



# The 2024 State of Small Business Lending

Lendio surveyed **1000+** small business owners

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# Executive summary

Access to financing is crucial to the growth of small businesses, but the traditional lending market often underserves small firms. Lendio surveyed 1000+ small business owners to better understand the role financing plays in the success of their business, their experience with the current lending environment, and their expectations for the future. Key findings from the survey are explored below.

## Key insights

- 68% of small businesses say access to financing is the most important factor in the growth of their businesses.
- 78% of small businesses believe they'll have more access to capital in the next year.
- The median amount that a small business is offered is typically 50% of what they are looking for.
- 85% of small business owners say speed to loan approval is important when selecting a lender.
- 67% of small businesses don't prefer any specific type of lender.
- 50% of small business owners say they don't know if the bank they use for checking has the right loan options for them.

# *Access to financing* is the most important factor in the growth of small businesses.

In 2023, a record-breaking [5.5 million](#) new businesses were filed in the U.S. These small businesses [contribute \\$13.3 trillion](#) in gross revenue to the economy annually and employ nearly 50% of all private-sector workers.

Most of these entrepreneurs face significant personal risk, with 72% of respondents relying on personal funds to start their businesses. Another 65% of small businesses consider access to financing critical for survival, but business financing doesn't just help SMBs keep the lights on. 68% of small businesses say access to capital is the most important factor in the growth of their businesses. Additionally, 46% of small business owners believe that with adequate financing, their firms could see revenue growth ranging from 30-100%.

Managing business cash flow is more complex than personal budgeting, as businesses often need to pay expenses upfront, wait months to be paid, and handle seasonal fluctuations. Access to financing enables small businesses to take on more work and purchase materials at bulk discounts, which would otherwise be unaffordable without upfront cash.

## The takeaway:

### 68%

of small businesses say access to financing is the most important factor in the growth of their businesses.

### 46%

of small business owners say they would see anywhere from 30-100% revenue growth if they had access to the financing their business needs.

# The SMB lending market is *generally favorable* for established small businesses.

Small business owners' sentiment is more positive among more qualified borrowers—those with higher credit scores, longer time in business, and greater monthly revenue. According to Lendio's SMB Lending Index, only 12% of the most qualified borrowers indicate the majority of businesses don't have access to the capital they need vs. 21% of the least qualified borrowers. Additionally, highly qualified borrowers are most likely to say (47%) that their accessibility to funding is equal to the market average.

## The takeaway:

# 78%

of small businesses believe they'll have more access to capital in the next year.

## Industry insight

Those in freight trucking are more likely to have a positive or very positive view of the lending market with 27% indicating small business owners have above-market access to capital and 16% indicating the majority have access to the capital they need.

"While traditional lenders will typically stray away from funding trucking, there are more options available through nontraditional lenders," said Tanner Cupello, Senior Director of Lendio marketplace. "Lenders have also widened their credit boxes to trucking as gas prices have declined compared to early 2023 when many lenders slowed or stopped funding trucking completely."

Small business sentiment becomes even more positive when asked about their own ability to access capital. 24% state they can compare a broad range of lenders and loan options and find a competitive offer for their business. Another 27% stated they're confident in their ability to receive multiple offers for capital that meet their needs.

# Current processes and tools need to be *adapted* to meet small business needs.

While small business owners are relatively confident in their ability to access capital, the majority stated the loan terms and amount fell below their expectations. 28% of small business owners said the financing amount and terms offered were so far from what they needed that they were a waste of their time.

According to Lendio data, the median amount that a small business is offered is typically 50% of what they were looking for with an average term length of 16 months. While a short-term loan can certainly be valuable to small businesses, 53% of business owners would prefer access to an SBA loan with lower interest rates and term lengths from 10-25 years.

## The takeaway:

Businesses are only offered half of what they were looking for.

Small businesses struggle to find financing with longer terms and lower interest rates for several reasons.

