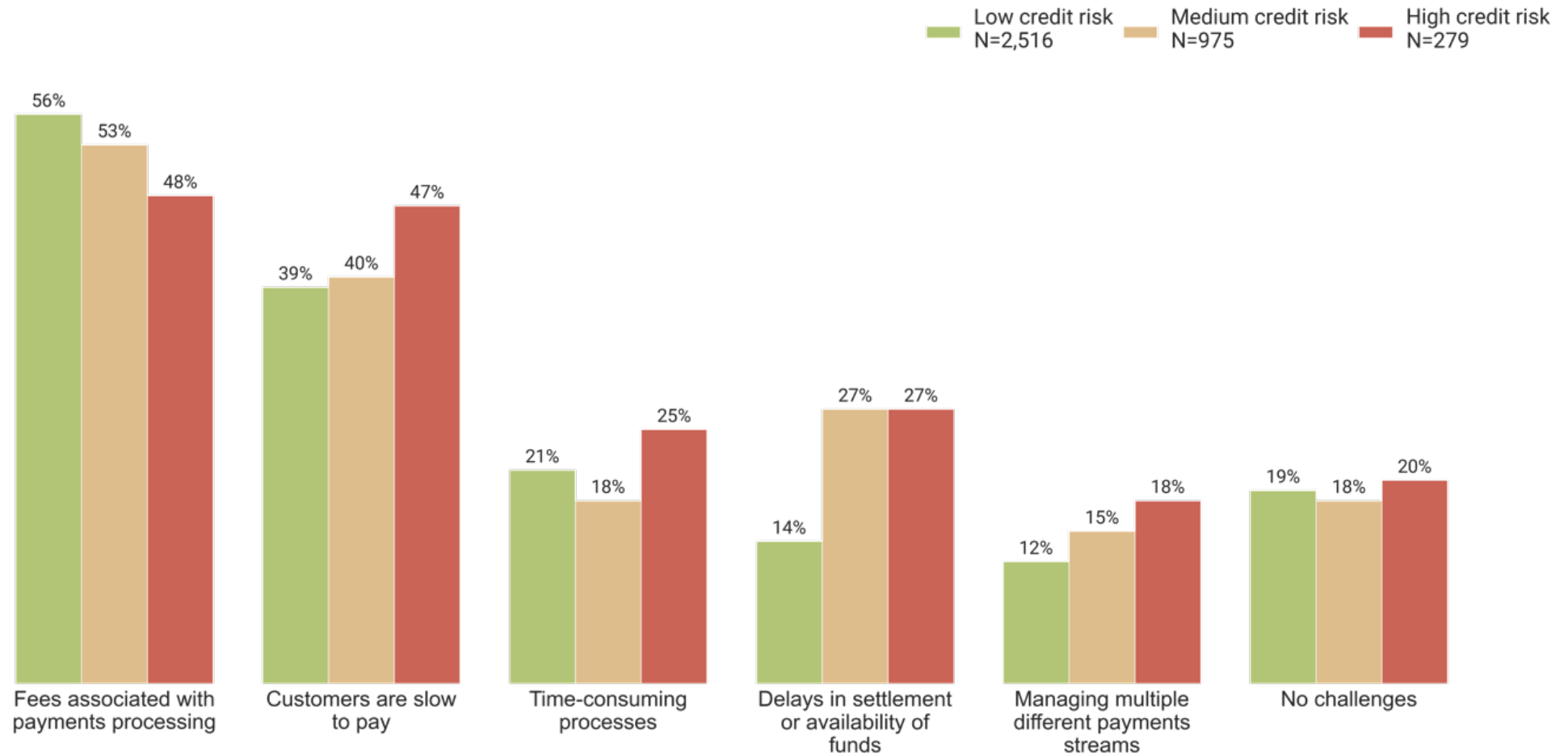
(% of employer firms)



Notes: Data on payments are drawn from an optional end-of-survey module (approximately 80% of employer firms opted to answer in 2023). Respondents could select multiple options. Select response options shown.

Payments-related challenges

(% of employer firms)



Notes: Data on payments are drawn from an optional end-of-survey module (approximately 80% of employer firms opted to answer in 2023). Respondents could select multiple options. Select response options shown.

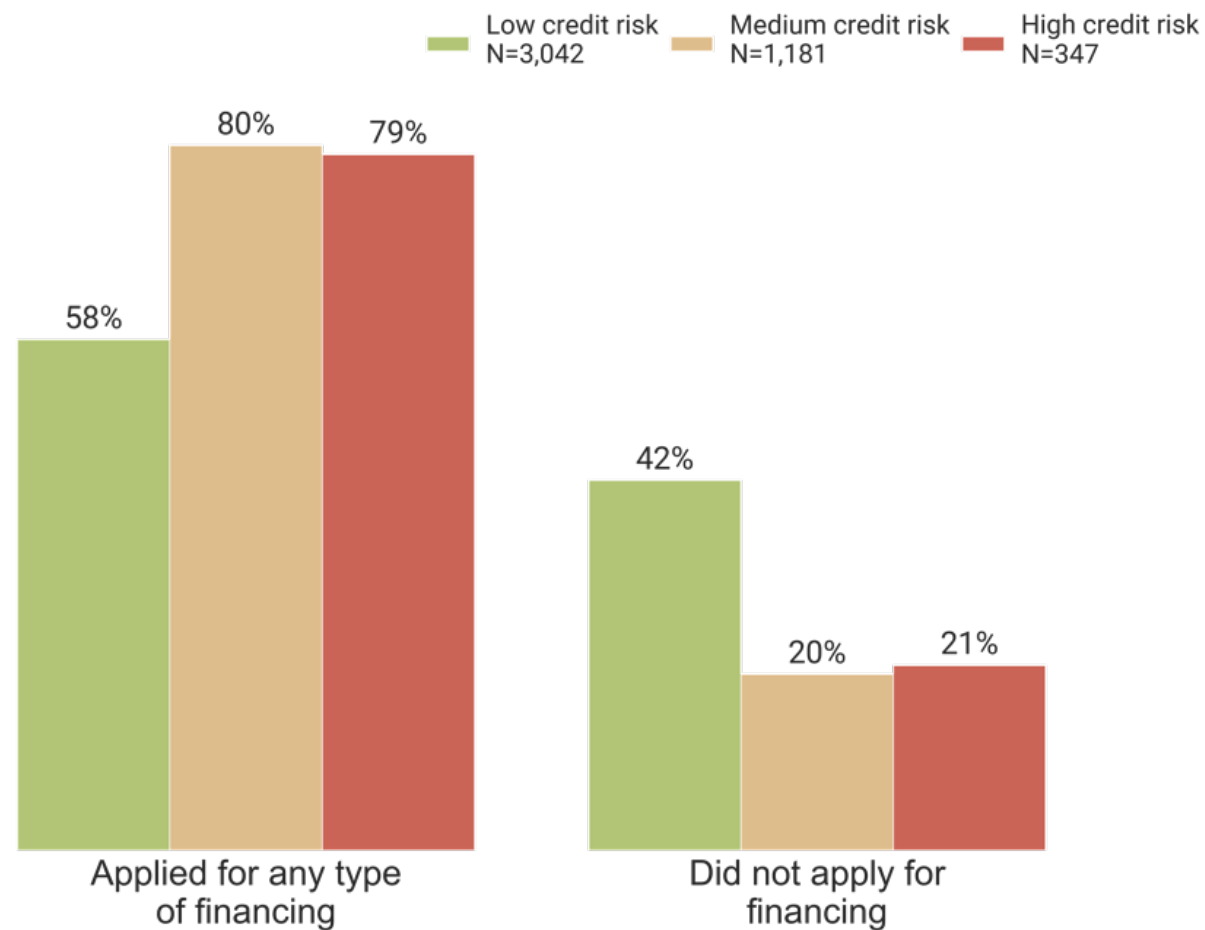
Financing

Financing applications
and outcomes



Demand for financing, prior 12 months

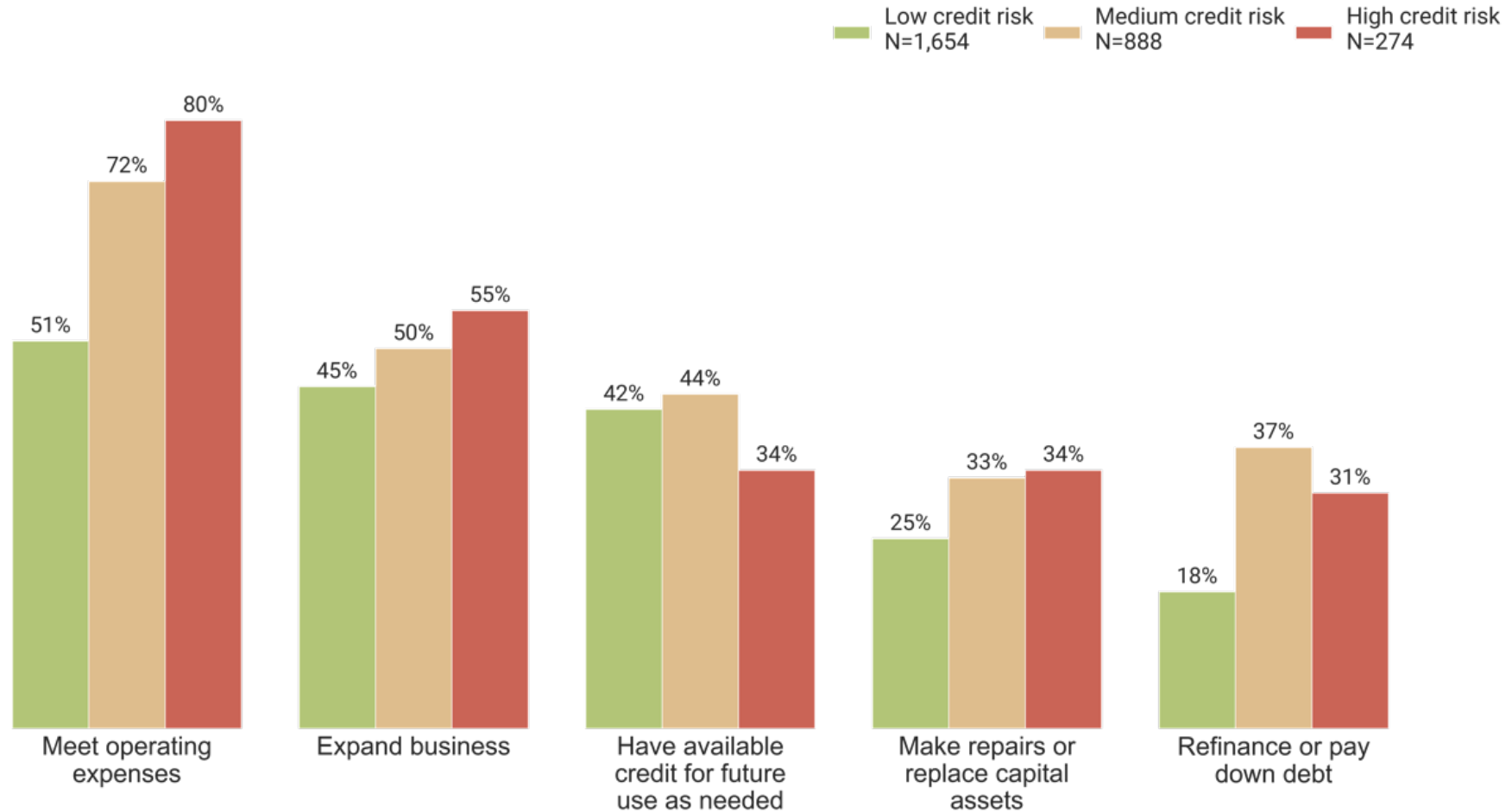
(% of employer firms)



