

FRBA Survey of Business Credit Conditions

November 9, 2011

John Robertson



Overview of FRBA Strategy

Primary Focus Areas:

1. Small businesses role in job creation
 - Impediments to the business formation process, and especially of high growth potential businesses
2. Small businesses role in community stability
 - Importance of information networks between businesses, banks, technical assistance providers and specialized credit sources

Primary Tools:

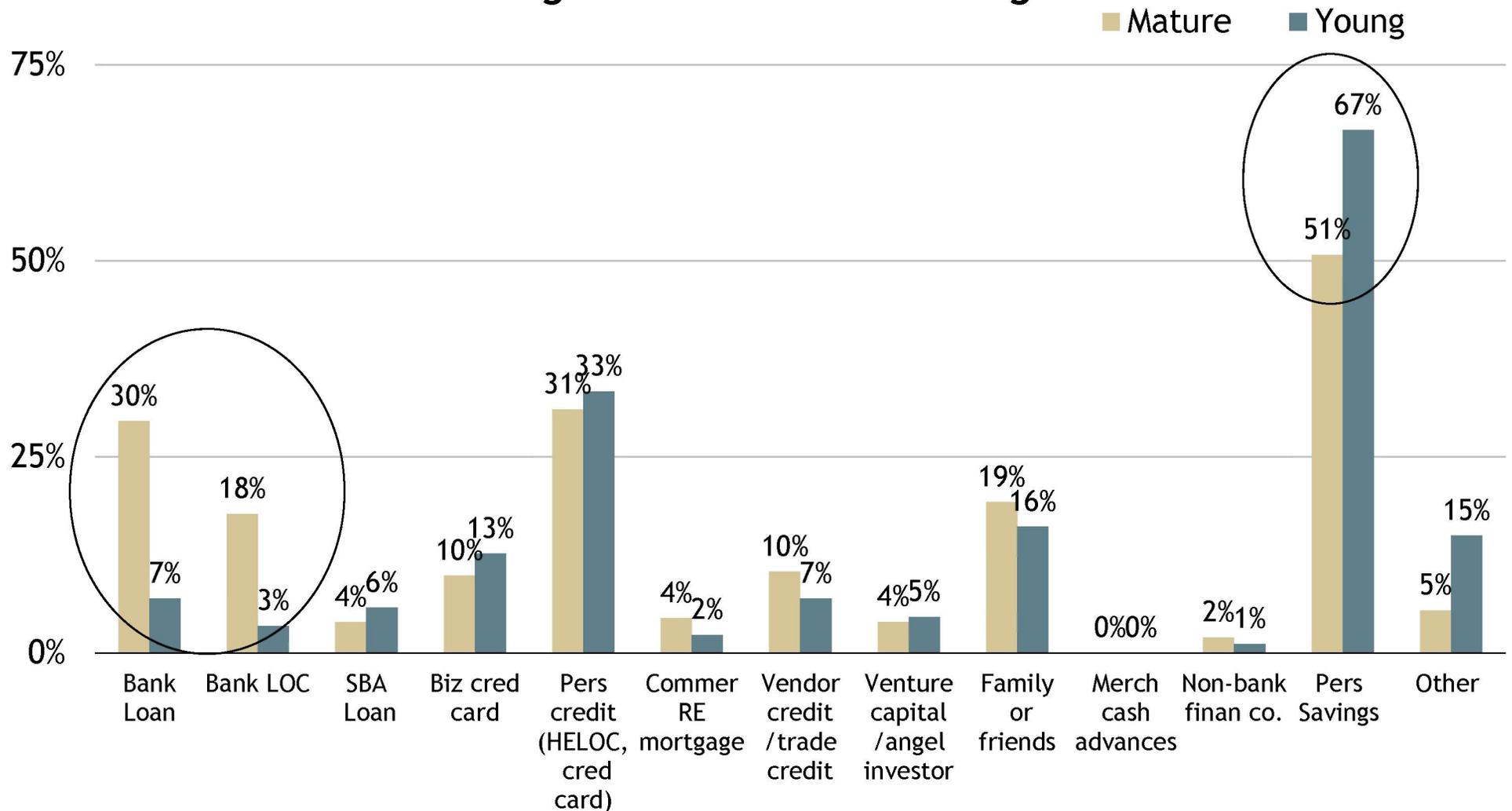
1. Forums with service providers (financial and technical) to small businesses, including new businesses
2. Quarterly survey of business credit conditions
3. Research on small business impact on local economic development

