

# U.S. small business lending

## Needs and Trends



# 4x



The number of new business applications has **more than quadrupled** since 2019.<sup>1</sup>

However, **82%** of small businesses fail because of **poor cash flow**<sup>2</sup>



**29%** fail because they **run out of cash**<sup>2</sup>

# 40%

of small businesses **applied for a loan** or line of credit last year<sup>3</sup>

# 22%

used an **online lender**<sup>3</sup>

# 65%

**applied for funding** to meet rising operating expenses<sup>4</sup>



### average loan amounts<sup>4</sup>

Short-term loan = **\$20,000**  
Medium-term loan = **\$110,000**  
SBA loan = **\$107,000**  
Line of credit = **\$22,000**

### applicants that received the full funding amount requested<sup>5</sup>

2019 - **51%**  
2020 - **36%**  
2021 - **30%**

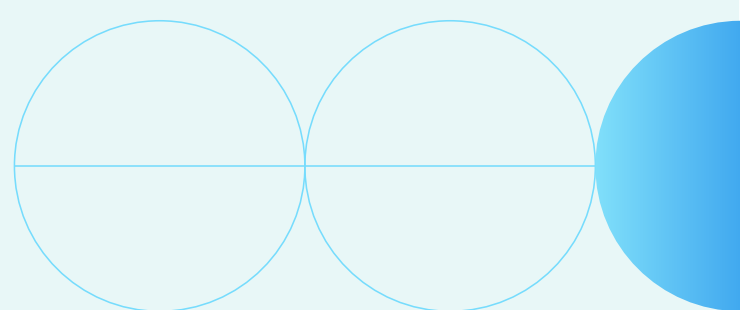


# 57%

of small businesses sought **\$100,000 or less**<sup>6</sup>

# \$3,500

**Average cost to process** a SMB loan<sup>7</sup>



### average approval rates by loan type<sup>8</sup>

Merchant cash advances = **90%**  
Equipment loans = **87%**  
Business lines of credit = **76%**  
Business loans = **66%**

### average loan approval rate by lender type: 2019 vs. 2023<sup>9</sup>

Alternative lenders = **56.5% vs. 28.4%**  
Institutional lenders = **65.9% vs. 26.5%**  
Credit unions = **39.7% vs. 20.2%**  
Small banks = **50.3% vs. 19.1%**  
Big banks = **27.9% vs. 13.8%**

### why business loans are declined<sup>10</sup>

Too Much Debt = **44%**  
Low Credit Score = **33%**  
Insufficient Collateral = **33%**  
Too New/Insufficient Credit History = **30%**  
Poor Performance = **18%**

# 9%

**received no capital** after applying for a loan<sup>10</sup>

# 31%

**received the full amount** of funds sought, versus **51%** in 2019<sup>10</sup>

The challenging economic environment combined with stiff competition from fintechs, big techs, and neobanks is reducing interest income for lenders. But cost efficiencies gained by end-to-end digital lending technology can help improve profitability and boost your bottom line.

Contact a [small business lending expert](#) today to learn more.



## create limitless possibilities

[Learn more](#) about the digital edge needed to compete in today's small business lending market.

For more information about Jack Henry, visit [jackhenry.com](http://jackhenry.com)

### sources:

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