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

Reasons for seeking financing, prior 12 months

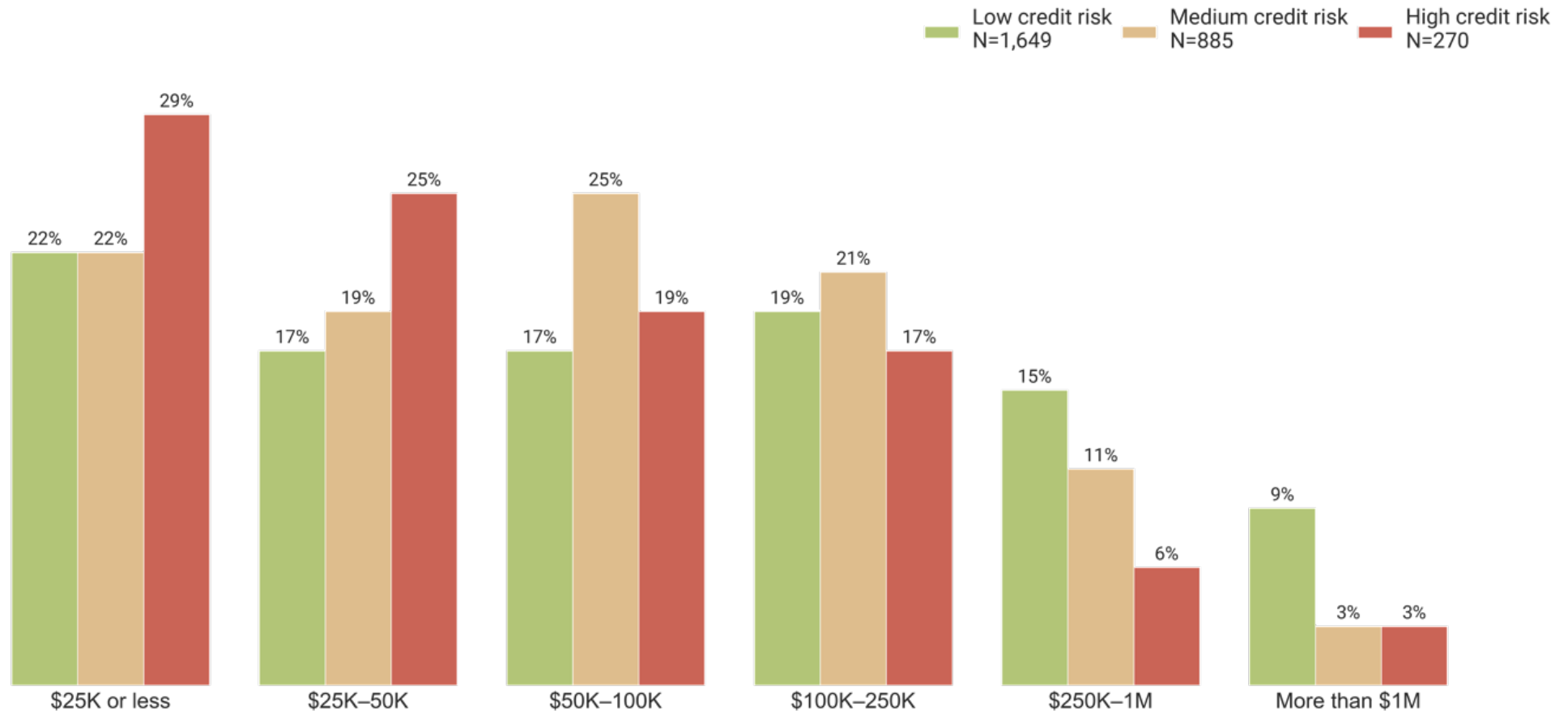
(% of applicants)



Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

Total amount of financing sought, prior 12 months

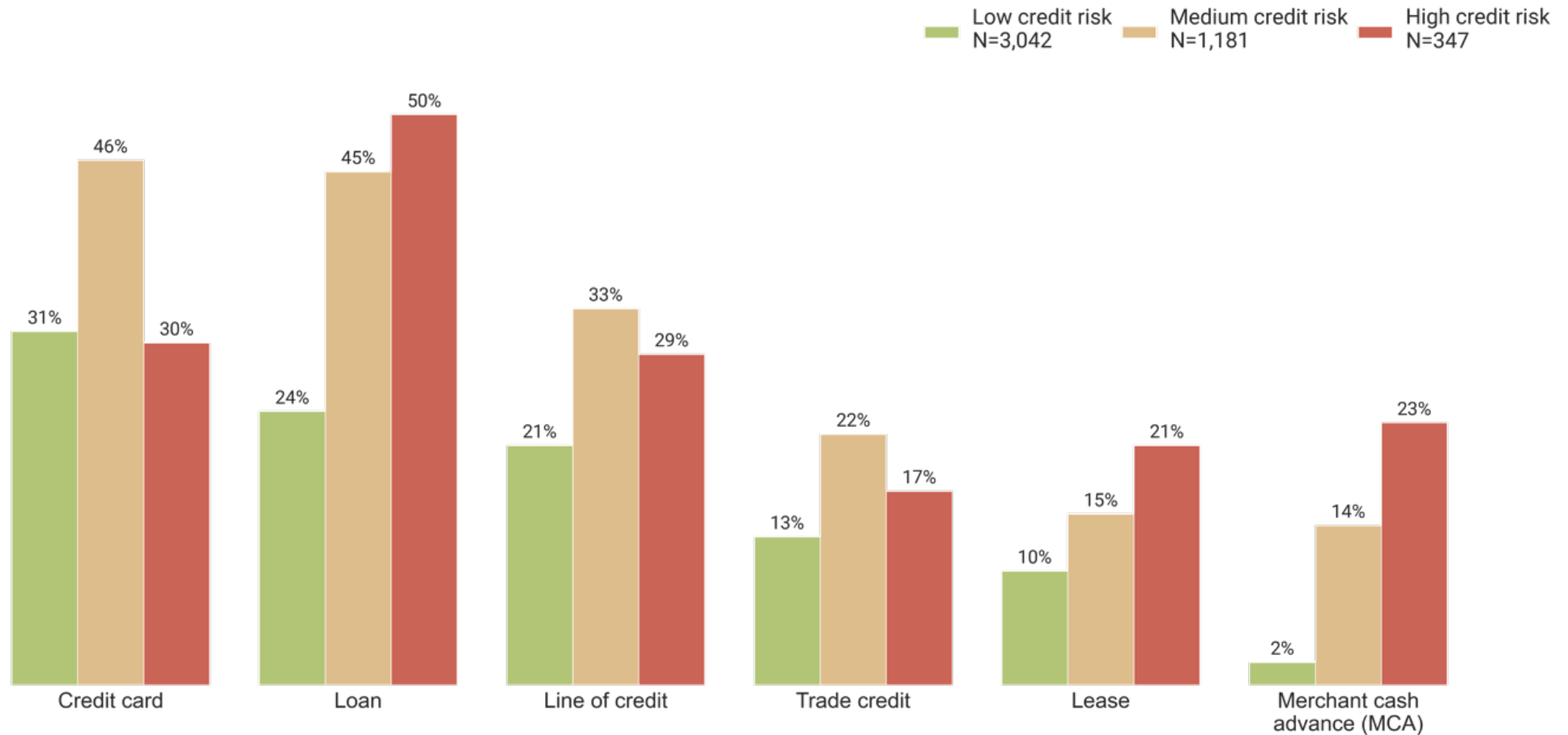
(% of applicants)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Financing and credit products sought, prior 12 months