1. Small businesses typically want a medium loan amount of \$50,000. Traditional banks, which can offer the best rates since they are lending from their own source of capital, use manual underwriting processes that make the process too long and expensive to justify underwriting smaller loan amounts.
2. Alternative lenders must cover the cost of the capital they acquire to issue the loan leading to higher interest rates and risk.
3. SBA loans have traditionally taken 1-3 months to fund and only a limited number of SBA lenders will issue smaller SBA loan amounts.

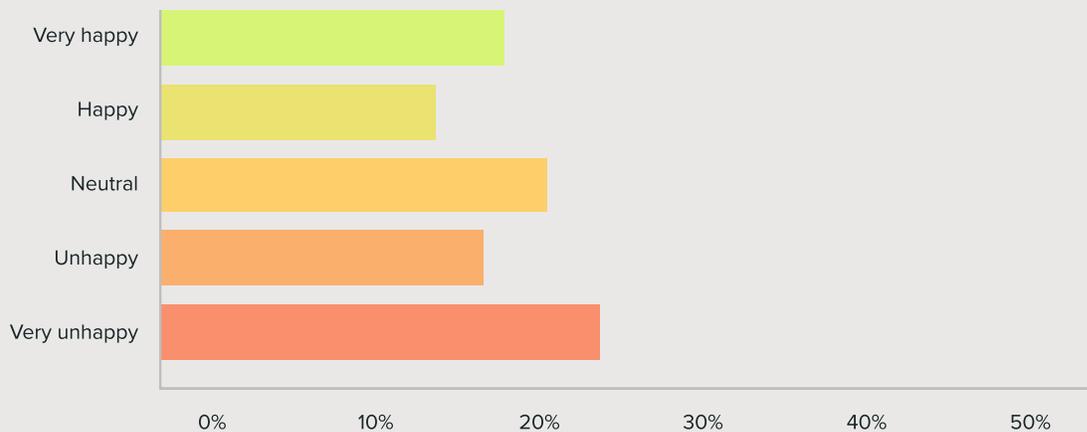


*“The small business is often ignored, especially if their loan amount is too small. Without an automated underwriting process, the traditional process is too cumbersome for both the bank and the borrower.”*

**Dustin Phillips**  
Chief Lending Officer, CC Bank

Thinking about the last time you applied for a loan (not today), how happy were you with the financing options you were offered?

2024



# Fast, *digital experiences* are the future of SMB lending.

While large enterprises are willing to go through lengthy loan approval processes, small business owners behave more like consumers. They want the process to be quick, easy, and online. 77% of small business owners prefer to apply for a loan online or via a mobile app. 35% say speed to loan approval is the most important factor in selecting a lender. An additional 50% say speed to loan approval is important when choosing a lender.

Many lenders—especially online lenders—are meeting that expectation. 67% of small business owners say the loan application process took less than a week.

The takeaway:

**85%**

of small business owners say speed to loan approval is important when selecting a lender.

“Increasingly, we are seeing demand for a balance between the speed and ease of digital lending platforms and the understanding that comes from human touch in lending,” said Richard Henderson, Chief Revenue Officer at Can Capital. “While there's a perception that today's borrowers desire a 100% digital platform, we find that many also appreciate the human touch from experts who understand the subtle nuances of their businesses that technology may miss. Business owners are proud of the businesses they've built, and conversations with financing experts often shed light on unique aspects of their operations. This personalized approach builds trust and fosters long-term relationships. Advanced digital platforms deliver the speed and ease borrowers seek, but combining that with expert advisory support seems to be the sweet spot, ensuring borrowers feel supported and understood throughout the process.”

# Small business loyalty is still *up for grabs.*

While small business owners have confidence in their ability to obtain financing, their perception of the loan application process is generally neutral, with most having no preference for one lender type over the other. 55% of SMBs have applied for a loan through an online lender and 42% have applied through a bank. When asked which type of lender they'd prefer, the majority said they have 'no preference.'

Business owners had the most positive sentiment toward the application process (48%) and customer service (47%). Business owners have the most negative sentiment toward receiving and funding an offer (29%). The most common response across the board was "neutral."