Quarterly Survey of 6D Business Credit Conditions

- Started Q4 of 2009
- Targeting small and mid-sized businesses in Southeast (6th District)
- Average about 300 responses per round
 - Roughly match the region's industry mix of firms
 - Respondents tend to be a bit larger and more mature than the population (age distribution has improved over time)
- Have standard questions plus occasional special topic questions
 - Coordinating questionnaire design with FRBNY
- Results published on Bank's website
(<http://www.frbatlanta.org/research/smallbusiness/sbresearch/>)
- Ongoing evaluation of the value of the survey
 - A supplement to other surveys: FRBNY, SCF, NFIB, Kauffman
- Q3 2011 results: highlight a few differences between young (<6 years old) and more mature businesses

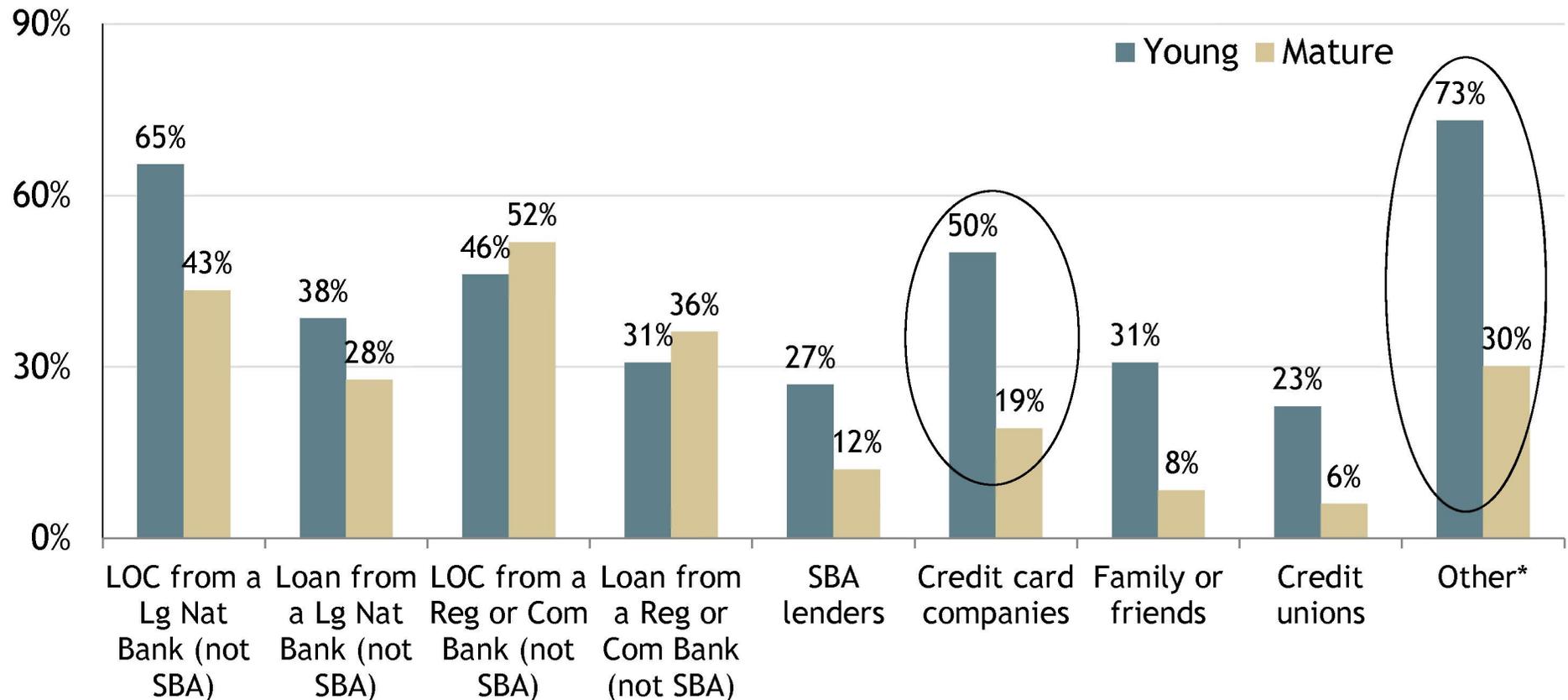
Today's younger businesses are less likely to have relied on a bank loan for startup capital

Original Source of Financing



Younger firms looked for credit in more places ...