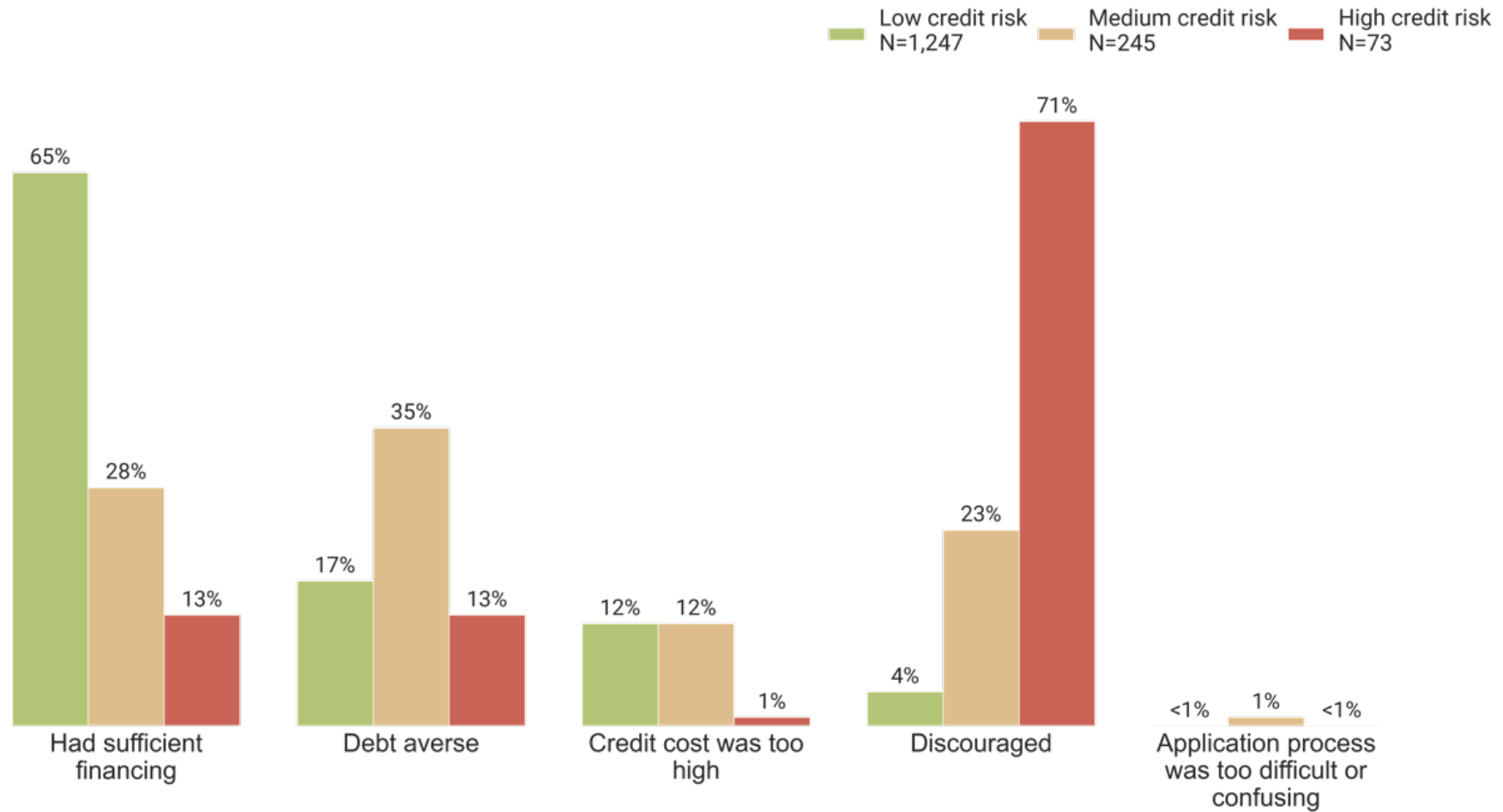
(% of applicants)



Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

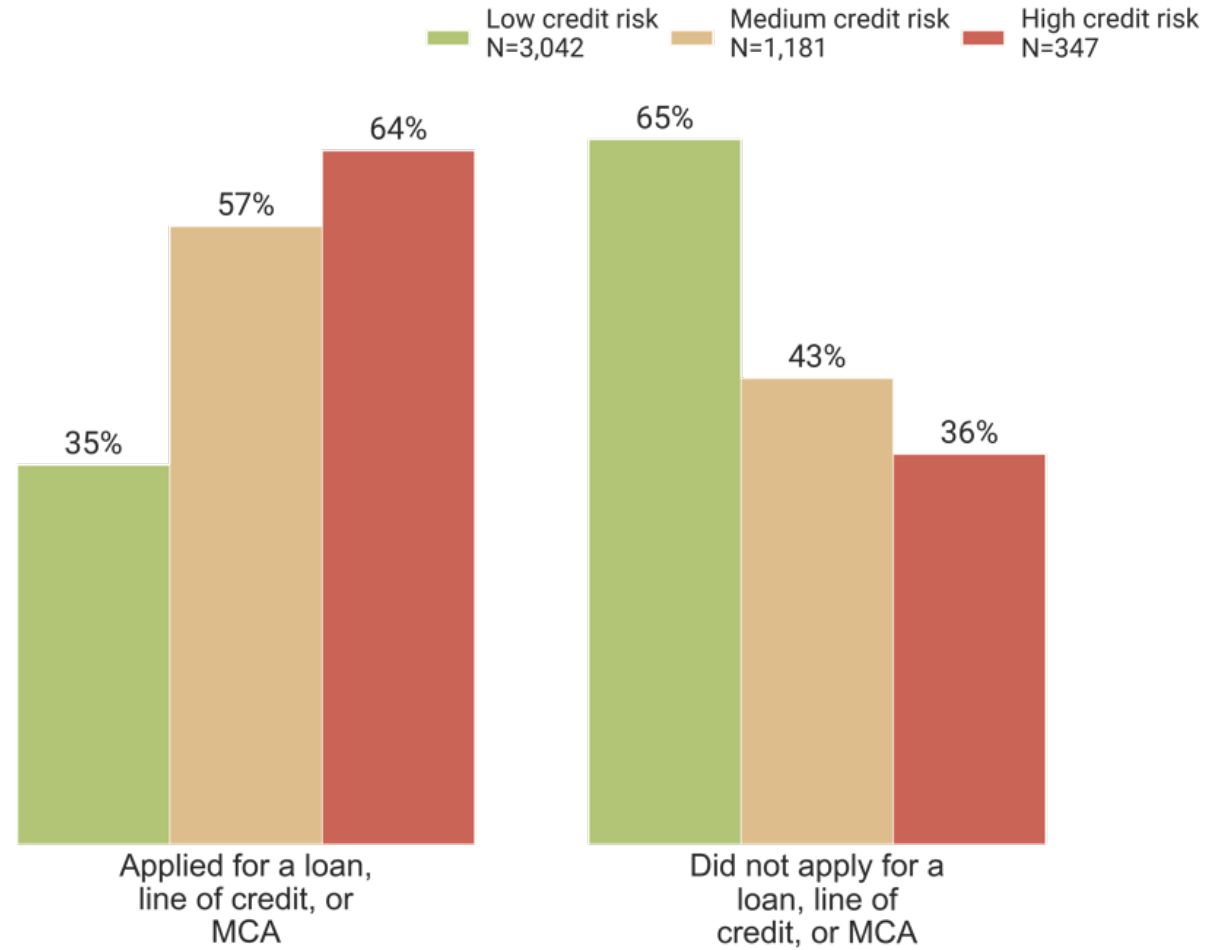
Top reasons for not applying, prior 12 months

(% of nonapplicants)



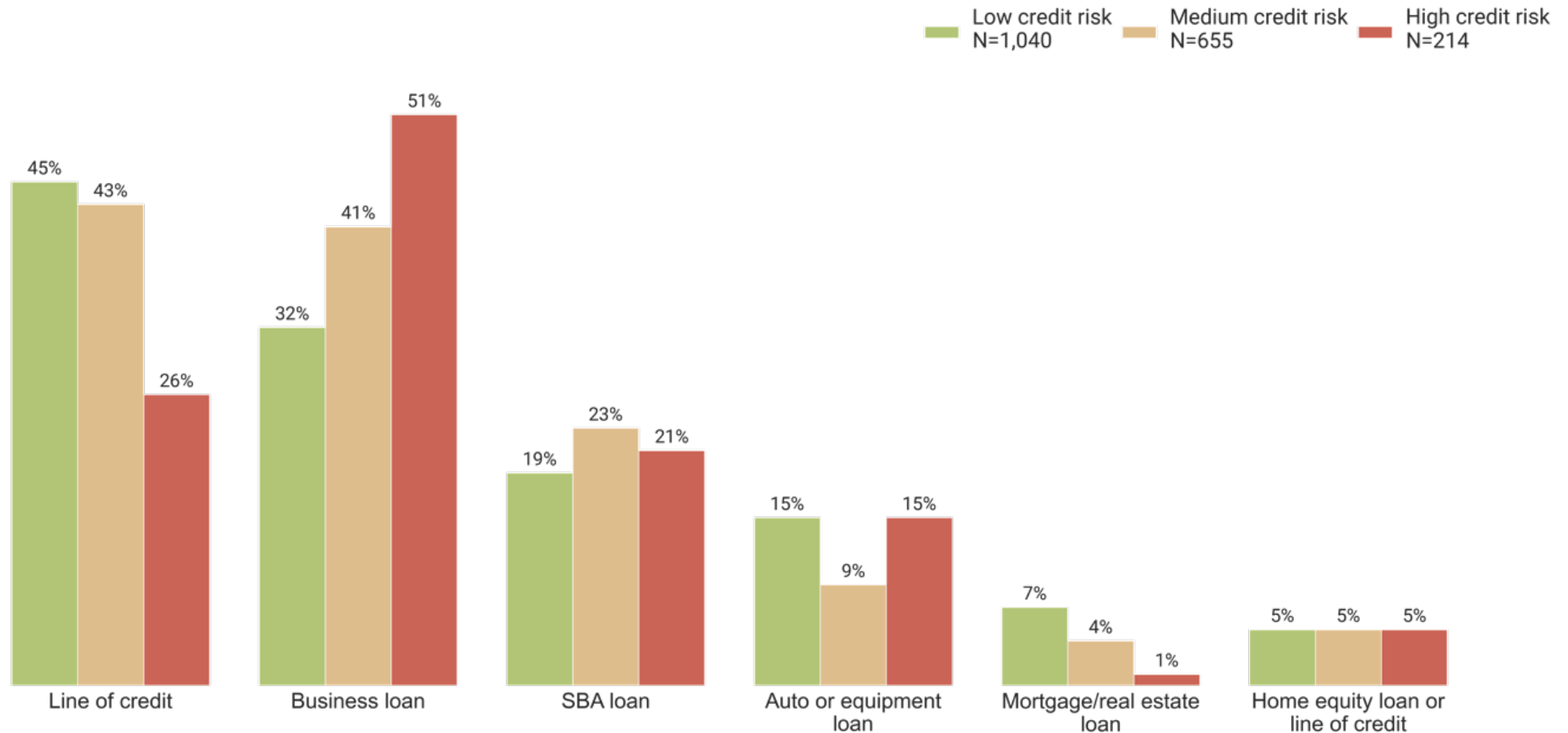
Notes: Respondents were asked to select the primary reason they chose not to apply for financing. "Nonapplicants" are firms that did not apply for financing in the prior 12 months. Percentages across response options may not sum to 100 within firm categories because of rounding and because response option "other" is not shown. See Appendix for definitions of SBCS time references.