"The current system wasn't built for the small business owner, so there is a huge market need just waiting to be tapped," said Brock Blake, CEO of Lendio. "The solution isn't to pit banks against alternative lenders or make a full shift to banking-as-a-service. Every one of these providers has a contribution to make to an ecosystem that fully supports small business owners whether it's through the bank they currently deposit with or the vendor that sells them supplies."

The takeaway:

**67%**

have no preference for which type of lender they get a loan from.

# Banks are generally *underserving* their current depositors.

Small business owners' relative indifference to any one lender leaves an opportunity for banks to better serve their existing depositor base.

Only 24% of small business owners apply through a bank they already work with. The lion's share of small businesses are either unfamiliar with loan options their bank offers or feel those options don't meet their needs. 50% say they don't know if the bank they use for checking has the right loan options for them. 28% say their bank has no financing options to meet their needs.

"Most banks have chosen not to proactively offer or market their SMB loan products to depositors because despite the existing relationship and wealth of available data; they struggle to underwrite SMB loans cost-effectively," said Philip Taliaferro, SVP of SaaS at Lendio. "The depositors are meanwhile indifferent to the lender and that creates a new risk that the bank will lose those deposits if the business turns to an outside bank for funding."

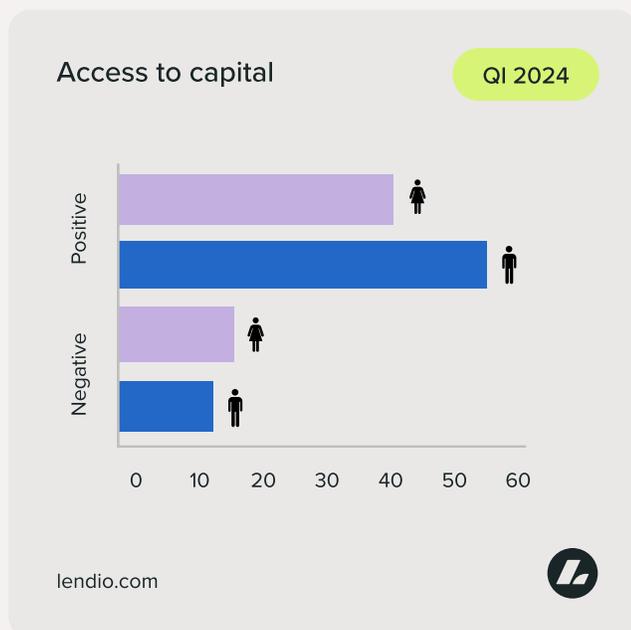
The takeaway:

**50%**

of small businesses say they don't know if the bank they use for checking has the right loan options for them.

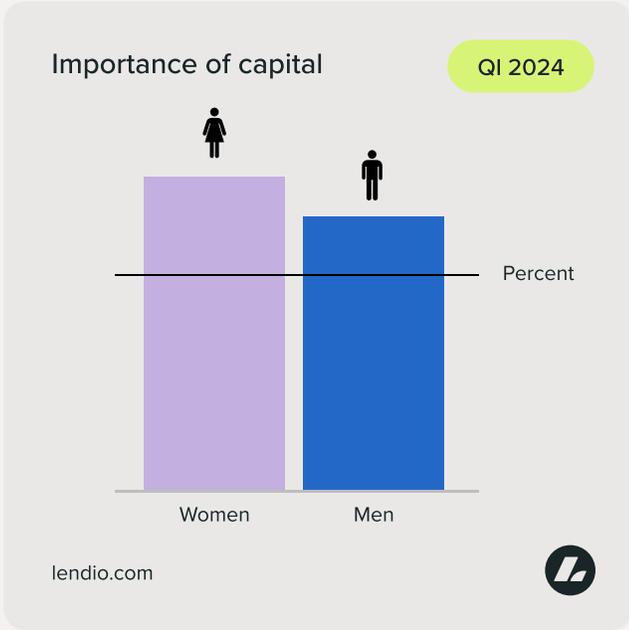
# Gender perspective

While men and women had similar responses to many of the survey questions, a few differences stood out.



