Federal Reserve Bank of Kansas City announces Fourth Quarter 2020 Small Business Lending Survey results

March 29, 2021

Balances on new small business commercial and industrial (C&I;) loans in the fourth quarter of 2020 declined 20.1 percent from the third quarter, due primarily to a decrease in new term lending following the end of Paycheck Protection Program (PPP) originations in August.

FOR IMMEDIATE RELEASE

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KANSAS CITY, MISSOURI – The Federal Reserve Bank of Kansas City released the results from the Fourth Quarter 2020 national Small Business Lending Survey. The quarterly survey of U.S. banks provides data on lending activity and terms for small businesses, a critical source of employment and economic growth for the country.

The survey determined that Paycheck Protection Program (PPP) activity drove changes in small business commercial and industrial (C&I) lending. Balances on new small business C&I loans in the fourth quarter of 2020 declined 20.1 percent from the third quarter. Complete results of the survey are now available from the Kansas City Fed's new website.

Key findings include:

- Outstanding small business C&I; balances increased about 70 percent from the fourth quarter of 2019, driven by existing PPP loan balances.
- The percent of outstanding small business C&I; loans secured by Small Business Administration (SBA) guarantees declined in the fourth quarter, reflecting no new PPP loan originations and increased amounts of PPP loan forgiveness.
- For the second consecutive quarter, survey respondents reported weakening loan demand and tightening credit standards and loan terms.

The Federal Reserve Bank of Kansas City's national quarterly Small Business Lending Survey (FR 2028D) includes quantitative and qualitative data on credit market conditions for bank lending to small businesses across the country. The survey results

provide detailed information on commercial banks' lending activity and terms and offer a snapshot of small businesses' access to credit.

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https://www.kansascityfed.org/newsroom/2021-news-releases/Federal-Reserve-Bank-of-Kansas-City-an
nounces-Fourth-Quarter-2020-Small-Business-Lending-Survey-results/