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Welcome Remarks

by

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(via pre-recorded video)

at

State of Small Business Symposium  
Federal Reserve Bank of Cleveland

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Welcome to the State of Small Business Symposium. Thank you to the Federal Reserve Bank of Cleveland for hosting this event.<sup>1</sup> And thanks to each of you for your interest in small businesses and the vital role they play in creating jobs, expanding economic opportunities, and building vibrant communities.

Along with innovation, small and new businesses and entrepreneurship were major, longstanding focal points of my research before I arrived at the Fed. Understanding small and new businesses is critical to understanding the U.S. economy. What happens in these storefronts, offices, shop floors, and even basements and garages shapes households, neighborhoods, and, ultimately, the aggregate outcome for the U.S. economy.<sup>2</sup> Consider this: 99.9 percent of businesses in the U.S. have fewer than 500 employees, and since 1995 those businesses have accounted for 61 percent of net new job creation.<sup>3</sup>

Monetary policymakers' actions matter deeply to owners and employees of small firms. Achieving our dual mandate of maximum employment and stable prices will create the conditions where small businesses and all Americans can thrive. Due to the prevalence of small businesses in the U.S., policymakers and researchers must have high-quality data about this important part of the economy. The Federal Reserve's Small Business Credit Survey (SBCS) is an essential source for such data.<sup>4</sup> As a national

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<sup>1</sup> The views expressed here are my own and are not necessarily those of my colleagues on the Federal Reserve Board or the Federal Open Market Committee.

<sup>2</sup> Lisa D. Cook, "Entrepreneurs, Innovation, and Participation," speech delivered at the 2024 Women for Women Summit, Charleston, SC, October 10, 2024, <https://www.federalreserve.gov/newsevents/speech/cook20241010a.htm>.

<sup>3</sup> U.S. Small Business Administration Office of Advocacy, *2025 Small Business Profile* (Small Business Administration, June 2024), [https://advocacy.sba.gov/wp-content/uploads/2025/06/United\\_States\\_2025-State-Profile.pdf](https://advocacy.sba.gov/wp-content/uploads/2025/06/United_States_2025-State-Profile.pdf).

<sup>4</sup> Federal Reserve Banks, *2026 Report on Employer Firms from the 2025 Small Business Credit Survey* (Federal Reserve Banks, March 2025), <https://www.fedsmallbusiness.org/about/small-business-credit-survey/2026-report-on-employer-firms>.

sample of businesses with fewer than 500 employees, the SBCS provides insights into firms' financing requirements, debt needs, and experiences, generally. I am grateful to all the Federal Reserve System staff who worked to make the survey and the collection and analysis of data from it possible.

As an economist who starting surveying firms as early as the dissertation process and throughout many countries, I appreciate the ongoing effort it takes to consistently produce such a survey. These researchers are not only consistently producing the survey, but they have also increased its size and scope over the last decade. This year marks 10 years since the survey went national—going from a four-Bank regional effort to a Systemwide collaboration. The questions have expanded, too, and the survey now captures near-real-time small business credit conditions, financing frictions, and emerging operational challenges that are often not directly observable in other economic statistics or administrative datasets.

The full 2025 survey will be presented later today, but I want to call attention to one notable finding: the use of artificial intelligence (AI) by small businesses. The survey found that nearly half of small employer firms reported using AI in some capacity, and 71 percent of these firms reported increased productivity as a result. These data suggest that many small businesses are resourceful, adaptable, and eager to find innovative tools that help them manage and grow their operations. This finding is the diametric opposite of the conventional wisdom that large firms have an advantage in deploying AI. But as someone who spent her career studying innovation, I am not at all surprised to see small, and especially new, businesses experimenting with and deploying AI. Some of the most significant breakthroughs this country has ever witnessed came

from startups using frontier technologies in new and innovative ways.<sup>5</sup> This finding on AI usage is just one example of the timely and relevant insights into small business decision-making the SBCS captures.

If you are a researcher (or future researcher—graduate or undergraduate student), practitioner, or policymaker who wants to better understand the financial experience of small firms, I encourage you to explore the survey’s data in depth. They provide insights related to which firms access credit, how they seek it, why they are being turned down, and what they plan to do next. From both my own research and from my visits to communities around the country, I know that access to credit plays a key role in small firms’ ability to get established, grow, create jobs, spur innovation, and strengthen their communities.

Thank you for attending this year’s symposium and for your interest in small businesses and the SBCS. The organizers have created an exciting program for you today and tomorrow. This is an important time for us to understand the challenges and opportunities facing small businesses and the solutions supporting them.

Thank you again for being part of this symposium.

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<sup>5</sup> Lisa D. Cook, “Artificial Intelligence, Big Data, and the Path Ahead for Productivity,” speech delivered at the Technology-Enabled Disruption Conference: Implications of AI, Big Data, and Remote Work, Atlanta, GA October 01, 2024, <https://www.federalreserve.gov/newsevents/speech/cook20241001a.htm>.