

Financial Services for Small Businesses in the U.S., 2nd Edition

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Abstracts

Countries covered: United States

Coming out of the recession, small businesses are building momentum, as a post-recession job engine, employer to almost half of all payroll employees, and a contributor of an estimated \$5.8 trillion to GDP in 2013. Meeting their financial service needs is essential to economic growth—and provides continued opportunity. But while lending practices show some signs of loosening, many small businesses—especially smaller and younger firms—face continued difficulty getting credit; and while small business personal card use among small businesses is on the rise, business credit card use has been on the decline (despite card associations and leading megabanks' building out integrated sets of products and services around their card platforms). In this post-recession environment, community banks maintain tremendous importance to lending and relationships, although their foothold is slipping. And while programs have been launched to help women and minorities launch and grow small businesses, their participation still lags, and black and Hispanic small businesses still comprise only a sliver of SBA 7(a) loan volume.

This report assists in understanding these and other trends shaping the market for small business financial services. Report analysis includes the following:

Moored by survey analysis (including detailed 2008-2012 trending), the report studies how small business owners, small business managers and the self-employed interact with banks, including the card brands they use and the banks with which they have relationships.

2008-2012 survey trend analysis extends to small business owner, small

business manager and self-employed household income; securities ownership and worth trends; and residential ownership and worth trends; as well as business purchasing decision analysis; major banks used for credit cards, banking products used; and smartphone penetration. Small business credit card growth metrics and rationales are also included.

Small business lending trend analysis customized to provide added granularity and narrower bank asset-size bands, for FDIC-insured commercial banks, all financial institutions submitting Reports of Condition and Income; and institutions covered by the Community Reinvestment Act (CRA) data. Analysis includes nonfarm and commercial & industrial segment analysis, and (regarding call report data) six bank asset categories, loan value segmentation, microloan analysis, and much more.

Trending of small business employment and firm size; degree of entrepreneurship; income and profit trends; contribution to GDP and its component industries; contribution to commercial spending; business challenges; and use of credit (trade credit, credit lines, loans, and credit cards).

Small business financial services strategies of American Express, MasterCard, Visa and JP Morgan Chase, with an emphasis on card programs.

Trends shaping mobile payments, focusing on popular small business options PayPal and Square; as well as microlending and crowdfunding trends.

Developments in small business credit access legislation and U.S. Small Business Association programs and trends, as well as U.S. Treasury small business lending initiatives.

Contents

Executive Summary

Report Scope

Consumer survey methodology

The Market

The small business universe

Entrepreneurship

Net worth and profits

Market sizing

Business challenges

Use of credit

Small Business Owners, Management & the Self-Employed

Small business owners, management & self-employed workers: population analysis

Household income, securities and residential ownership trends

Banks used

Business purchasing decisions

Banking products used

Smart phone penetration & online access method/device

The Competitive Arena

Growth, for a reason

American Express competitive analysis

MasterCard competitive analysis

Visa competitive analysis

JPMorgan Chase competitive analysis

Small Business Lending Trends

A brighter, albeit tempered small business lending picture

Casting a wide net: FDIC-insured commercial bank analysis

Casting a wider net: FFIEC financial institution call report analysis

CRA small business loans and loan values fall off a cliff

Small Business Credit Card Trends

2012 gives American Express an edge

2008-2012 trending suggests Discover and American Express faring best

American Express business cards trending well

Small business owners card use among large banks

Other Small Business Financial Services Trends

Mobile payments on the radar

Disruptor #1: PayPal

Disruptor #2: Square
Microlending and crowdfunding gaining traction
Small Business Government Financial Services Trends
Small business credit access legislation
Small Business Administration programs and trends
Small Business Lending Fund

Chapter 1: Overview

Overview of Small Business
Definitions of Small Business
Small business lending
Federal Deposit Insurance Corporation
Federal Financial Institutions Examination Council
Community Reinvestment Act
Survey analysis

Chapter 2: The Market

Summary analysis
The small business universe
Entrepreneurship
Net worth and profits
Market sizing
Business challenges
Use of credit
The U.S. small business universe
Firms versus establishments; employer versus non-employer firms
Self-employment
Twenty eight million small businesses
Post-recession growth tilts to non-employers
Table 2-1: 2002-2010 Small Business Growth: All Small Businesses, Non-employers & Employer Firms(w/Graphic)
Small business by vertical
Table 2-2: U.S. Small Business Employer Firms & Establishments, by Industry: 2010
Size of the small business market: Firm share by employment size
Table 2-3: Employers: Firms, Employees & Employees per Firm, 2010
Graph 2-1: Firms & Employees: Small and Larger Employers; Small Employers by Employment Size, 2010

