

Unlocking entrepreneurship

The role of credit access in the small business market



Small businesses are making a **big** impact on the American economy.

The small business impact



of paid-employee firms in the U.S. are small businesses¹



Employ **ALMOST** ½ of all American workers¹



Have **86%** favorable view among U.S. adults³

Over 5 million new business applications have been filed every year since 2021, an increase of almost 50% above the previous record set in 2019.²

Reverberations of small business creation

While recent data suggest the overall small business climate is generally positive,⁴ it is important to keep in mind that just because someone applies to become a new business does not guarantee formation.

Over 20 million business applications were filed between 2020 and 2023; so, if recent trends persist, that means approximately 1.9 million businesses will move from application to formation.⁵



The small business boom How individual states are faring



Illinois

In Illinois, 174,667 new business applications were filed in 2023, 6.2% of which are expected to become employer businesses; within four quarters, 10,880 projected business formations.⁶

Tennessee

Compared to December 2022, Tennessee filed 8.2% more business applications. Tennessee is ranked #30 in terms of business applications per capita with 96,903 new business applications filed in 2023.⁷



Arizona

As of February 2024, Arizona was one of eight states to reach a series high of nominal lending. While default levels were up 135 bps year-over-year, delinquency rates fell by 10 bps.⁸

2024 entrepreneurship growth

Despite challenges, small businesses saw some positive developments.

62.3

the 2024 Q1 Small Business Index Score from the U.S. Chamber of Commerce – up a point from 2023 Q4 – signals growing confidence within the small business market⁹

12.3M

of small businesses are woman-owned¹⁰ – and employ nearly 11 million Americans, with the remainder being sole proprietorships¹¹

\$217.3B

total sales from Black-owned businesses – with an annual payroll of \$40.5 billion¹²

Creating a path to affordable credit access¹¹



Maintain community ties.

The primary reason small businesses fail is access to capital,¹³ and there is substantial opportunity for lenders to build trust, and relationships with the small businesses within their own communities.



Take a holistic approach.

Layer traditional business data with non-traditional data to make more informed decisions from offer to origination and loyalty. Merge outstanding data sets, convert that data into actionable solutions, and integrate insights into your platforms and processes.



Create success stories.

Because 21% of small business owners start another small business,¹⁴ it is beneficial for lenders and business owners alike to focus on moving forward by finding hidden opportunities.

¹ A look at small businesses in the U.S., Pew Research Center

² How Many New Businesses Start Each Year?, Oberlo

³ From Businesses and Banks to Colleges and Churches: Americans' Views of U.S. Institutions: Continued partisan divides on schools, unions, churches, Pew Research Center

⁴ Equifax Main Street Lending Report - March 2024, Equifax

⁵ Map: New Business Applications Surge Across the Country, U.S. Chamber of Commerce

⁶ Equifax Main Street Lending Report - April 2024, Equifax

⁷ Small Business Index Q1 2024: Index Remains Steady as Views of the Economy Drift Upwards, U.S. Chamber of Commerce

⁸ Facts About Small Business: Women Ownership Statistics 2024, U.S. Small Business Administration Office of Advocacy

⁹ Facts About Small Business: Black-Ownership Statistics 2024, U.S. Small Business Administration Office of Advocacy

¹⁰ Small Business Statistics Of 2024, Forbes ADVISOR

¹¹ Market Pulse: Confronting and Conquering Commercial Challenges in the Current Landscape, Equifax

¹² 2024 Small Business Trends A Look at the State of Small Business in 2024, Guidant Financial