

# FDIC 2022 Small Business Lending Survey (SBLS 2022)

May 17, 2022

Meetings for Bankers – Session 4

# Agenda For Today

- I. What is the SBLIS?**  
(And why should my bank participate?)
- II. Defining small businesses**  
(And other important context to answer questions)
- III. The who, how, and when of completing the survey**
- IV. Final Thoughts and Questions**

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# What is the SBLS?

## Survey of banks and their small business lending practices and activities

- Launching June 2022; first collection in [2016](#)
- Sponsored by the FDIC and implemented by the US Census Bureau (Census)

## Questions differ in each nationally representative data collection to evolve with the industry and with current interests

- More authoritative than frequently occurring surveys using convenience samples
- More comprehensive than other nationally representative surveys that contain narrowly defined standard questions

# What are the topics in SBLS 2022?

## Three Qualitative Sections

- I. General small business lending, loan approval\* processes, underwriting, use of FinTech\*
- II. Markets and competition
- III. Coronavirus pandemic response,\* Small Business Administration lending,\* selling of small business loans\*

## One Quantitative

- IV. Volumes of small business loan dollars, both originations and outstanding

*\* New topics in SBLS 2022*

# Why is the FDIC conducting the SBLS?

## **Banks are important to U.S. small businesses**

- Small businesses (SBs) comprise 99.9 percent of all U.S. firms\*
- Banks are the most common source of external financing for SBs\*

## **Goal: Close gaps in our knowledge**

- The industry is constantly evolving, with emerging topics
- Small business lending is not captured entirely in regulatory reports

## **Goal: Document contributions of banks to the U.S. economy through their small business lending activities**

- A final report of main findings to be published October of 2024
- Prepare other more detailed topic-specific reports

\* Sources: [Frequently Asked Questions \(Small Business Administration, 2021\)](#) and [Small Business Credit Survey \(Federal Reserve, 2021\)](#)

# What are examples of survey findings?

## Select findings from SBLS 2016 that demonstrate banks' contributions to U.S. small business lending not captured on regulatory reports

- As a share of total Commercial and & Industrial (C&I) loan dollars made by banks with \$1B to \$10B in assets
  - **23.1 percent net understatement** if rely on Call Report proxy (C&I loans of less than \$1 million at originations) as a small business lending measure\*
    - Asked banks to break down C&I lending by business gross annual revenues (GAR) of below or above \$10 million
- For 2015, aggregating across banks of all sizes, **\$37.5 billion** in small business lending is instead reported under residential real estate in Call Report data, given the underlying collateral

\*Sources: [Measurement of Small Business Lending Using Call Reports: Further Insights from the Small Business Lending Survey \(FDIC Staff Studies, July 2020\)](#) and [FDIC 2018 Small Business Lending Survey](#)

# What kinds of banks were chosen to participate?

## **Census drew a sample of 2,000 banks from the following:**

- All FDIC-insured banks with domestic U.S. offices that actively make loans ( $\approx 4,800$  banks)
- Includes banks regulated by Federal Reserve, Office of Comptroller of Currency, FDIC

## **Certainty sample (300+ banks)**

- All FDIC-insured institutions with reported total assets of \$3 billion or more were included

## **Random sample (1,600+ banks)**

- Drawn from the set of banks with total assets of less than \$3 billion
- Selection process was confidential; identities of selected banks were not shared with the FDIC



# How do I know my bank was selected?

## If your bank was included in the sample: Then was/will be sent from Census

- **May 3<sup>rd</sup> Joint Invitation Letter from FDIC Acting Chairman and Census Director**
  - Hard copy via USPS (typically to CEO, unless supervisors suggested otherwise)
  - Associated email from this address: [erd.sbls.eblast@census.gov](mailto:erd.sbls.eblast@census.gov)
- **June 14<sup>th</sup> Survey Launch Letter and Email**
  - Includes Census web portal link and unique authentication code
  - From portal, can share survey access with bank staff

## Again, sample includes

- All banks with assets greater than \$3 billion
- Random sample of banks with less than \$3 billion in assets

# Are my bank's answers confidential and anonymous?

## **YES — The FDIC contracted with the U.S. Census so that**

- Project abides by Census rules ([Titles 13](#) and [26](#)) to guarantee confidentiality of individual respondent identities
- Census requires minimum respondent thresholds below which data cannot be reported for a group of respondents (e.g. by asset size)
- Census implements seven layers of authentication, where SBLS Team can access data only at a secure Census Research Data Center

## **How will the FDIC treat the survey data?**

- All FDIC SBLS researchers have Special Sworn Status (bound by statute to follow Census' rules)
- All report findings are only in aggregate form (where respondent groups are above minimum thresholds)
- No answers shared with supervision staff (nor with anyone outside of SBLS Team)

# Why should my bank participate if SBLS is voluntary?

**The survey is voluntary but FDIC would very much value your bank's participation in this nationally representative survey**

- The FDIC wants perspectives of all types of banks to be represented
- More responses mean greater statistical confidence in findings and ability to understand differences across banks
- Survey happens very infrequently (every six years)