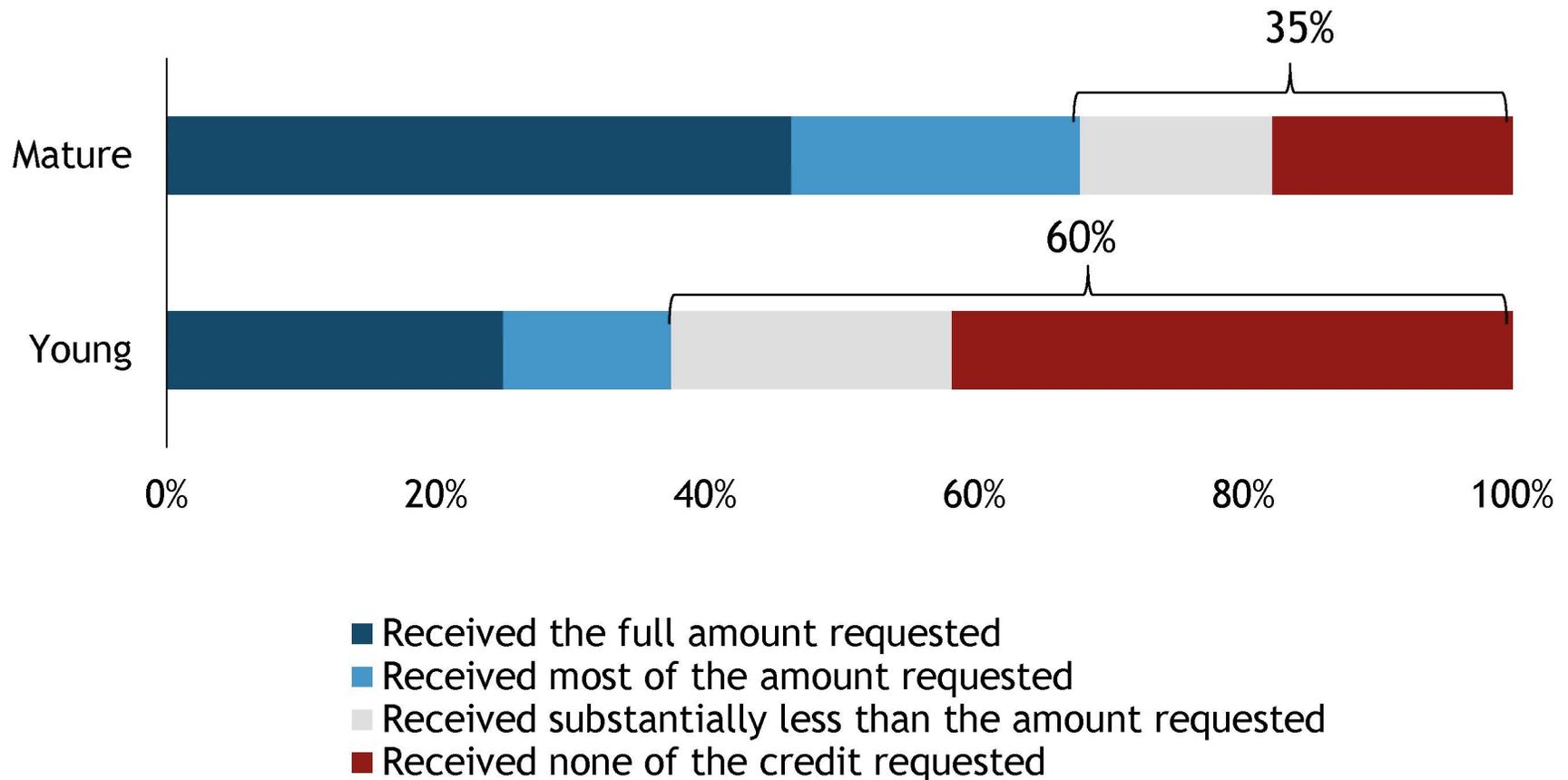
Channels of Financing
Percent of firms that sought credit



