

## **Federal Reserve wants to hear from New Mexico businesses**

Written by By Finance New Mexico  
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The Federal Reserve Bank of Kansas City wants to hear from small businesses in New Mexico about the experiences they're having in the credit market.

Every year, most banks in the Federal Reserve system's 12-bank network participate in a national Small Business Credit Survey to get the data they need to provide policymakers, business representatives and service providers with up-to-date information about business financing and credit conditions. Northern New Mexico falls under the jurisdiction of the Kansas City district, while Southern New Mexico is under Dallas' district umbrella.

This year, the Fed especially wants to hear from business owners in Colorado, Wyoming, Nebraska, Kansas, Missouri, Oklahoma and New Mexico.

### **Important data**

To administer the survey, the nation's central bank teams up with organizations, or "distribution partners," to encourage small-business participation. For the purposes of this survey, small businesses are defined as those with 500 or fewer employees.

The survey aims to bring business concerns to the attention of the regulators who run the world's most powerful financial institution, and research results are shared with central bank presidents to help inform monetary policy decisions and determine the obstacles and opportunities that small businesses are facing in the credit market.

It also helps the Fed's partner organizations acquire firsthand data so they can understand the challenges faced by local and regional businesses and tailor programs and services to the needs of startups, microbusinesses and growing companies.

According to an executive summary of the 2015 survey:

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Financing improved in 2015, but half of all businesses applying for loans experienced funding shortfalls between the third quarters of 2014 and 2015. “Microbusinesses and startups had the largest unmet financing needs with 63 percent and 58 percent, respectively, reporting a financing shortfall,” the survey reported.

Small banks are the lenders of choice: “Traditional bank lending continues to be the primary source of financing for small businesses. Credit applicants were most successful and most satisfied with their borrowing experience at small banks.”

Online lenders, despite their convenience, have the lowest rates of borrower satisfaction. “Overall, 20 percent of employer firms applied at an online lender,” the survey revealed. “While the approval rate was relatively high for applicants (71 percent were approved for at least some credit), approved firms ... reported concerns with high interest rates and unfavorable repayment terms.”

The survey also noted that cash flow is a universal problem for small companies, as is finding skilled workers; most employers (63 percent) have small amounts of debt secured with personal assets; almost half of all companies applied for credit in the past 12 months — mostly to expand or meet operating costs; and half of all applicants received less than what they asked for from lenders.

### Take the survey

All New Mexico businesses are welcome to share their perspectives and experiences during the Sept. 12 - Nov. 23 survey period. The national results will be announced in March.

The survey takes about 10 minutes for a business owner or key decision maker to complete. Follow this link to get started: [bit.ly/2ddtVkc](https://bit.ly/2ddtVkc).

*Finance New Mexico assists individuals and businesses with obtaining skills and funding resources for their business or idea. To learn more, go to [FinanceNewMexico.org](https://FinanceNewMexico.org).*

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