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



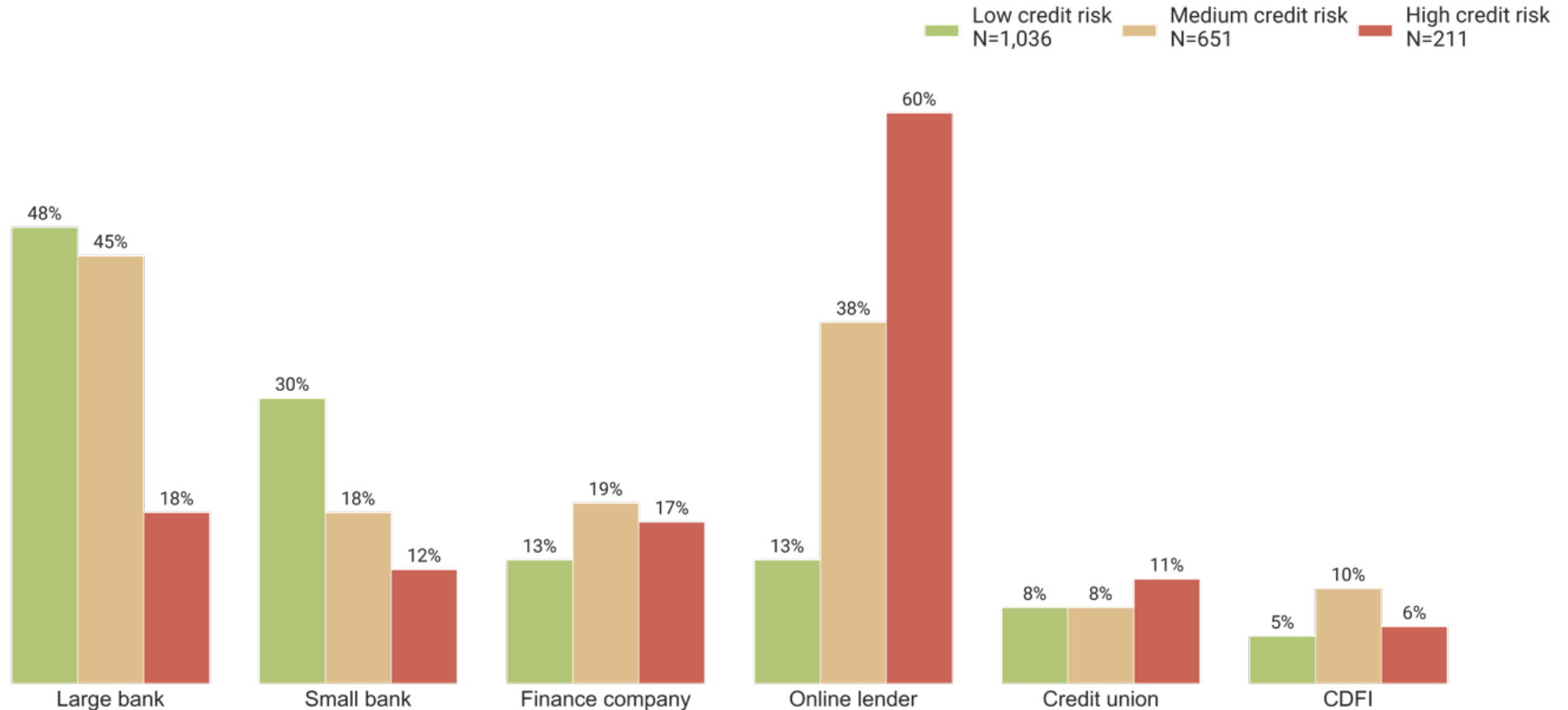
Notes: "MCA" is a merchant cash advance. See Appendix for definitions of SBCS time references.

Applications by type of loan, line of credit, or MCA product, prior 12 months (% of applicants)



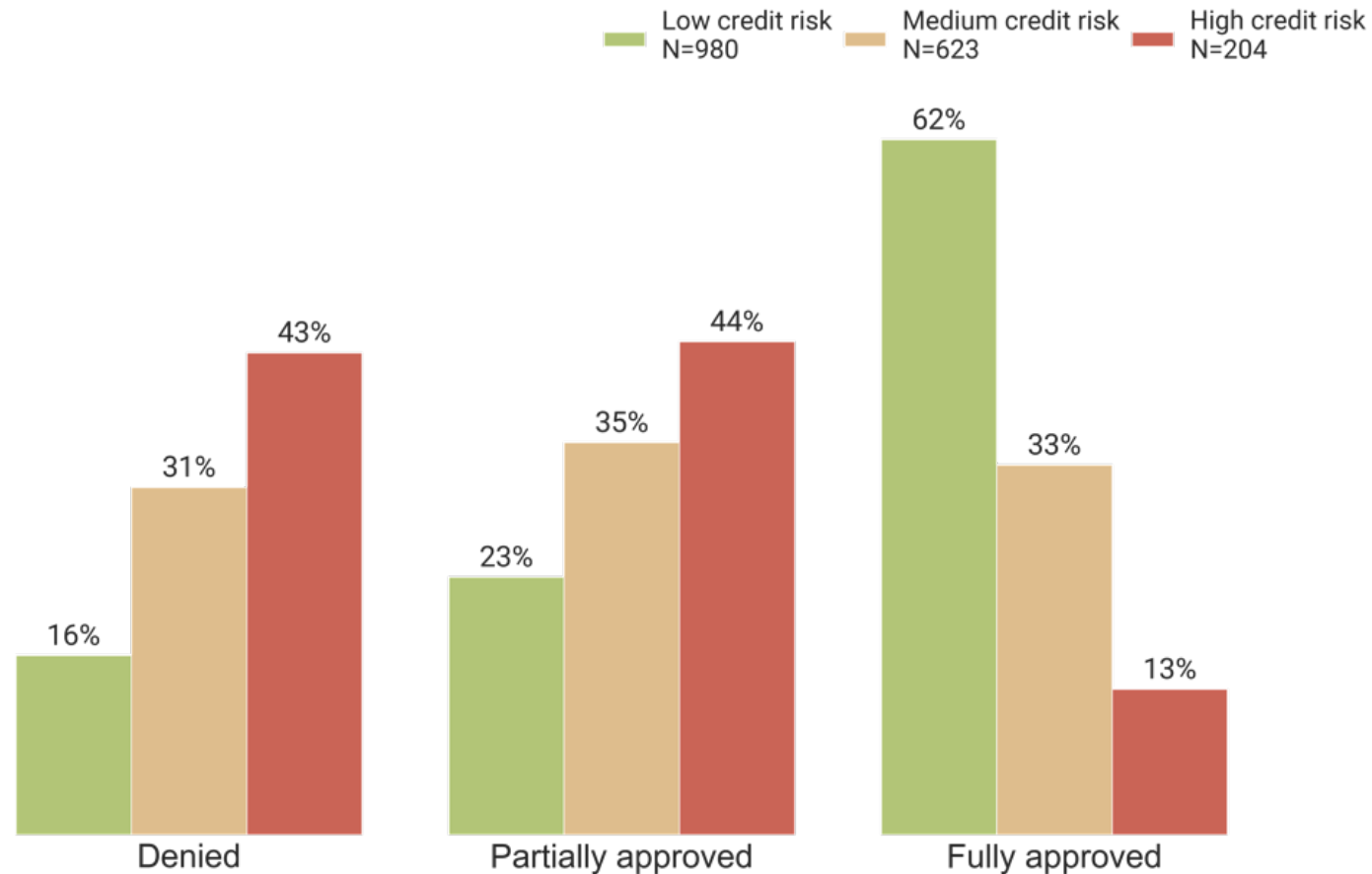
Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

Applications by loan, line of credit, and MCA source, prior 12 months (% of applicants)



Notes: Respondents could select multiple options. Response option "other" not shown. See Appendix for definitions of SBCS time references.