Private sector job growth

Disproportionate job losses during recession

But post-recession gains on par with larger businesses

A job creation engine

Balanced by high rate of failure

The long story: 2007-2012

Recession takes largest chunk of jobs from small business

Smallest firms hit hardest

Table 2-4: Cumulative Net Quarterly Employment Growth, Total Private Nonfarm & By Firm Size: 2007-2012

Graph 2-2: Cumulative Net Quarterly Employment Growth, Total Private Nonfarm & By Firm Size: 2007-2012

The short story: 2010 to 2012

Small businesses generate two-thirds of post-recession jobs

Table 2-5: 2010-2012 Net Employment Gains: Cumulative Small & Large Business, Cumulative & Quarterly

Small Business by Firm Size

The self-employed

Table 2-6: Self-Employed Workers: Demographic Analysis: 2007, 2009 & 2011

Entrepreneurial activity

The Kauffman Index

2011 state of affairs

Decline in entrepreneurial activity

But activity above pre-recession levels

Gender gap continues

Race/ethnicity: short-term and term-term trends

Long-term trends

Post-recession story

Graph 2-4: Kauffman Index of Entrepreneurial Activity, by Race: 1996-2011

Graph 2-5: Changes in Composition of New Entrepreneurs by Race (1996, 2011)

Immigrants driving business creation

Small business net worth trends

Losing ground to corporate business

Table 2-7: Quarterly & Annual Proprietor Income and Corporate Profits: 2007-2012 (with graphic)

Net equity in privately held businesses consistent, but level of equity declines

Sizing the Market for Financial Services

GDP analysis: small business share of GDP ticking downward

Small business compensation-based GDP outweighs non- compensation GDP

Table 2-8: Small & Large Business Total, Compensation & Non-Compensation GDP:
2005-2010

Small business GDP estimates and projections through 2012

Table 2-9: Small Business Total, Compensation & Non-Compensation GDP:
2007-2013

Graph 2-6: Small Business Total, Compensation & Non-Compensation GDP:
2007-2013

Small business GDP analysis by industry

Table 2-10: Small Business GDP, by Industry: 2007-2012

Small business compensation GDP analysis by industry

Trending with total small business GDP

Table 2-11: Small Business Compensation GDP, by Industry: 2007-2012

Small business non-compensation GDP analysis by industry

Finance and insurance & construction lag

Table 2-12: Small Business Non-Compensation GDP, by Industry: 2007-2012
2010-2012 small business GDP share analysis across industries and GDP types

Table 2-13: Small Business Total, Compensation & Non-Compensation GDP, Industry
Share: 2010-2012

Slicing the small business market another way

The Visa Commercial Consumption Expenditure Index

Before the recession

Knee-deep in the recession

Table 2-14: Commercial Consumption Expenditures, Percent Share by Size of
Business and Spend Category

& Dollar Share by Spend Category, 2009

Beyond recession

\$6.1 trillion in 2013 small business spend?

Small business challenges

Biggest problem? Taxes and government

Graph 2-7: Single Most Important Problem Facing Small Business: 2008-2013

Lending constraints

Federal Reserve study says one quarter of applicants are turned down or get less
credit

NFIB survey results more pessimistic

Consequences: growth inhibited, employee reduction

Table 2-15: Percentage of Small Business Unable to Access Funding, Reasons Given
& Consequences, 2012

Loans secured by a mixture of business and personal resources

Table 2-16: Assets/Equity Used by Small Businesses to Secure Business

Loans/Financing, 2012

Bank line of credit tops source for meeting capital needs, but credit cards right behind

Table 2-17: Types of Financing Used by Small Businesses To Meet Capital Needs in Past 12 Months, 2012

Large banks top the list, but small community banks disproportionately represented

Table 2-18: Types of Banking Institutions Used by Small Businesses, 2012

What does it take to get credit?

Credit use by small businesses

Trade credit

Trade credit most prevalent form of credit

Table 2-19: Small Business Use of Trade Credit, 2010-11

Credit lines

Table 2-20: Small Business Use of Credit Lines, 2009-11

Credit cards

Personal card use increases; business card use declines

Users carrying a balance on personal cards increases

Table 2-21: Use of Personal and Business Credit Card for Business Purposes: 2009, 2010 & 2011

Business credit card use correlates with firm size

Table 2-22: Small Business Use of Business and Personal Credit Cards, 2009-11

Business loans

Table 2-23: Small Business Use of Business Loans, 2009-11

Chapter 3: Small Business Owners, Management & The Self-Employed

Summary analysis

Small business owners, management & self-employed workers: population analysis

Household income, securities and residential ownership trends

Banks used

Business purchasing decisions

Banking products used

Smart phone penetration & online access method/device

Owners, management & self-employed workers: population analysis

Table 3-1: Small Business Owners, Small Business Managers & Small Business Self-Employed:2012 Population

Owners, management and self-employed workers affiliated with large businesses

Table 3-2: Large Business Owners, Small Business Managers & Small Business Self-Employed:2012 Population

Note on definition exclusivity

Table 3-3: Small Business Owners, Small Business Managers, and Small Business

Self-Employed:Category Overlap

Small business composition

Self-employed, but not alone

Graph 3-1: Small Business Owner & Small Business Management Population & Population Share,by Size of Company: 2012

Small business demographic analysis

A men's club?