**Responses help improve understanding by regulators and the public of important role of banks in this vital economic sector**

# I. What is the SBLS? (And why should my bank participate?)

## Q&A

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# Screeners Help Generate a Survey Specific to Your Bank

## Five Screener questions before the survey begins will ask your bank

- To rank its top general small business lending product (by dollar volume)
- If it has the “ability to retrieve from its core data systems” dollar volume of originations for various categories of business purpose lending

## Answers generate survey questions specific to the capabilities of your bank

- Qualitative questions will sometimes reference your bank’s top SBL product
- The quantitative questions generated reflect only those that your bank is able to retrieve with its current systems (in 2021)

## The FDIC

- Requests that the screener questions be completed first
- Does not want banks to answer the quantitative questions manually

# How Screener responses are used: What if my bank has multiple small business product lines?

## Example from “IC. Underwriting”

### About This Section

In the Screeners section, your bank’s answer to S5, Top Small Business Lending Product, indicated that its highest-volume small business lending product is *[Insert product]*, excluding any credit cards and government-guaranteed products.

In this section, we ask about your bank’s underwriting practices for *[Insert PRODUCT]* to small businesses.

# How are small businesses defined in the SBLS?

## **For the three qualitative sections, the SBLS asks banks to use their own formal or informal definitions to answer questions**

- Captures breadth of actual small business activity across banks
- Allows for comparisons of banks' definitions from standard regulatory definitions
- Can document how differences may vary across the banking industry

## **SBLS also explicitly asks**

- If specific gross annual revenue or aggregate loan exposure thresholds are formally used to identify small businesses
- If “Yes,” what those thresholds are

## **Very Important Context**

- There are no or right or wrong answers for your bank
- Answers will not be validated, but accepted as your bank's best effort in responding



# What is an example of a qualitative question?

Q: In which stages of the small business loan process does your bank use or plan to use FinTech? Include usage or planned usage of both in-house technology or through interactions with outside FinTech providers.

Select ALL that apply per small business loan process stage.

| Stage of small business loan process                       | Usage or planned usage of FinTech |                          |                                       |                          |                          |                                 |
|--|-----------------------------------|--------------------------|---------------------------------------|--------------------------|--------------------------|---------------------------------|
|  | No plans to use FinTech           | Under discussion         | Under development or in pilot testing | Currently using          | Don't know               | Not a stage of our loan process |
| <i>a. Identifying potential borrowers</i>                  | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>b. Loan application submission from borrowers</i>       | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>c. Application processing by bank</i>                   | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>d. Underwriting and decision-making process</i>         | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>e. Post-decision quality control (e.g., anti-fraud)</i> | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>f. Regulatory compliance (e.g., AML, BSA, or KYC)</i>   | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>g. Closing process</i>                                  | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>h. Loan funding</i>                                     | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>i. Loan performance tracking and servicing</i>          | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>j. Portfolio analytics</i>                              | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |
| <i>k. Other _____</i>                                      | <input type="checkbox"/>          | <input type="checkbox"/> | <input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>        |

# How is small business lending captured in the quantitative section?

## **Section IV asks about lending to all-sized businesses for business purposes only**

- Asks about aggregate loan volumes, e.g. by loan and business size (if bank systems can provide)
- Typically does not explicitly reference bank small business lending
- Let's the data do the talking, rather than relying on prescribed definitions

## **In the SBLS, “business purposes” means**

- Lending to support the actual operations of a business
- Would include, for example
  - Unsecured C&I
  - Equipment lending
  - Lending to support a business secured by the owner's primary residence
  - Real estate lending for purposes of improving, purchasing, or refinancing owner-occupied commercial real estate
- But would exclude loans for investment in real estate where loan repayment primarily depends on leasing income or resale of the property

# What is an example of a quantitative question?

You reported *[Insert amount reported in IVA.3]* as the total dollar amount of originations (both new lending and renewals) committed for business purposes in calendar year 2021.

For each commitment size, what were the dollar amounts committed for business purposes that were extended to businesses with the following gross annual revenues (GAR)?

*Either GAR at origination or most recent GAR is acceptable.*

| <b>Dollar amount of originations for business purposes</b> |  |                            |                             |                   |
|--|--|----------------------------|-----------------------------|-------------------|
| <b>Business gross annual revenue (GAR)</b>                 | <b>Size of loan or commitment at origination</b> |                            |                             |                   |
|  | <b>≤ \$1M</b>                                    | <b>&gt; \$1M to ≤ \$5M</b> | <b>&gt; \$5M to ≤ \$10M</b> | <b>&gt; \$10M</b> |
| <b>IVA.9 GAR ≤ \$1M</b>                                    |  |                            |                             |                   |
| <b>IVA.10 GAR &gt; \$1M to ≤ \$5M</b>                      |  |                            |                             |                   |
| <b>IVA.11 GAR &gt; \$5 to ≤ \$10M</b>                      |  |                            |                             |                   |
| <b>IVA.12 GAR &gt; \$10M</b>                               |  |                            |                             |                   |
| <b>IVA.13 GAR unknown or not available</b>                 |  |                            |                             |                   |

# What if my bank can't answer the quantitative questions?

## **The smallest banks (less than \$1 billion in assets)**

- Have many of the quantitative questions skipped
- Or are asked simpler versions of the questions

## **Again, answers to Screener questions generate the survey questions specific to the capabilities of your bank**

- Survey generated includes only quantitative questions that can be answered by your bank
- FDIC does not want banks to answer the quantitative questions manually

## II. Defining small businesses (And how to best answer questions)

**Q&A**

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# How does my bank actually complete the survey?