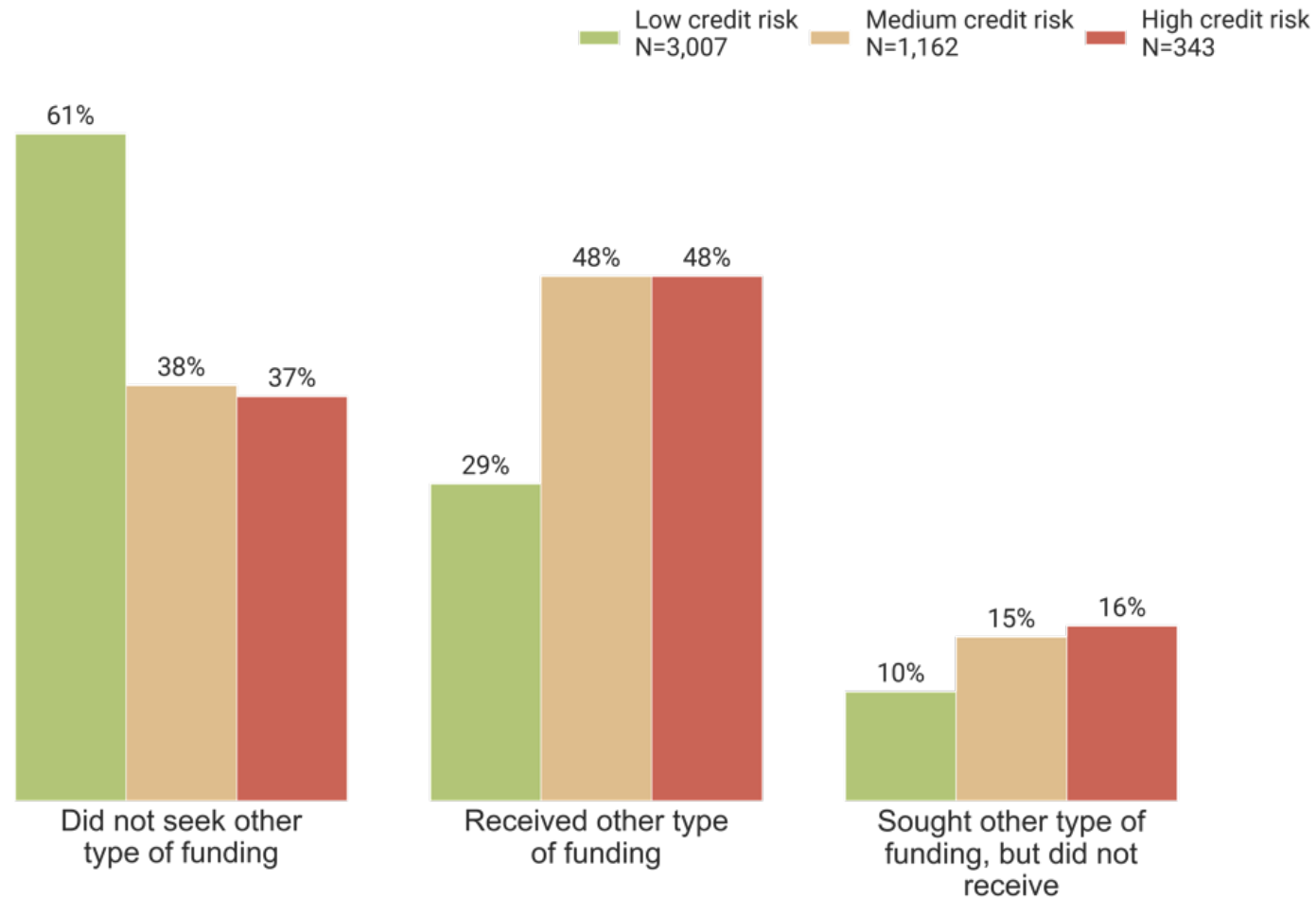
Outcomes for loan, line of credit, and MCA applicants, prior 12 months (% of applicants)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references.

Other types of funding sought and received, prior 12 months

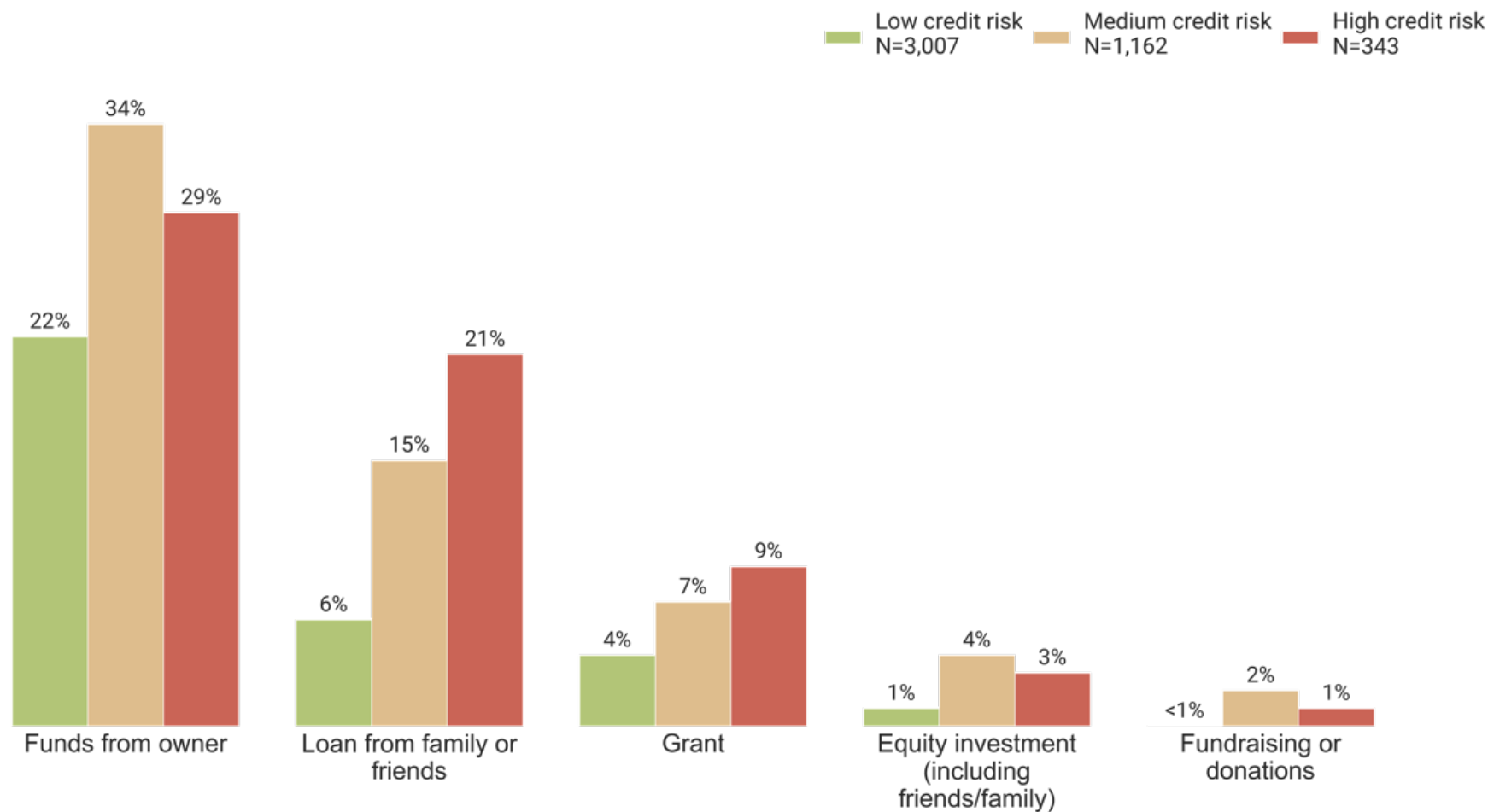
(% of employer firms)



Notes: "Other types of funding" includes funds from the owner(s), loans from family or friends, grants, equity investments, and fundraising or donations. See Appendix for definitions of SBCS time references.

Other types of funding received, prior 12 months

(% of employer firms)



Notes: Respondents could select multiple options. Select response options shown. See Appendix for definitions of SBCS time references.

