

# Small Business Credit Survey: Third District Insights

by Alaina Barca<sup>1</sup>

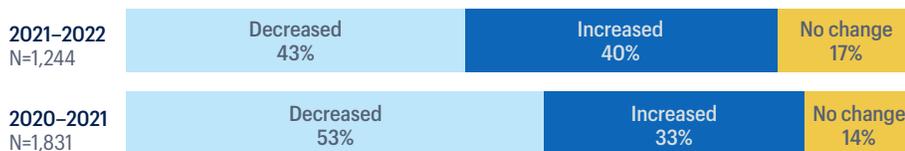
Owners of small employer firms (firms with at least one but fewer than 500 employees) were surveyed in the fall of 2022 for the Small Business Credit Survey.<sup>2</sup> The Federal Reserve's Third District is a region that includes eastern Pennsylvania, southern New Jersey, and Delaware (see map). This brief highlights key findings for 1,285 small employer firms from Third District states<sup>3</sup> — all of Pennsylvania, New Jersey, and Delaware.



## Firm Conditions

More than half of the firms had not seen revenue improvements since 2021, while 40 percent experienced an increase in revenue. Most of the firms also reported that 2022 financial conditions were poor or fair. As more pandemic assistance programs were phased out in 2022, more than half of the firms did not apply for pandemic-related financial assistance. Still, the firms continued to demonstrate demand for funding. More than one-third (36 percent) of the firms applied for nonemergency loans, lines of credit, or merchant cash advances, the most popular of which were lines of credit, business loans, and Small Business Administration (SBA) loans.

## Revenue Change in the Last 12 Months



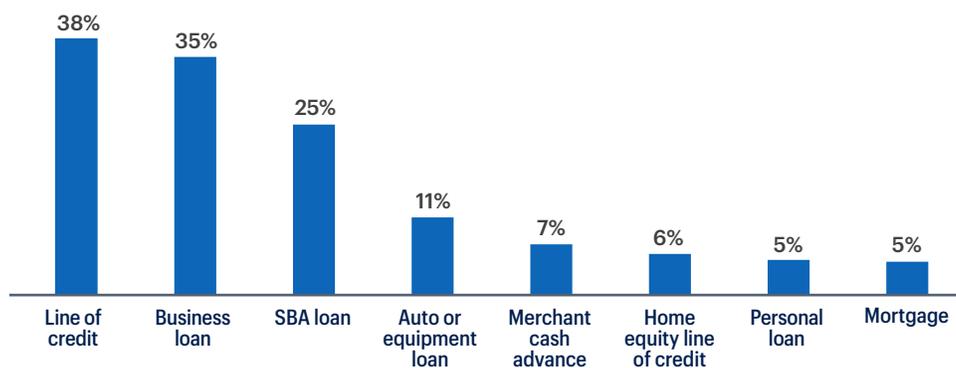
65%

Reported that 2022 financial conditions were poor or fair

N=1,285

## Application Rate by Type of Loan, Line of Credit, or Merchant Cash Advance<sup>4</sup>

N=464



56%

Did not seek pandemic-related financial assistance

N=1,285

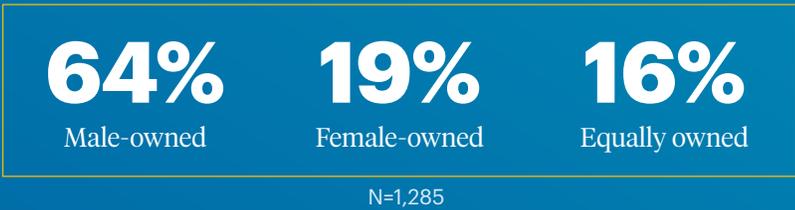
<sup>1</sup> The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>2</sup> The Small Business Credit Survey is a national sample of small businesses focused on firms' financing and debt needs and experiences. The national report and corresponding data used for this brief are available at [www.fedsmallbusiness.org/survey](http://www.fedsmallbusiness.org/survey).

<sup>3</sup> See more demographic details on page 2. Note that data are weighted to be representative of each state's small businesses and that not all yearly comparisons included are statistically significant, partly owing to sample size. Last year's Third District Insights brief is available at [www.philadelphiafed.org/community-development/credit-and-capital/2021-small-business-credit-survey-third-district-insights](http://www.philadelphiafed.org/community-development/credit-and-capital/2021-small-business-credit-survey-third-district-insights).

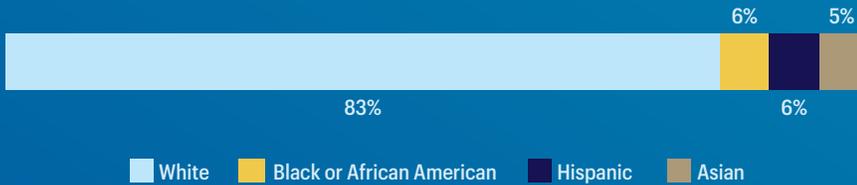
<sup>4</sup> Among the 36 percent of the firms that applied for loans, lines of credit, or merchant cash advances.

# Firm Demographics



## Race/Ethnicity of Owner(s)

N=1,285



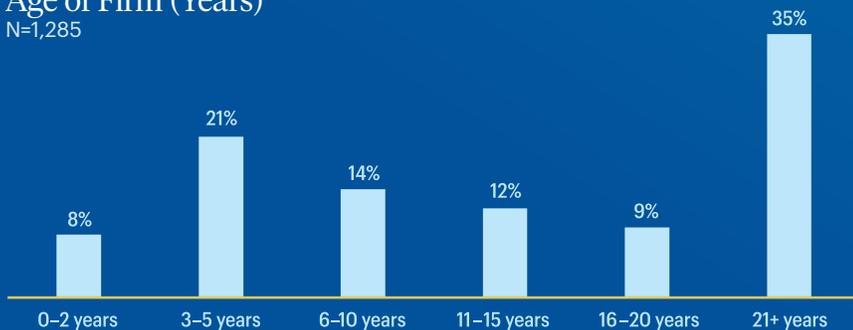
## Industry

N=1,285



## Age of Firm (Years)

N=1,285



Age of firm, employment size, gender of owner(s), industry, and race and ethnicity of owner(s) are among the variables used to weight the Small Business Credit Survey. The figures shown here reflect proportions derived from U.S. Census Bureau population data.

# Challenges in 2022

The most widely cited operational challenges among small businesses in Third District States were supply chain issues, hiring or retaining qualified staff, and reaching customers or growing sales. Other operational challenges included utilizing technology (27 percent), complying with government regulations (27 percent), and ensuring the health and safety of customers or employees (19 percent). The most severe financial challenges experienced were increased costs of goods, services, and/or wages; paying operating expenses; and uneven cash flow. Other financial challenges included weak sales (50 percent), making payments on debt/interest rates (34 percent), and credit availability (24 percent).

## Top Operational Challenges

N=1,274



## Top Financial Challenges

N=1,283

