



## 2016 SMALL BUSINESS LENDING SURVEY

### Section 5. Small Business Commercial and Industrial Lending Competition, Practices, and Applications at Your Bank

This section asks questions related to your bank's practices for conducting small business lending, including market area, competition, loan products, loan applications, and underwriting. Specialized knowledge includes your bank's on the ground practices in generating small business lending relationships at your bank.

We suggest a **Commercial Loan Officer, working with a Senior Commercial Loan Officer**, as the appropriate personnel to answer these questions.

This section consists mostly of multiple choice questions that an experienced Commercial Loan Officer should be able to answer in one sitting. We suggest that the Commercial Loan Officer works with a Senior Commercial Loan Officer to ensure that the answers provided reflect the entire bank, rather than the experience of just one loan officer.

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## Section 5 – Small Business Commercial & Industrial Lending - Competition, Practices, and Applications at Your Bank

### D. Small Business Commercial and Industrial Loan Competition in Your Market

15. A bank's geographic market (or trade area) for Commercial and Industrial (C&I) loans to small businesses is where the bank focuses its resources and outreach to generate such small business lending. What is your bank's trade area or geographic market for Commercial and Industrial purpose loans to small businesses?

- a. Only city/town where your bank's headquarters is located
  - b. County or counties with branches
  - c. County or counties with branches, and nearby (not necessarily contiguous) counties
  - d. States in which branches are located
  - e. States in which branches are located, and nearby states
  - f. Metropolitan Statistical Areas (MSAs) with branches
  - g. Metropolitan Statistical Areas (MSAs) with branches, and nearby (not necessarily contiguous) counties
  - h. Metropolitan Statistical Areas (MSAs) with branches, and nearby (not necessarily contiguous) MSAs
  - i. National
  - j. Other
- 

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**16. Currently, which institutions do you compete with most frequently for your bank's C&I lending to small businesses?**

<p style="text-align: center;">Competitor Institutions for C&amp;I Lending to Small Business Borrowers</p> <p style="text-align: center;">(a)</p>	<p style="text-align: center;">Is this Institution a Competitor with Your Bank?</p> <p style="text-align: center;"><i>Select all that apply.</i> (b)</p>	<p style="text-align: center;">Please Rank Your Bank's Top 3 Competitors</p> <p style="text-align: center;">(1=Top Competitor) (c)</p>
a. Small banks ( <i>Less than \$1 Billion in Assets</i> )	<input type="checkbox"/>	
b. Mid-sized local banks with a physical presence in your market ( <i>\$1 Billion to less than \$10 Billion in Assets</i> )	<input type="checkbox"/>	
c. Mid-sized local banks with no physical presence in your market ( <i>\$1 Billion to less than \$10 Billion in Assets</i> )	<input type="checkbox"/>	
d. Regional (multi-state) banks with a physical presence in your market ( <i>\$10 Billion to less than \$50 Billion in Assets</i> )	<input type="checkbox"/>	
e. Regional (multi-state) banks with no physical presence in your market ( <i>\$10 Billion to less than \$50 Billion in Assets</i> )	<input type="checkbox"/>	
f. Large banks with a physical presence in your market ( <i>\$50+ Billion in Assets</i> )	<input type="checkbox"/>	
g. Large banks with no physical presence in your market ( <i>\$50+ Billion in Assets</i> )	<input type="checkbox"/>	
h. Credit unions	<input type="checkbox"/>	
i. Non-bank local lenders	<input type="checkbox"/>	
j. Non-bank online lenders, including marketplace lenders (e.g., OnDeck, Lending Club, Kabbage, etc.)	<input type="checkbox"/>	
k. Crowd-funding sites (e.g., Kickstarter, Indiegogo, CircleUp, CrowdFunder, etc.)	<input type="checkbox"/>	
l. Credit card issuers	<input type="checkbox"/>	
m. Other <i>Specify:</i> _____	<input type="checkbox"/>	
n. Other <i>Specify:</i> _____	<input type="checkbox"/>	
o. Other <i>Specify:</i> _____	<input type="checkbox"/>	

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**E. Commercial & Industrial Loan Products Offered to Small Businesses, by Your Bank**

**19. In calendar year 2015, did your bank offer any of the following Commercial and Industrial (C&I) loan product types to potential borrowers that your bank considers to be small businesses?**

C&I Loan Product Types Offered to Small Businesses  (a)	Did Your Bank Offer this C&I Loan Product?  <i>Select all that apply</i> (b)	Rank Your Bank's Top 3 Loan Product Types, by Dollar Volume of Originations, to Small Businesses in 2015 (1=Most)  <i>Select Top 3</i> (c)
a. Credit cards (as principal sponsor) <sup>16</sup>	<input type="checkbox"/>	
b. Letters of credit	<input type="checkbox"/>	
c. Lines of credit (LOC)	<input type="checkbox"/>	
d. Term loans - balloon	<input type="checkbox"/>	
e. Term loans – fully amortizing	<input type="checkbox"/>	
f. Other <i>Specify:</i> _____	<input type="checkbox"/>	
g. Other <i>Specify:</i> _____	<input type="checkbox"/>	
h. Other <i>Specify:</i> _____	<input type="checkbox"/>	