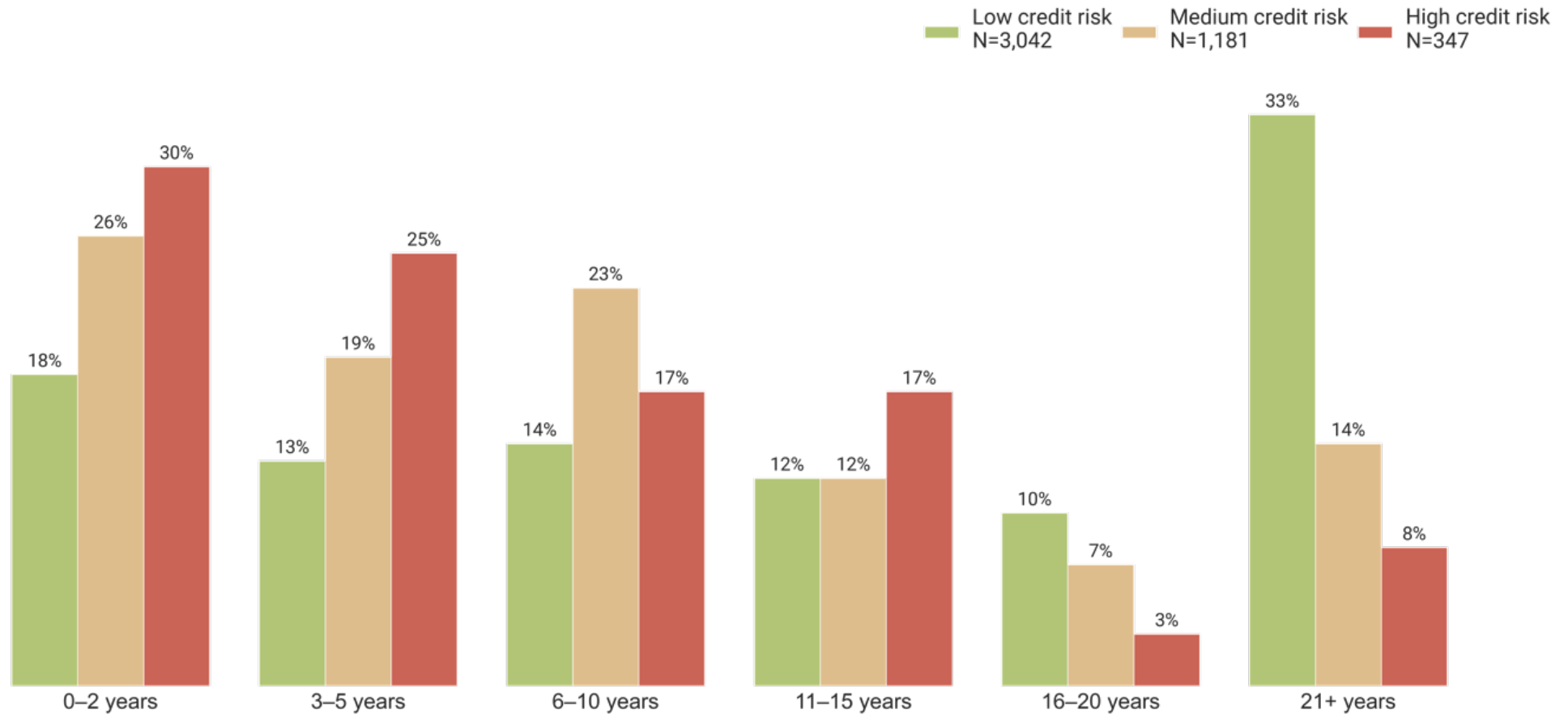
Demographics

Firm and owner characteristics



Age of firm

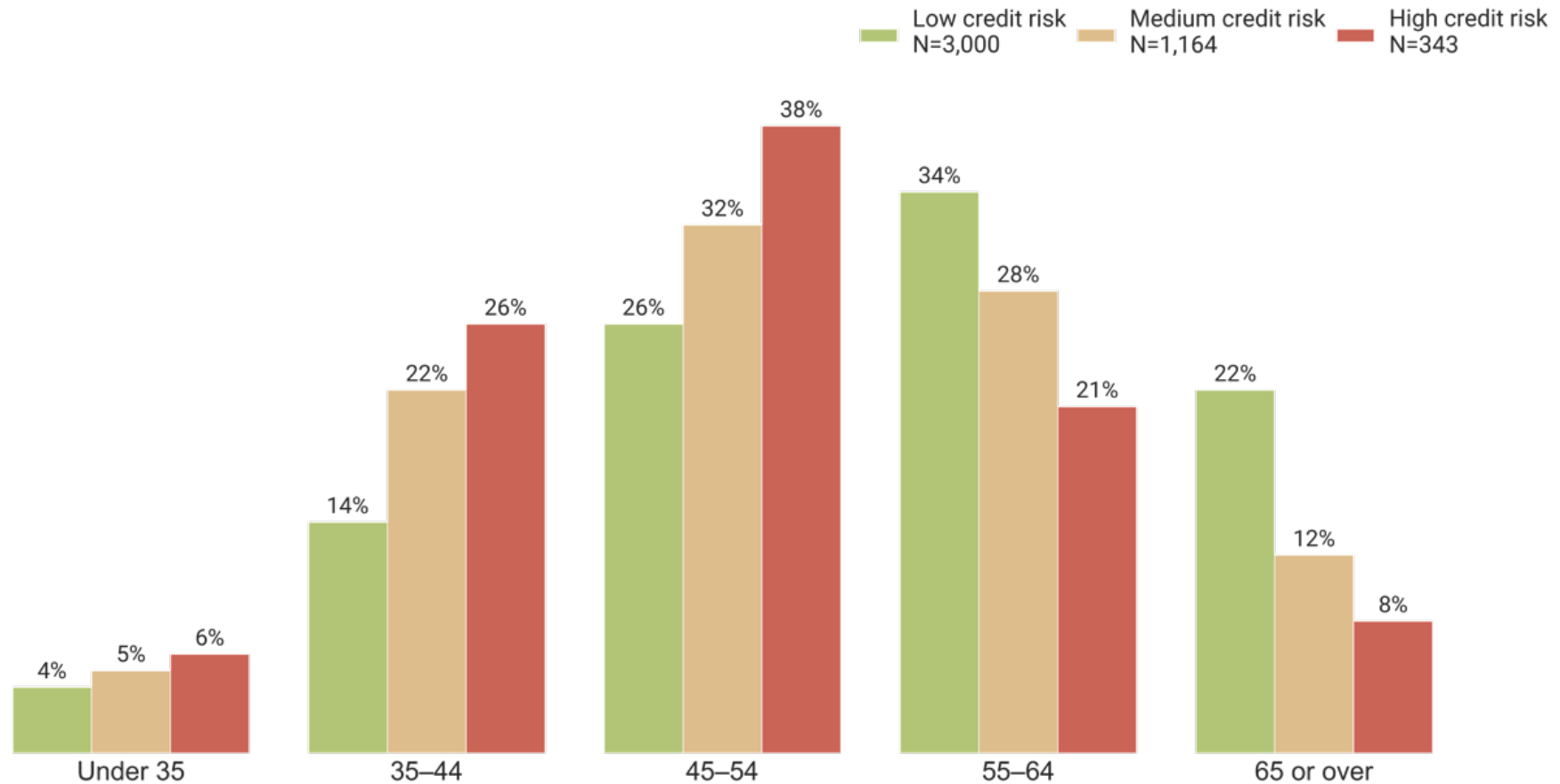
(% of employer firms)



Notes: Percentages across response options 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.

Age of primary owner

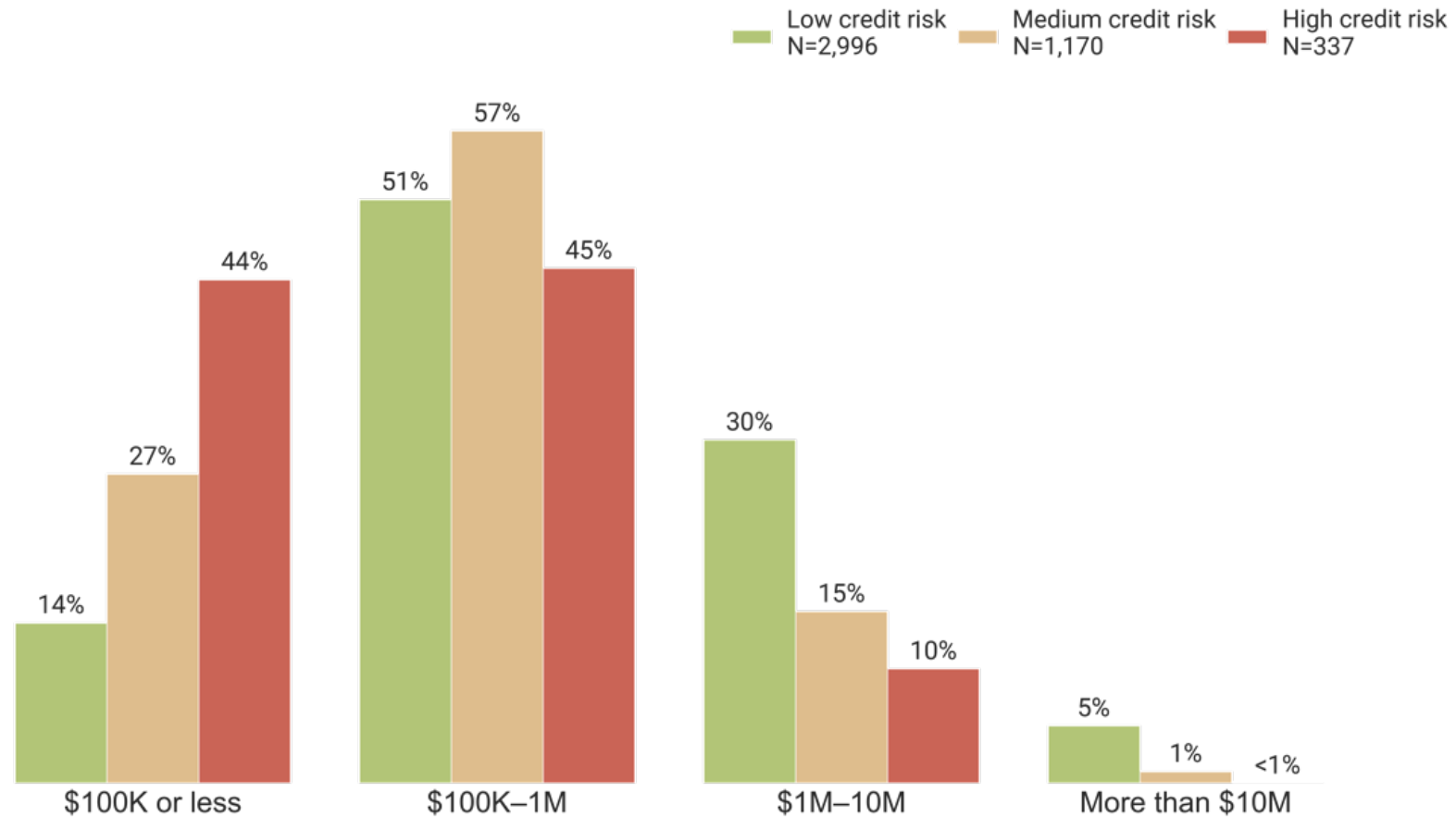
(% of employer firms)



