

U.S. small business lending

Needs and Trends



4x



The number of new business applications has **more than quadrupled** since 2019.¹

However, **82%** of small businesses fail because of **poor cash flow**²



29% fail because they **run out of cash**²

40%

of small businesses **applied for a loan** or line of credit last year³

22%

used an **online lender**³

65%

applied for funding to meet rising operating expenses⁴



average loan amounts⁴

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 requested⁵

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

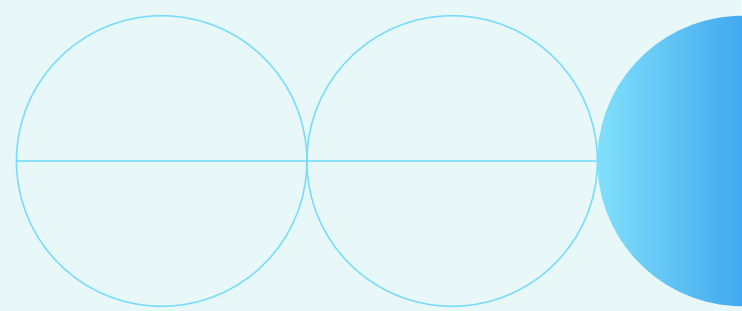


57%

of small businesses sought **\$100,000 or less**⁶

\$3,500

Average cost to process a SMB loan⁷



average approval rates by loan type⁸

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

average loan approval rate by lender type: 2019 vs. 2023⁹

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 declined¹⁰

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 loan¹⁰

31%

received the full amount of funds sought, versus **51%** in 2019¹⁰

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

sources:

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