*Other includes community development financial institutions, internet banks, merchant cash advances, non-bank financing companies, and other

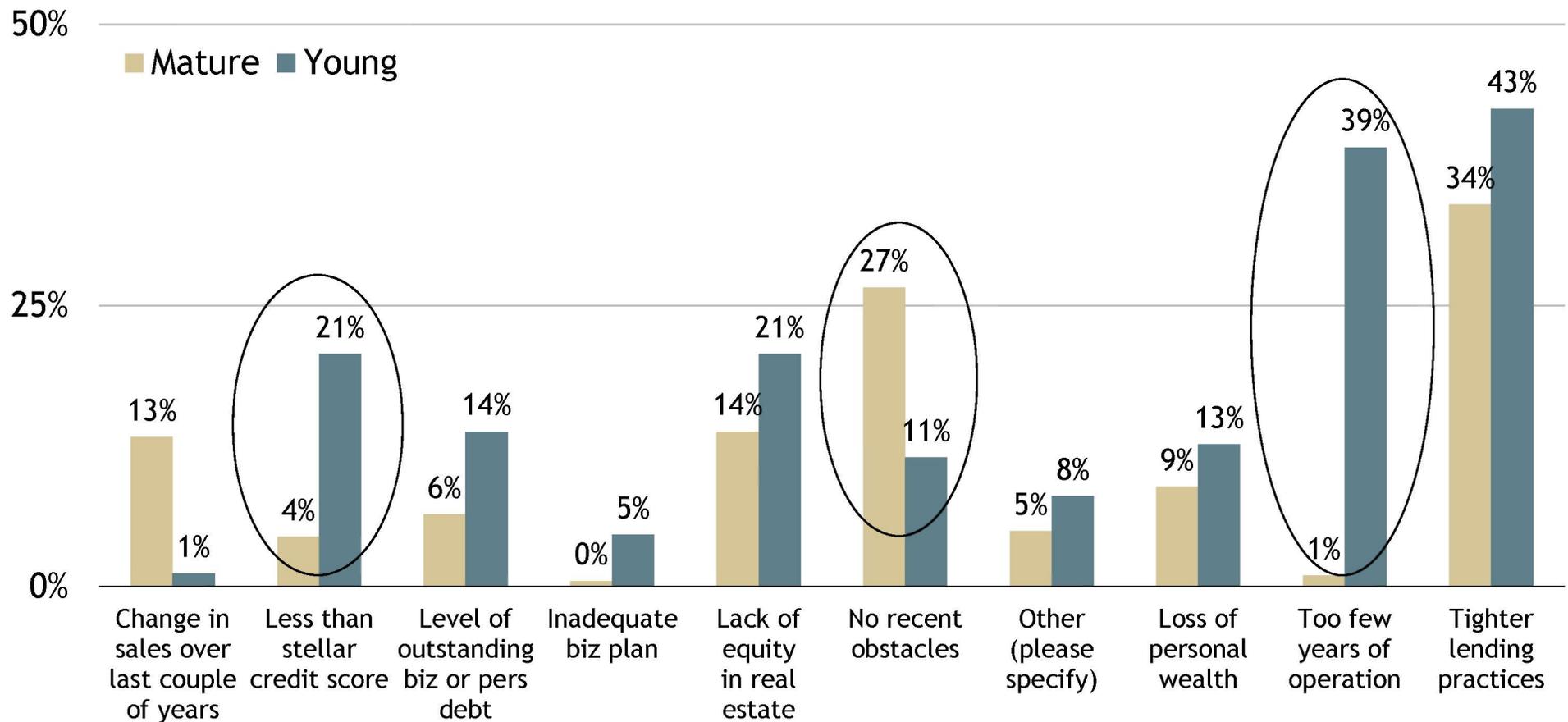
... but had more problems getting credit ...

Extent to which overall financing needs were met
(percent of applying firms)



... for a variety of reasons

Obstacles to Credit





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