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

Annual revenues

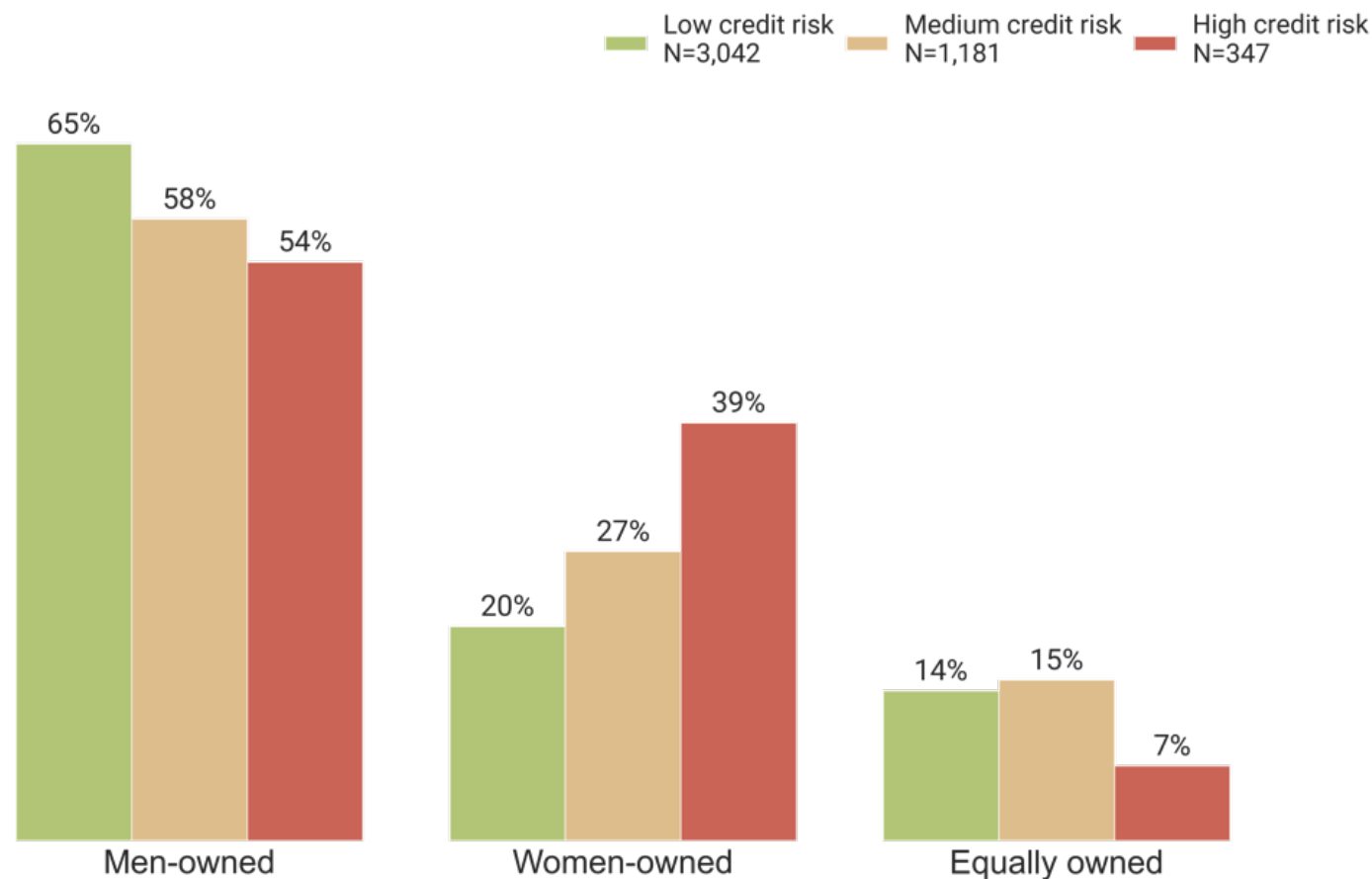
(% of employer firms)



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

Gender of owner(s)

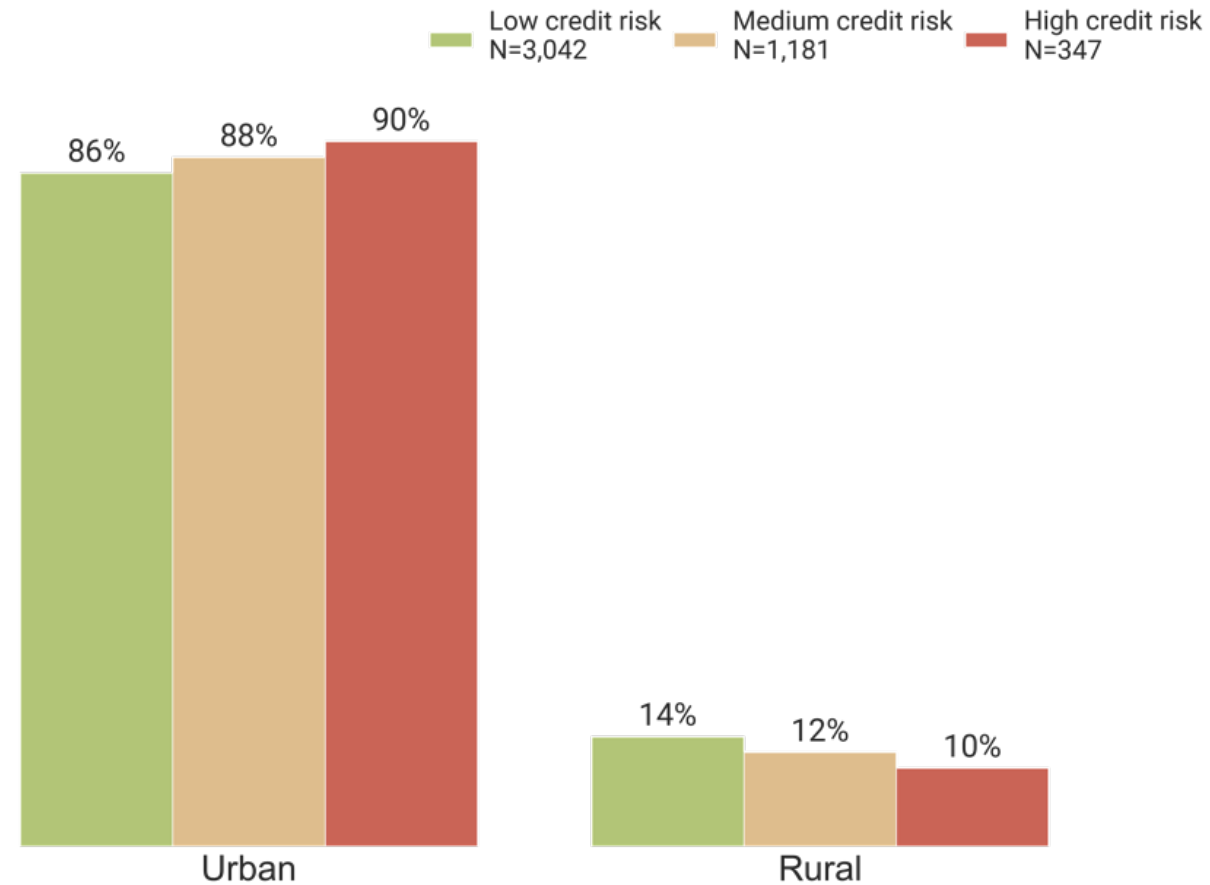
(% of employer firms)



Notes: Percentages across response options 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.

Geography

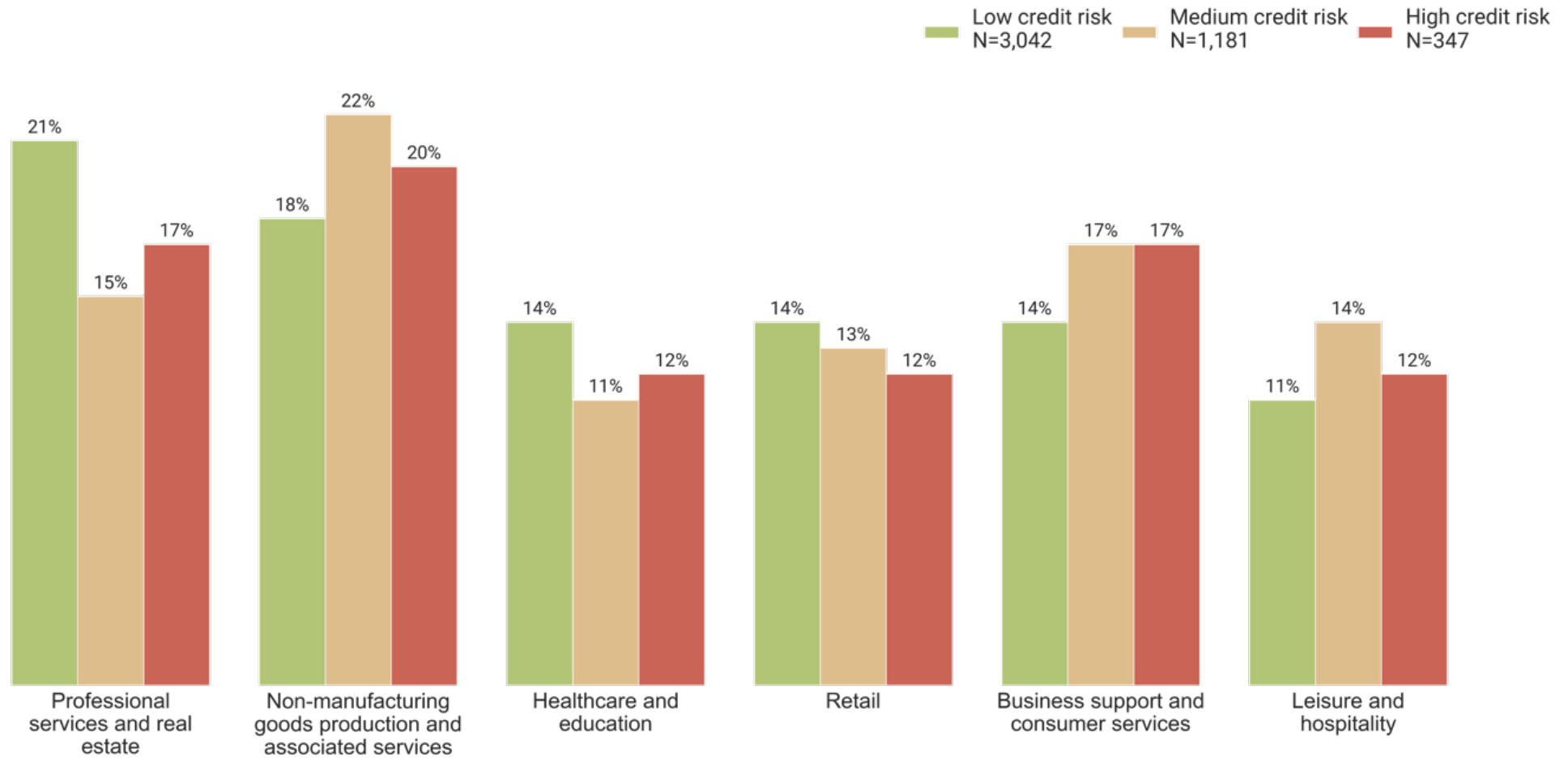
(% of employer firms)



