

Request for information on small business lending

[*Leer en español*](#)

By [Grady Hedgespeth](#) and [David Silberman](#) – MAY 10, 2017



We have issued a [Request for Information on the small business lending marketplace](#). We aim to learn more about how small businesses engage with financial institutions, with a particular focus on women-owned and minority-owned small businesses. Your responses will enhance our current expertise of the small business lending space, and help us as we work to implement our [data collection rule](#).

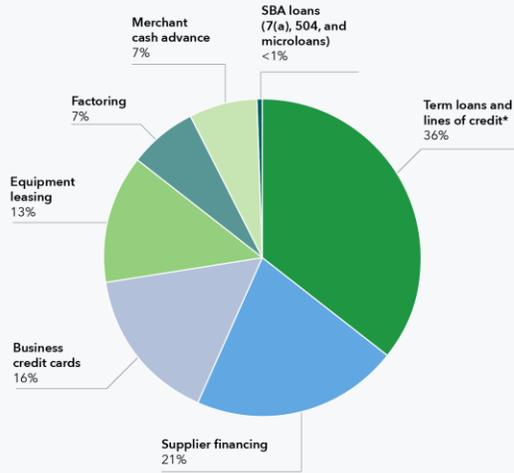
Small businesses, including those owned by women and minorities, are critical engines for economic growth. [According to the Census Bureau](#), there are more than 27.6 million small businesses in the United States. Over 7.9 million of these businesses are minority-owned and over 9.8 million are women-owned. The majority of minority-owned and women-owned firms have revenues below \$1 million. Access to financing is a crucial component of their success.

Data on how small businesses engage with financial markets is incomplete

To contribute meaningfully to the U.S. economy, small businesses—including women-owned and minority-owned small businesses—need access to credit to smooth out business cash flows and to allow entrepreneurs to take advantage of opportunities for growth.

Estimated market share of financing products available to small businesses

We estimate the small business lending market is \$1.4 trillion in size. Term loans, lines of credit, and business credit cards make up a significant portion of this market.



Source: Bureau estimates supported by available data.

Notes: The total aggregate amount of debt financing available to small businesses is estimated at \$1.4 trillion. This figure is not meant to represent an exhaustive list of products used by small businesses to finance their business needs. Due to rounding, the statistics may add up to more than 100 percent.

*Bank loans, including lines of credit, are measured using the outstanding amounts as presented in the FFIEC Call Reports. Outstanding amounts only describe the amounts that are still owed to the financial institutions by the borrowers. The outstanding amount for lines of credit underrepresents the share of credit actually available to a business as a source of financing. A different measure that might avoid this underrepresentation may be the aggregate committed amounts, or original amounts offered to small businesses as a line of credit. Further, outstanding amounts for term loans made under the SBA's 7(a), 504 and micro loan programs disaggregated for additional detail. These totals are subtracted from the total term loan and lines of credit amounts to avoid double counting.

Estimated market share of financing products available to small businesses.

[Download the graphic](#)

We are also [issuing a white paper](#) on the key dimensions of the small business lending landscape. Our current understanding of the small business lending environment tells us this market is vast and complex. Small businesses have many different options when it comes to financing products. Using publically available data supported by conversations with industry experts, we estimate the small business financing market is roughly \$1.4 trillion in size. Term loans, lines of credit and business credit cards are among the most common financing products offered by financial institutions. In total, these products comprise nearly three-fourths of the marketplace, when excluding supplier financing.

However, data on how small businesses engage with credit markets is incomplete. Existing data provides a limited understanding of how financial institutions interact with small businesses. This data provides even less transparency on women-owned and minority-owned small businesses specifically.

Learn more about the CFPB's efforts related to small business lending

The Dodd-Frank Wall Street Reform and Consumer Protection Act directed the CFPB to develop a business lending data collection rule, which would improve the general understanding of the small business lending environment.

We are in the very early stages of implementing this rule. Currently, we're focused on outreach and research to develop our understanding of the small business lending market. Today, we're calling on small businesses, financial institutions, community advocates and other knowledgeable stakeholders to submit comments in response to our Request for Information and share your experiences with us. With your responses, we hope to implement this rule in a manner that is both efficient and minimizes burden on industry.

To see and respond to the full range of questions we're interested in learning more about, please view the [Request for Information page](#).

You can read more about our [preliminary research on the small business lending market](#) in our white paper.

Topics:

- [Access to finance](#)
- [business lending](#)