## Through the Census web respondent portal

- Link to portal provided in the second, June 14<sup>th</sup>, letter and email
- With a unique authentication code for your bank
- Letter and email sent to your bank's "primary survey contact" (typically the CEO for smaller banks)

## To get started on responding

- Go to [portal.census.gov](https://portal.census.gov) to sign in or register for a new account that only bank survey contact can access
- Then enter unique authentication code and click "REPORT NOW"

# Who should my bank's “primary survey contact” be?

## **Best practice: Designate a coordinator for your bank's survey response**

- Someone who understands the bank and who does what
- Reviews the survey questions first and identifies bank's “subject matter experts” to answer subsets of questions
- Shares survey access with appropriate bank staff
- Only one person can be your bank's “primary survey contact”

## **To change your bank's current survey contact**

- Link provided in May 3<sup>rd</sup> letter/email: <https://respond.census.gov/buspulse>
- Do so by May 30<sup>th</sup> (Memorial Day) for correct contact to receive portal link on June 14<sup>th</sup>
- No need to update if current contact is satisfactory for your bank



# Who does FDIC suggest answer the survey questions?

| SECTION  | SUGGESTED PERSONNEL  |
|--|--|
| <b>Screeners</b> – Determining which questions are appropriate for your bank   | Loan operations staff in conjunction with Senior Commercial Loan Officer or Chief Credit Officer |
| <b>Section 1</b> – General small business lending; loan approval and underwriting processes; use of financial technology | Senior Commercial Loan Officer or Chief Credit Officer   |
| <b>Section 2</b> – Markets and Competition   |  |
| <b>Section 3</b> – Coronavirus pandemic, SBA Lending, and selling of loans   |  |
| <b>Section 4</b> – Volumes of originations and outstanding loans   | Loan operations staff in conjunction with Senior Commercial Loan Officer or Chief Credit Officer |

# How can my bank's survey contact share survey access with bank staff?

## Sharing survey access

- Bank's "survey contact" can select "OPTIONS" within the Respondent Portal to
  - Securely share access with colleagues
  - Request extensions
  - Check filing status
- Multiple staff with access can be logged on simultaneously

## To see survey questions more easily

- Whole survey and individual section PDFs linked on the web interface Main Menu
- PDFs also on Census SBLS website: [www.census.gov/sbls](http://www.census.gov/sbls)
- And on FDIC [SBLS Dedicated Website](#)

# How long will it take to respond to the survey?

## Census estimates

- 3 hours to answer the three qualitative sections
- 3.5 hours to answer the one quantitative section

## Caveats

- Estimate is if bank is eligible to answer every question on the survey
- Bank only asked questions relevant to its activities while “skipping” questions that are not
- Faster if get questions to the right person at bank

## But time may be required to

- Gather requested information (particularly for the last and quantitative section)
- Confer with others at your bank for agreement on answers

# How long does my bank have to respond to the survey?

## **Practically speaking: Six and a half months**

- Survey launches on June 14<sup>th</sup>, 2022
- Census “due date” of July 19<sup>th</sup>, with reminders from Census after that date

## **But extensions can be requested until very end of 2022**

- Requests for extensions can be made in Respondent Portal
- Choose your bank’s own due date in 30-day increments

# III. The who, how, and when of completing the survey

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# SBLS 2022 Project Phases (5-Year Timeframe)

**2020** Survey Drafting

**2021** Cognitive Testing + Paperwork Reduction Act Approval

- Three rounds of 1-hr interviews: 46 banks of all sizes (17 < \$500M to 6 > \$50B), HQ in 23 states
- Office of Management and Budget (OMB) control number 3064-0203 (9/10/2021)

**2022** Usability Testing + Outreach + Data Collection (June to Dec)

**2023** Analysis

**2024** Publish Report (FDIC 2024)

# IV. Final Thoughts and Questions

## Q&A



# What if my bank has additional questions later?

## Census

- For both general questions and technical ones regarding the survey web interface, call: 1 (844) 868-3662
- After June 14th, questions can be asked directly through the Census Respondent Portal at <https://portal.census.gov>

## FDIC

- Questions may also be sent to [SBLS@FDIC.gov](mailto:SBLS@FDIC.gov) and answered by FDIC staff

We hope your bank will participate in the  
SBLS 2022!

**Thank You!**