Notes: Urban and rural definitions come from US Department of Agriculture Rural-Urban Commuting Area codes. Because geography 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

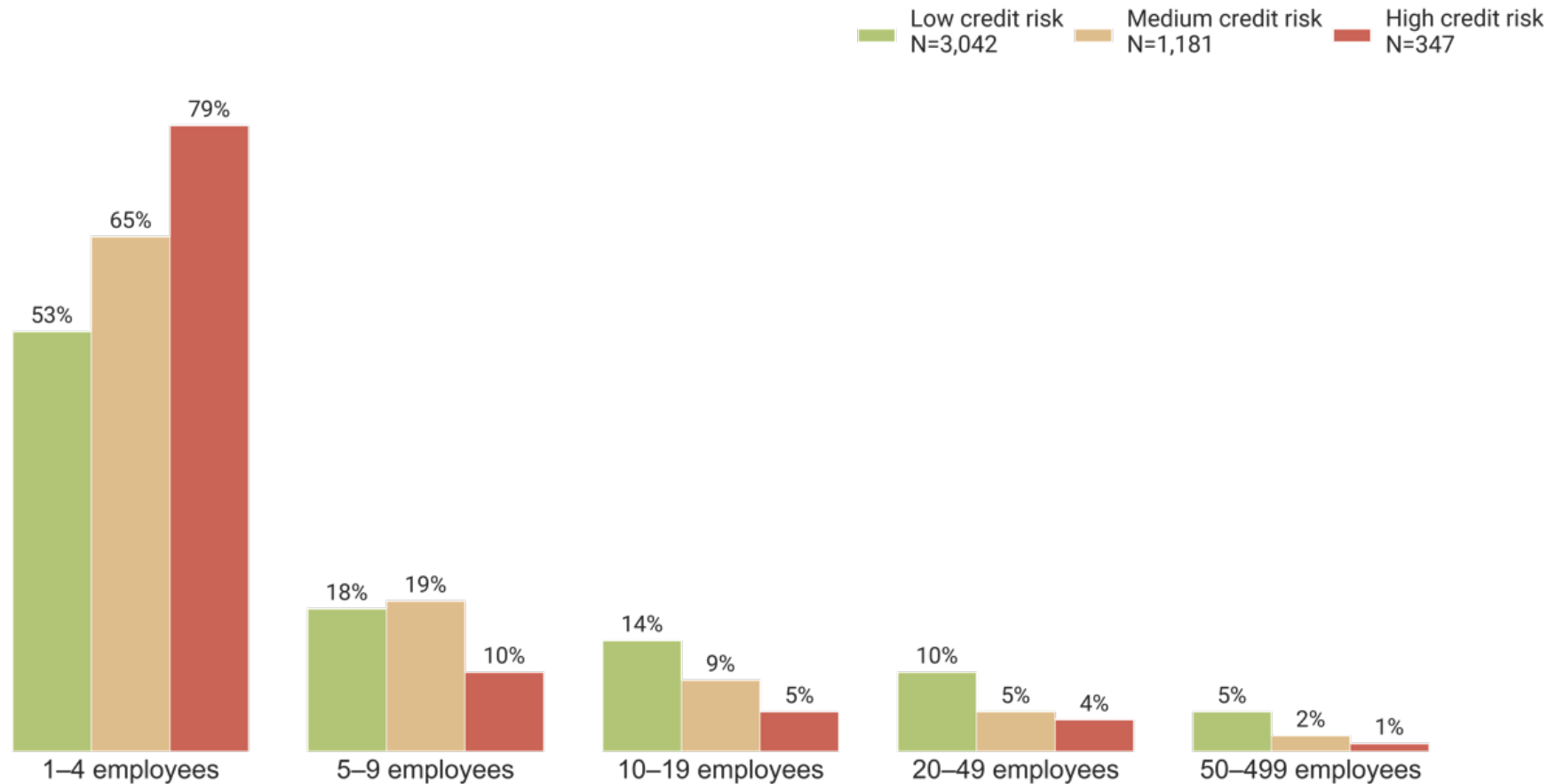
(% of employer firms)



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.

Number of employees

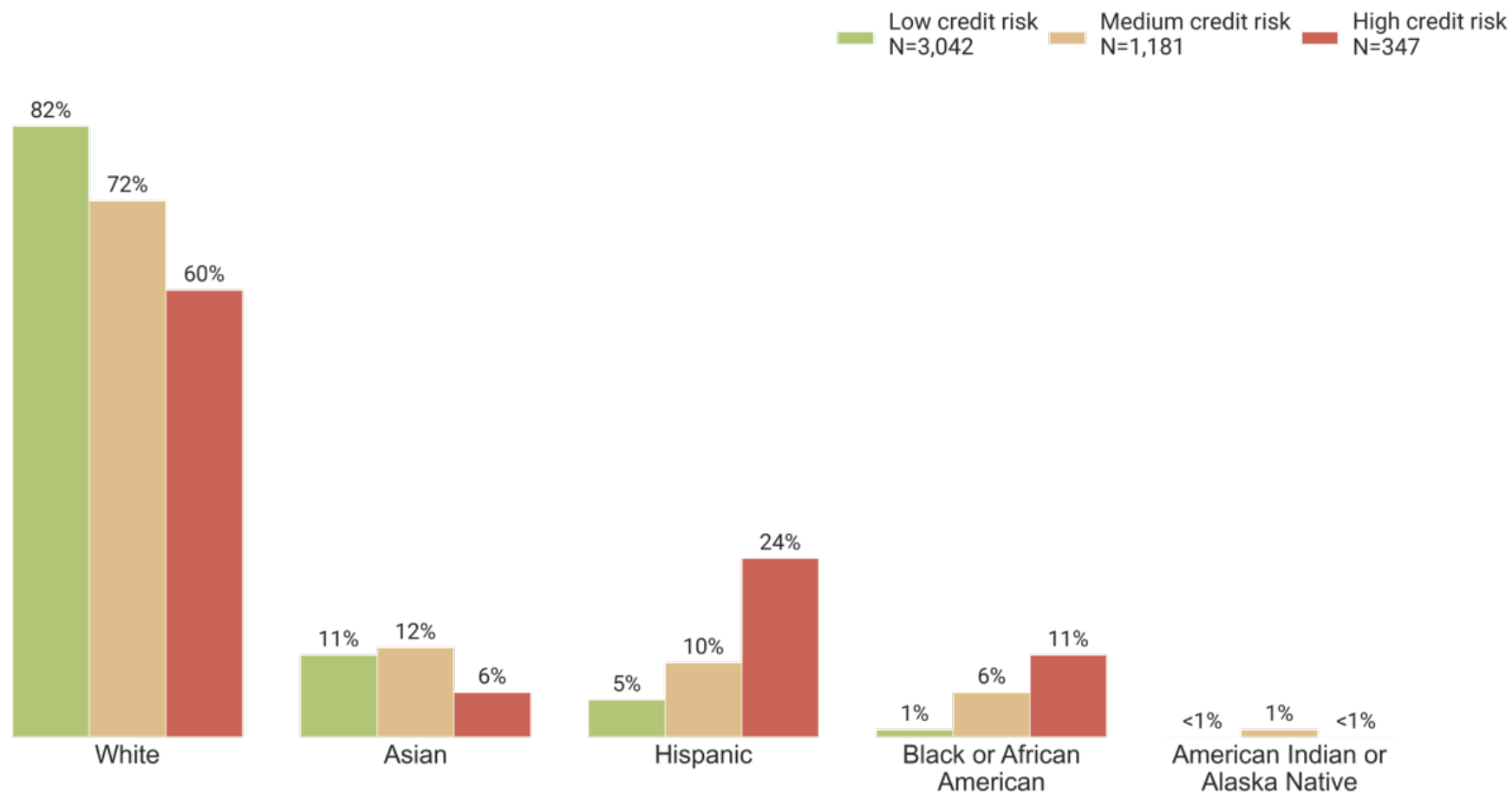
(% of employer firms)



Notes: Percentages across response options 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.

Race and ethnicity of owner(s)

(% of employer firms)



Notes: Percentages across response options 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.

Appendix

SBCS 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.

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 defined as 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.
Financial company that is not a bank	Examples of financial companies that are not banks include payroll services and payment-processing companies, fintech lenders, and finance companies.
Online lender/fintech lender	Online lenders/fintech lenders are nonbanks that operate online. Examples include OnDeck, CAN Capital, PayPal Working Capital, and Kabbage.
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.

Industry categories

Industry	NAICS codes	Examples of businesses
Business support and consumer services	56, 81	Barbers, business-event planners, 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 services, 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.

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 Latino/a 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.

Time references

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 2023 SBCS, this is approximately September–November 2022 through September–November 2023.

Time of Survey

September through November 2023.

Next 12 Months

The 12 months following the fielding of the survey. For the 2023 SBCS, this is approximately September–November 2023 through September–November 2024.

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 Dynamic 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 Pattern (CBP)	Industry, geography, firm size
State sample	US Census Bureau Business Dynamic 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 Pattern (CBP)	Industry, geography, firm size
MSA sample	US Census Bureau Business Dynamic 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 Pattern (CBP)	Industry, firm size