



COMMONWEALTH OF MASSACHUSETTS

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REPORT OF THE SMALL BUSINESS REVIEW BOARD ON THE AVAILABILITY OF CREDIT FOR SMALL BUSINESSES AS OF DECEMBER 31, 2019

In accordance with the provisions of G.L. c. 167, § 14C, this memorandum serves as an informational summary prepared on behalf of the Small Business Loan Review Board (the Board) regarding the availability of credit to small businesses within the Commonwealth, as of December 31, 2019.

The primary goal of this memorandum is to better understand the availability of credit to small businesses across Massachusetts. It is beyond the scope of this memorandum to offer an explanation or evaluation as to the observed outcomes. Rather, this memorandum's descriptive contribution is intended to be an assessment of credit available to small businesses with the best data available to the Board.

The Board is comprised of six individuals and represent different regions of the Commonwealth. The Board members work in the following counties: two in Essex County; one in Hampshire County; one in Hampden County; and two in Middlesex County.

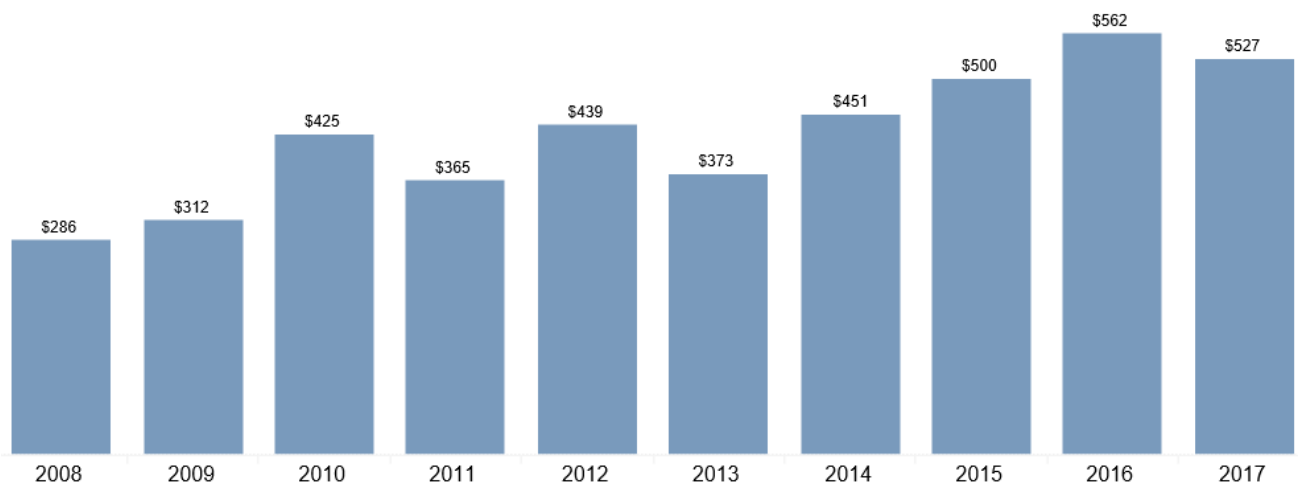
The following represents key informational data concerning the availability of credit to small businesses:

- From 2016 to 2017, the data available shows a decline in loan origination volume in both the Community Reinvestment Act (CRA) and Small Business Administration (SBA) loan databases. From 2016 to 2017, CRA loan dollars in Massachusetts declined by 7.0%, while SBA loan dollars declined by 6.2%. The decline in CRA loan dollars in Massachusetts was comparable to the national decline of 5.0%, whereas the decline in Massachusetts SBA loan dollars deviated from the average increase of 6.9% across the country.
- The most recent FDIC call report from 2017 reflects a modest decrease in the dollar volume of small business loans at Massachusetts banks, but a small increase in the number of loans.

The volume of small business loans on the books of local community banks totaled 84,785 for \$11.6 billion as of 2017, compared to 84,747 for \$11.8 billion as of 2016. The FDIC average loan size decreased from the previous year at \$139,167 to \$137,403. Since 2016, Massachusetts remained 14th out of 52 jurisdictions (including District of Columbia and Puerto Rico) in size of FDIC loan balances for small businesses.

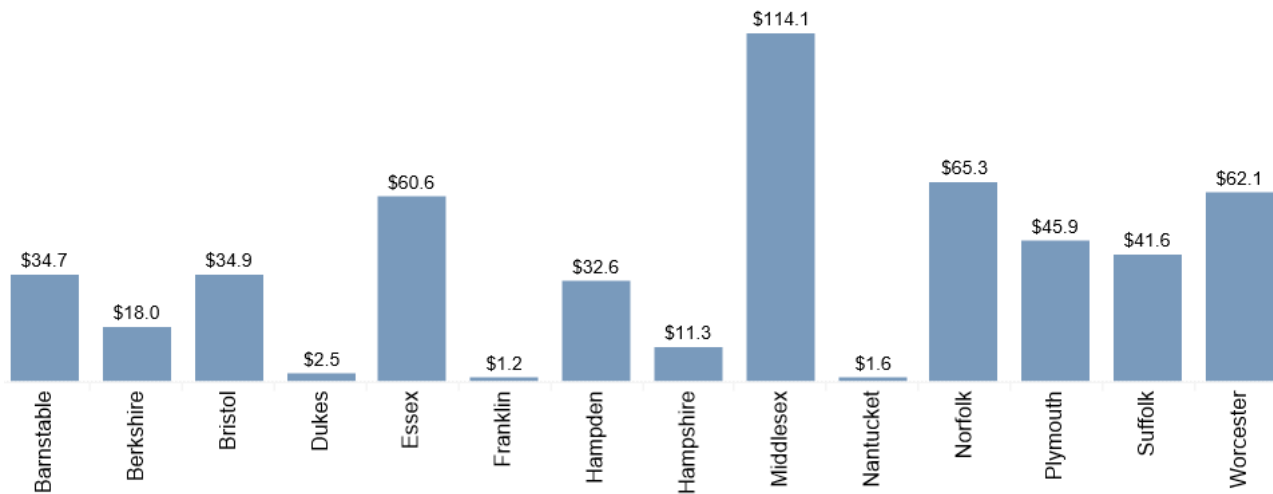
- Credit unions in Massachusetts reported 8,018 small business loans for \$2.5 billion in 2017, compared to 7,612 loans for \$2.3 billion in 2016. The average NCUA small business loan size increased from the previous year at \$300,802 to \$316,570. Since 2011, Massachusetts remained seventh out of 52 in size of NCUA loan balances for small businesses.
- According to the SBA, SBA loans in Massachusetts increased slightly from the previous year in terms of number of loans but declined in terms of loan dollars, representing the first decline in five years. SBA lenders in Massachusetts recorded 2,906 approvals for \$529 million in 2017.

Dollar Amount of SBA Loans in Millions



- The top four counties in Massachusetts with the largest share of SBA loans in 2017 were Middlesex, Norfolk, Worcester, and Essex, each receiving over \$50 million in SBA loan dollars.

2017 SBA Loan Dollars in Millions



- The SBA database reported that in 2017 the average SBA 504 loan size at \$282,000, which dropped from the previous year at \$477,682. The average SBA 7A loan size similarly fell from \$168,206 in 2016 to \$138,307 in 2017. In terms of the gross dollar amount approved by the SBA, Massachusetts dropped from 19th to 20th out of 52 jurisdictions with a total amount of \$526,567,318.