

Banks to Pursue Small-Business Lending in 2012

By Jackie Stewart, American Banker, March 5, 2012

Deposit-rich U.S. banks will seek out more opportunities to lend to small businesses this year as they look to grow revenue, a new survey from a consulting firm predicts.

About 78% of U.S. bank respondents and more than 76% of banks globally said they will "actively" pursue small-business lending in 2012, according to a banking trends survey released in late February by Omega Performance of Arlington, Va. Almost 13% of U.S. banks said that small-business lending would increase drastically while roughly 64% said that it will increase slowly.

Lending to small businesses had slowed since the start of the recession as the economy weakened, banks became more conservative and companies were more reluctant to take on additional debt.

But John Golden, Omega's president and chief executive, said that he started hearing from his banking clients during the second half of 2011 that they intended to ramp up their small-business lending because they are flush and deposits and need ways to grow top-line revenue. He added that with the economy slowly improving, more companies appear willing to take on more bank debt.

The Omega survey also found that 66% of U.S. bank respondents said they would actively pursue lending to medium and large businesses while 59% said they would look to consumer lending to drive loan growth.

The survey, conducted from the end of January to the beginning of February, included responses from 409 banks globally.