**20. Does your bank use the same underwriting criteria (e.g., owner's personal credit score, debt-service coverage) across Commercial and Industrial loan products offered to small businesses, even if the thresholds for approval are different?**<sup>17</sup>

- a. Yes
- b. No

**21. Please tell us more about any Commercial and Industrial lending that your bank may extend to small business startups.**<sup>18</sup>

**21A. Below what age would a small business be considered a startup by your bank?** \_\_\_\_\_ years

**21B. In your own words, how does your bank define startups, other than by age?**

<sup>16</sup> The term 'principal sponsor' means that your bank is the sponsoring bank that directly handles card transactions on behalf of merchants.

<sup>17</sup> By "threshold" we mean the acceptable level for underwriting criterion, for example, "a maximum 75 percent loan-to-value ratio." In this example, a differing threshold could be a maximum "80 percent loan-to-value ratio" for a different C&I loan product. Another example could be requiring a minimum personal credit score of 650 for small business term loans but a minimum of 700 for a small business credit card.

<sup>18</sup> Please note that by "startups" we mean new operations, not new owners of existing businesses.

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21C. Does your bank make Commercial and Industrial loans to startups?

- a. Yes – *please answer Q.21C below*
- b. No

21C1. Does your bank underwrite startups differently from established small businesses for Commercial and Industrial lending?

- a. Yes – *please answer Q.21C1a below*
- b. No

21C1a. What additional underwriting criteria and/or processes does your bank apply in extending Commercial and Industrial credit to startups?

22. In Question 19, your bank ranked its top three loan products to small businesses. Please tell us more about your bank's \_\_\_\_\_, the loan product your bank ranked as its number 1 loan product to small businesses for Commercial and Industrial purposes.

22A. Thinking about \_\_\_\_\_ for Commercial and Industrial purposes, how do you expect its volume of loans to small businesses to change in the next calendar year? *Mark only one*

- a. Increase
- b. Stay the same
- c. Decrease

22B. Is there a minimum allowable loan amount for Commercial and Industrial purposes, offered to small businesses?

- a. Yes - *please answer Q.22B1 below*
- b. No

22B1. What is the minimum loan amount allowed for Commercial and Industrial purposes, offered to small businesses?

\$ \_\_\_\_\_ .00

22C. For what purposes are proceeds from \_\_\_\_\_ for Commercial and Industrial lending typically used by small businesses? *Select all that apply.*

- a. Accounts receivable
- b. Equipment, fixed assets, or leasehold improvements
- c. Inventory
- d. Working capital
- e. Other

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

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22D. What collateral is commonly accepted from small businesses for Commercial and Industrial purposes? *Select all that apply.*

- a. No security/collateral required
- b. Secured by accounts receivable and/or inventory
- c. Secured by business assets and/or equipment
- d. Secured by cash or other liquid assets of business
- e. Secured by cash or other liquid assets of owner or guarantor
- f. Secured by commercial real estate (e.g., building, land)
- g. Secured by personal assets, other than cash/liquid assets or personal real estate (e.g., marketable securities, vehicles)
- h. Secured by personal real estate
- i. Secured by other collateral –
1. \_\_\_\_\_
  2. \_\_\_\_\_
  3. \_\_\_\_\_

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**22E. How often does your bank use any of the following underwriting criteria to evaluate potential small business borrowers for C&I purposes?**

Underwriting Criteria	Usage ( <i>Select Usage Level</i> )				
	Always	Almost always	Sometimes	Almost never	Never
a. Loan debt service coverage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Business' global debt service coverage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Personal guarantee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Other guarantee offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Business' debt-to-worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Owners' debt-to-worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Business' cash/liquidity position	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Owners' overall financial strength/net worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Business' credit score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Owners' or guarantors' personal credit score(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Loan-to-value ratio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Sell cycle for accounts receivable or inventory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Business' time in operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Owners' experience in industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Other - <i>Specify</i> _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Other - <i>Specify</i> _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Other - <i>Specify</i> _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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**22F. What are typical reasons why exceptions from loan policy are allowed for potential small business borrowers for C&I purposes?**

Select all that apply.