Graph 3-2: Small Business Owner/Management vs. Adult Population: Population Share by Demographic:2012

Demographic analysis: small business owners, management & self-employed

Graph 3-3: Small Business Owner, Management & Self-Employed: Population Share by Demographic: 2012

Female small business owners, management & self-employed: demographics

Graph 3-4: Female Small Business Owner, Management & Self-Employed: Population Share by Demographic:2012

Small business owner, management & self-employed population trends

Post-recession percentage of self-employed individuals declining

Management declines; ownership flat

Graph 3-5: Population Trending: Small Business Owner/Management, Owner, Management & Self-Employed:2007-2012

Female, Gen Y and non-white small business population trends

Percentage of female self-employed individuals falls from pre-recession levels

Generation Y takes it in the chin, but may benefit from healing job market

Graph 3-6: Population Trending: Female, 18-29 & Minority Small Business Owner/Management, Owner,Management & Self-Employed: 2007-2012

Household income, securities and residential ownership trends

Household income trends

More than a quarter of small business owners have \$150K+ in household income

Uptrend in self-employed & small business owner household income levels

Graph 3-7: Residence Ownership Trends Among All Adults, Self-Employed & Small Business Owners:2007-2012

Securities ownership trends

Graph 3-8: Securities Ownership Trends Among All Adults, Self-Employed & Small Business Owners:2007-2012

Residence ownership trends

Home ownership influences entrepreneurship

Small owners more likely to be home owners

Residence value declines noted for all adults, self-employed & small business owners

Graph 3-9: Residence Ownership Trends Among All Adults, Self-Employed & Small

Business Owners:2007-2012

Bank relationships

Bank of America has highest number of small business owners & managers

Wells Fargo and Chase lag the average

Non-banking behemoths fare best

Table 3-4: Small Business Owners, Managers & Self-Employed: Primary Bank Used in Past 12 Months: 2012

Business purchasing decisions

Small business owners are deeply involved in purchasing decisions

More likely to be involved in business purchase decisions than large business counterparts

Table 3-5: Percentage of Business Owners, Management & Self-Employed Who Have Been Involved in Business

Purchase Decision in Past 12 Months, Small Business (<500 Employees) & Large Business (1,000 Employees):

2012

Financial service providers should talk to the boss

Table 3-6: Percentage of Small Business Owners & Management Who Have Been Involved in Business Purchase

Decision in Past 12 Months, by Number of Company Employees: 2012

But involvement in a variety of types of business purchasing decisions is minimal

Suggesting financial services product and service upside

Low rate of banking services purchase decision-making suggests opportunity

Table 3-7: Percentage of Small Business Owners, Management & Self-Employed Who Have Been Involved in

Business Purchase Decision in Past 12 Months, by Type of Business Purchase Decision: 2012

Small business banking and investment trends

Small business bank accounts & deposits provide upsell/cross-sell opportunity

Tap into checking relationships and go from there

Table 3-8: Small Business Owners: Types of Bank Accounts & Deposits Held, Percent Growth & Population Growth: 2008 vs. 2012

Checking and savings account penetration among self-employed above 2008 levels

Table 3-9: Self-Employed: Types of Bank Accounts & Deposits Held, Percent Growth & Population Growth:2008 vs. 2012

Small business owner investments suggest degree of wealth and opportunity

Retirement accounts remain underpenetrated

Wide ambit of investments suggests collateral at hand to back loans

Table 3-10: Small Business Owners: Types of Investments Held, Percent Growth &

Population Growth: 2008 vs. 2012

Self-employed with investments on the upswing

Self-employed also present retirement account opportunity

Table 3-11: Self-Employed: Types of Investments Held, Percent Growth & Population

Growth: 2008 vs. 2012 89

Smart phone penetration & online access method/device

Small business owners are on smart phones

Table 3-12: Home Internet: Use, Type of Internet Service & Access Device: Small Business Owners, Management & Self-Employed: 2012

High-speed home internet access penetration above 70%

Table 3-13: Home Internet: Use, Type of Internet Service & Access Device: Small Business Owners, Management & Self-Employed: 2012

Small business owner work internet access penetration lags managers

Cell phones playing a significant role

Table 3-14: Business Internet: Use, Type of Internet Service & Access Device: Small Business Owners, Management & Self-Employed: 2012

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