

# U.S. small business lending

## Needs and Trends



# 4x



The number of new business applications has **more than quadrupled** since 2019.<sup>1</sup>

However, **82%** of small businesses fail because of **poor cash flow**<sup>2</sup>



**29%** fail because they **run out of cash**<sup>2</sup>

# 40%

of small businesses **applied for a loan** or line of credit last year<sup>3</sup>

# 22%

used an **online lender**<sup>3</sup>

# 56%

**applied for funding** to expand, pursue new opportunities, or acquire business assets



### average loan amounts<sup>4</sup>

Short-term loan = **\$20,000**  
Medium-term loan = **\$110,000**  
SBA loan = **\$107,000**  
Line of credit = **\$22,000**

### average loan size by lender type<sup>4</sup>

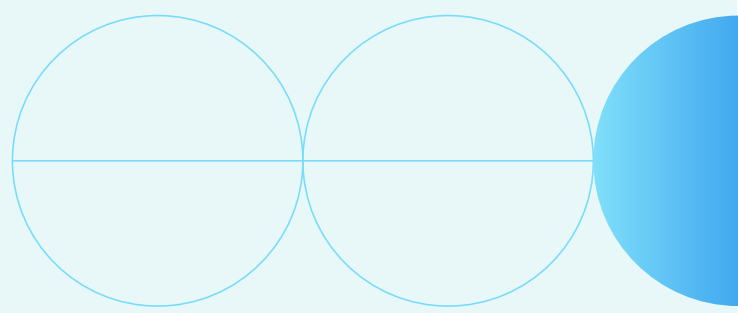
Large bank = **\$564,000**  
Small bank = **\$185,000**  
Alternative lender = **\$80,000**

# 57%

of small businesses sought **\$100,000 or less**<sup>5</sup>

# 65%

**applied for funding** to meet rising operating expenses<sup>6</sup>



### average approval rates by loan type<sup>6</sup>

Merchant cash advances = **90%**  
Equipment loans = **87%**  
Business lines of credit = **76%**  
Business loans = **66%**

### average loan approval rate by lender type<sup>6</sup>

Alternative lenders = **28.4%**  
Institutional lenders = **26.5%**  
Credit unions = **13.8%**  
Small banks = **19.1%**  
Big banks = **13.8%**

### why business loans are declined<sup>6</sup>

Too Much Debt = **44%**  
Low Credit Score = **33%**  
Insufficient Collateral = **33%**  
Too New/Insufficient Credit History = **30%**  
Poor Performance = **18%**

# 9%

**received no capital** after applying for a loan<sup>7</sup>

# 36%

**were denied** a portion of their requested funding<sup>7</sup>

The challenging economic environment combined with stiff competition from fintechs, big techs, and neobanks (often offering better rates and borrower-defined terms) is reducing interest income for lenders. But opportunities created by innovative business banking technology – from end-to-end digital lending to faster payments – still exist.



## create limitless possibilities

[Learn more](#) about the digital edge needed to compete in a challenging business banking environment.

For more information about Jack Henry, visit [jackhenry.com](http://jackhenry.com)

#### sources:

1. *Business Formation Statistics, October 2023*, U.S. Census Bureau, accessed December 2023.
2. *Dopson, Elise. 20+ Small Business Lending Statistics You Need to Know*, Shopify, accessed December 2023.
3. *Shepherd, Maddie. Small Business Lending Statistics and Trends*, Fundra, accessed December 2023.
4. *2023 Report on Employer Firms: Findings from the 2022 Small Business Credit Survey*, Fed Small Business, accessed December 2023.
5. *Shepherd, Small Business Lending Statistics and Trends*.
6. *2023 Report on Employer Firms*.
7. *Shepherd, Small Business Lending Statistics and Trends*.