- a. Existing competing offers
- b. Existing good customer deposit relationship
- c. Existing good customer loan relationship
- d. Existing good customer loan and deposit relationship, considered together
- e. Positive business prospects for borrower
- f. Potential for other new banking relationships with customer
- g. Strong mitigating factors
- h. Other
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_
- i. No exceptions are allowed

**F. Small Business Commercial and Industrial Loan Applications, Activity and Access at Your Bank**

**23. Where can a potential borrower that your bank considers to be a small business apply for a Commercial and Industrial purpose loan from your bank? *Mark all that apply.***

- a. Any branch
- b. Branches with loan offices
- c. Brokers (in-person or by telephone)
- d. Follow-up call from bank, after customer inquiry
- e. Online using bank's own website
- f. Online using third-party website
- g. On-site visits to businesses by bank staff
- h. Main headquarters office
- i. Other
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_

**23A. Does your bank accept online applications for Commercial and Industrial purpose loans from all small business applicants? *Mark only one.***

- a. Yes, from all applicants
- b. No, from some applicants only
- c. No loan applications from small businesses are accepted online

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**24. What practices does your bank currently use to generate new and maintain existing small business Commercial and Industrial (C&I) loan relationships?**

<p>Practices to Generate Small Business C&amp;I Lending Relationships</p> <p>(a)</p>	<p>Does Your Bank Engage in this Practice?</p> <p><i>Select all that apply.</i></p> <p>(b)</p>	<p>What are the Top 3 Practices Used by Your Bank?</p> <p>(c)</p>
<p><b>Convenience</b></p> <ul style="list-style-type: none"> <li>a. Ability to talk to someone</li> <li>b. Accepting walk-ins</li> <li>c. Branch network</li> <li>d. Hours open</li> <li>e. Non-bank locations of loan production offices</li> <li>f. Online applications</li> </ul> <p><b>External sources</b></p> <ul style="list-style-type: none"> <li>g. Brokers</li> <li>h. Indirect lending</li> <li>i. Lead generators</li> <li>j. Referrals from customers, or "word of mouth"</li> <li>k. Referrals from "centers of influence" (e.g., local attorneys, CPAs, and Chambers of Commerce)</li> </ul> <p><b>Outreach/Strategy</b></p> <ul style="list-style-type: none"> <li>l. Active marketing to customers from past or current banking relationships</li> <li>m. Active marketing to customers <u>not</u> from past or current banking relationships</li> <li>n. Community involvement and service (e.g., board participation, networking events, and other sponsorships)</li> <li>o. Intentional personal contact from staff</li> <li>p. Knowledgeable staff (e.g., business development specialists)</li> </ul>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>

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<b>Provision of Business Services</b>		
q. Card payment processing	<input type="checkbox"/>	<input type="checkbox"/>
r. Check cashing services	<input type="checkbox"/>	<input type="checkbox"/>
s. Payroll services or payroll cards	<input type="checkbox"/>	<input type="checkbox"/>
t. Transfer services	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other</b>		
u. Other Specify: _____	<input type="checkbox"/>	<input type="checkbox"/>
v. Other Specify: _____	<input type="checkbox"/>	<input type="checkbox"/>
w. Other Specify: _____	<input type="checkbox"/>	<input type="checkbox"/>

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**25. In calendar year 2015, in consultation with your bank's loan officers, in situations where an inquiry from a small business did not lead to a C&I loan (for any reason), did your bank do any of the following?**

Select all that apply.

- a. Offer business financial counseling, provided directly by bank staff
- b. Place in contact with or share literature from third-party technical assistance providers
- c. Refer to another commercial loan product offered by the bank
- d. Refer to consumer loan products offered by the bank (e.g., a HELOC or personal credit card)
- e. Refer to an SBA or USDA-guaranteed product
- f. Suggest that customer find an investor/partner, for a stronger equity/capital position
- g. Suggest outside financial counseling (e.g., provided by professionals or by government authorities)
- h. Other Specify:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
  - 3. \_\_\_\_\_

**26. In calendar year 2015, what were the challenges that your bank faced in providing C&I loan credit to small businesses?**

<p style="text-align: center;">Challenges to Providing C&amp;I Loan Credit to Small Businesses</p> <p style="text-align: center;">(a)</p>	<p style="text-align: center;">Did <u>Your Bank</u> Face this Challenge?</p> <p style="text-align: center;"><i>Select all that apply.</i></p> <p style="text-align: center;">(b)</p>	<p style="text-align: center;">What were the Top 3 Challenges Faced by <u>Your Bank</u>?</p> <p style="text-align: center;">(c)</p>
<p>a. Borrowers' failure to meet underwriting criteria</p> <p>b. Borrowers' lack of experience in industry</p> <p>c. Caps on guaranteed programs</p> <p>d. Competition</p> <p>e. Lack of demand</p> <p>f. Insufficient funding sources for bank</p> <p>g. Staffing</p> <p>h. Secondary market conditions</p> <p>i. Other <i>Specify:</i> _____</p> <p>j. Other <i>Specify:</i> _____</p> <p>k. Other <i>Specify:</i> _____</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>

Please use the space below for any explanations that may help us understand your reported data for Section 5.

**Please provide the contact information for the person who completed this section:**

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_ **Extension:** \_\_\_\_\_

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