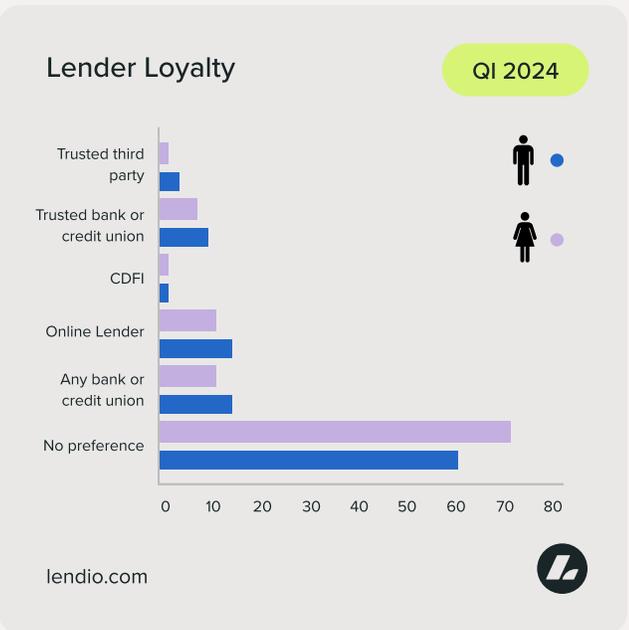
## 01. Access

While 55.8% of men are positive or very positive they can access the capital they need, only 46% of women say the same. Women are also more likely to say they don't have access to the capital they need. 13% of women rate their ability as "very poor" compared to 9% of men.



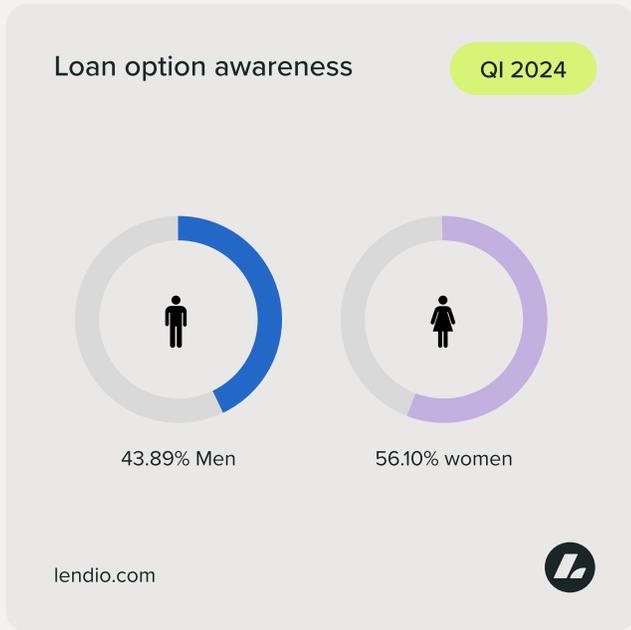
## 02. Importance

57% of women vs. 53.6% of men find financing critical for business survival. 67% of women vs. 63.6% of men see financing as key to business growth.



## 03. Loyalty

70% of women have no preference for a lender, compared to 62% of men.



## 04. Awareness

53.3% of women and 41.7% of men are unsure of their primary bank’s loan options.



## 05. Education

More women would like education on the business loan application process across the board with the exception of interest rates which is equal.

# Methodology

In May 2024, Lendio conducted an online survey of 1096 small business owners regarding their perceptions of and experiences with applying for small business financing.

## Small business demographic breakdown

- The number of employees ranged from 0-101 with an average number of employees of 1.7 and a median of 0.
- Average monthly revenue ranged from \$0-\$400,000 with an average of \$12,300 and a median of \$3,999
- Businesses ranged from day-one startups to businesses that are over 50 years old. On average the businesses were 4.5 years old.
- Of the 760 respondents where gender was provided, 52% were women and 48% were men.
- Of the 93 respondents whose race was provided, 55% were Caucasian, 32% were Black or African American, 8% were Hispanic and 2% were Asian.

