

# 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.

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