



## Small Businesses Seeing Improved Conditions

small business   lending   strategic planning

**Summary:** Small businesses have been seeing business conditions improve according to a NFIB survey. How your bank can leverage these findings.

Everyone blinks. In fact, the human eye is actually closed about 30 minutes each day from the blinking process. That says something because the average blink only lasts 1/10th of a second and you blink about 12 times every minute. One more interesting thing to know about the eye - the activity of seeing is so complex, it takes about 50% of the brain to manage it all.

Small businesses have been seeing business conditions improve, if February's National Federation of Independent Business's (NFIB) [Small Business Economic Trends Survey](#) is any indication. The survey's Business Optimism Index hit one of the highest levels in its 45Y history, second only to a slightly higher reading in 1983.

Small businesses appear to be firing on all cylinders given lower taxes and deregulation. In fact, the survey found small businesses named taxes as the very last item on their list of biggest problems.

What's more, small businesses said they were so confident in the economy and their own prospects that they were keen on expanding. The highest numbers of owners in years said they planned to increase spending on capital projects or add workers. The number which said they were seeing improved earnings was the highest since 1987.

These stats should be great news for community bankers because so many do business with small businesses. So, if small businesses are doing well, their ability to meet loan obligations should improve too, and that is good news for default rates. Further, the eagerness of small business owners to expand should provide good loan opportunities for community banks.

Competition for this business though remains high. Indeed, one of the messages of the NFIB survey is that small businesses don't seem to have any difficulties finding credit. Only 3% said loans had become "harder to get," which is around the historic low for the survey. A scant 2% said that all of their borrowing needs were not being satisfied, another historic low.

Interestingly, one thing that small business owners don't appear enthusiastic about is borrowing. This is strange given how many said they were eager to expand. Overall, at this point, the percentage of business owners who said they had no interest in borrowing is hovering around 50%. Perhaps times are so good that small business owners have plenty of capital to meet their expansion needs.

There is a window of opportunity though for community banks. Perhaps some of these small business owners are being too conservative in their expansion goals. As such, this may be one of those times when it pays to assertively recruit small business customers and advise them of the ways that your bank can help with their goals.

Of course, expanding the relationship of your current business customers, by adding products or services, is yet another easy way to tap into small business optimism as well.

Our best to you in capturing small business customers during this time of optimism, and we suggest you move fast. If not, you just might blink and miss a golden opportunity!

## HEDGING SERVICES FOR COMMUNITY BANKS

Community bankers seeing long-term fixed rate demand from business clients can transform payments into a floating rate on their books using Borrowers' Loan Protection (BLP). Contact us today for more information.

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