



Small Business Snapshot

🔗 [lending](#) [business customers](#) [customer profitability](#)

Summary: Small businesses are the mainstay for community banks. So today, we provide you with an updated small business snapshot.

A Robert Half survey finds 67% of technology leaders say they believe they could log out and not check email, if executive management told them to stop. Interestingly, only 41% of their employees said these leaders would follow that sort of mandate.

As you think about how you might handle such a rule, know that there are plenty of rules around small business banking. Even so, such customers are a mainstay for community financial institutions, so we provide you with some things to think about with this updated snapshot of small businesses.

[According to the SBA](#), at latest count there were 30.7mm small businesses in the US, of which about 80% had no employees. Also, small businesses accounted for 65% of US net new jobs.

Growth in the small business sector is particularly important for community banks, of course. Indeed, they have larger shares of small business loans relative to their assets than large banks. Consider that in Q4 2018, there were more than 1.4mm outstanding small business loans held by community banks worth over \$94B.

Furthermore, the median number of C&I loans outstanding at a community bank is 155 and those with the most carry 40,000 or more. Geographically, community bank [C&I lending is focused in](#) the eastern half of the US (including the Plains and Texas), and is less widespread in the Mountain states and West Coast. TX, IL, AL, IA and MN are the top five states for community bank C&I lending, according to FDIC data.

Looking at satisfaction levels, small business lender satisfaction in 2019 stood at 79%, according to the Federal Reserve's Small Business Credit Survey. On some level, this is encouraging because it beats the 67% satisfaction rate for large banks and 49% satisfaction rate for online lenders. But, taken with other data, it seems community banks may need to watch out here.

Consider a recent survey of 1,008 US-based small businesses by Aite Group. It found many businesses griped about their primary financial institution not understanding their needs. The result is 14% say they definitely or probably will switch financial institutions over the next 2Ys, and an extra 36% state they are on the fence and may look into it.

Businesses that spend more than \$100 per month with their primary bank and those that are the most tech-savvy are perhaps the biggest flight risk, Aite research suggests. So, you might want to focus efforts there first.

Other ways to ensure you retain these customers:

Be diligent about regularly checking customer profitability. This helps you not only focus on the most profitable customers, but also helps bring to light if there is a customer that could stray.

Continue to talk to your customers. Things will continue to change and your customers will too.

Keep looking for opportunities to enhance your services for these customers. This could mean digital enhancements or international services or something else. Keep pushing the envelope to ensure you have what your customers want.

RETAIN AND GAIN CUSTOMERS WITH OUR PROFITABILITY SOLUTION

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