

## II. Small Business Markets and Competition

### IIB. Competitors and Competitive Advantages

#### About This Section

In this section, we ask about your bank’s competitors for small business lending, and whether your bank or your competitors have an advantage in different areas related to small business lending. By “advantage” we mean being in a more favorable position to conduct small business lending for the particular area.

#### Small Business

We understand that your bank’s internal definition for small business lending may differ from the definitions used by other banks and from regulatory definitions (for example, those used by the Call Report, the Community Reinvestment Act, or the Small Business Administration).

For this survey we ask that you use your bank’s own formal or informal definitions for what it considers a “small business.” This includes the possibility that your bank considers all of its business borrowers to be small businesses, or the possibility that your bank has multiple divisions that serve small businesses.

**Important Note:** If your bank answered “No” to question IA.1, then your institution will not be asked to answer any of the questions here nor any remaining questions in Sections I, II, and III. Please go directly to Section IVA (page 29).

IIB.1 How often does your bank compete with each of these financial institutions for small business borrowers? **Exclude** any competition based solely on PPP loans. *Select only ONE option for each financial institution.*

Financial institution	Never or rarely	Some-times	Often	Most of the time	Don't know
<b>Local Banks (with a branch or loan office in your market)</b>					
a. Small banks with local presence (less than \$1 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Mid-sized banks with local presence (\$1 billion to \$10 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Large banks with local presence (\$10 billion to \$250 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Very large banks with local presence (\$250+ billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Non-local Banks (with no branch or loan office in your market)</b>					
e. Small banks with no local presence (less than \$1 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Mid-sized banks with no local presence (\$1 billion to \$10 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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g. Large banks with no local presence (\$10 to \$250 billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Very large banks with no local presence (\$250+ billion in assets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Non-bank Institutions</b>					
i. Credit card issuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Credit unions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Non-bank online lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Other financing companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IIB.2 Compared to your **general field of competitors** that you just noted, do your competitors or does your bank have an advantage in each of the following general areas for small business lending? *Select only ONE option for each area.*

General area	Competitors have big advantage	Competitors have advantage	Neither my bank nor top competitor has advantage	My bank has advantage	My bank has big advantage	Don't know
<b>a. Convenience</b> <i>Examples: Breadth of credit and other services offered; convenience and number of locations</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>b. Customer-facing technology</b> <i>Examples: Online and mobile services; remote deposit capture; chatbots or other interactive technologies</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>c. Customer service</b> <i>Examples: Established relationships between borrowers and your staff; personal attention given to borrowers; quality of your staff including experience and knowledge</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>d. Interest rates and pricing</b> <i>Examples: Interest rates; pricing of fees; term structure; flexibility in pricing or loan structure</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>e. Lending flexibility</b> <i>Examples: Ability or willingness to lend to marginal borrowers; flexibility in collateral requirements; willingness to accept alternative forms of documentation</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>f. Outreach, sourcing, and reputation</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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<i>Examples: Paid advertising; positive reputation; referral network; staff knowledge of potential borrowers</i>						
<b>g. Risk management and cost control</b> <i>Examples: Ability to accurately assess lending risk; ability to monitor borrowers; ability to diversify risk; cost control</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>h. Speed of service</b> <i>Examples: Decision or funding speed</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IIB.3 Compared to your **general field of competitors** that you just noted, do your competitors or does your bank have an advantage in each of the following **specific** areas for small business lending? *Select only ONE option for each area.*

Area	Competitors have big advantage	Competitors have advantage	Neither my bank nor top competitor has advantage	My bank has advantage	My bank has big advantage	Don't know
a. Credit products offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Breadth of other services offered besides credit products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Established relationships between borrowers and staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Flexibility in collateral requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Flexibility in pricing or loan structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Willingness to accept alternative forms of documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Ability to accurately assess lending risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Ability or willingness to lend to marginal borrowers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Decision speed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Funding speed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IIB.4 In your opinion, from the **perspective of your bank's existing and potential small business borrowers**, how important are each of the following areas?

*By "important," we mean that this is "something that you believe small business borrowers care about" when they are looking for a loan. Select only ONE option for each area.*

Area	Level of importance					
	Very low	Low	Moderate	High	Very high	Don't know
a. Convenience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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b. Customer-facing technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Interest rates and pricing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Lending flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Outreach, sourcing, and reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Risk management and cost control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Speed of service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The following questions ask about the general advantages of different types of financial institutions in small business lending. Please answer based on your understanding of small business lending, **regardless of whether or not your bank competes directly with each type of financial institution.**

IIB.5 In your opinion, in which areas (if any) do **credit unions** generally have an advantage in lending to small businesses? *Select ALL areas that apply.*

- Convenience
- Customer-facing technology
- Customer service
- Interest rates and pricing
- Lending flexibility
- Outreach, sourcing, and reputation
- Risk management and cost control
- Speed of service
- None of these areas

IIB.6 In your opinion, in which areas (if any) do **non-bank online lenders** generally have an advantage in lending to small businesses? *Select ALL areas that apply.*

- Convenience
- Customer-facing technology
- Customer service
- Interest rates and pricing
- Lending flexibility
- Outreach, sourcing, and reputation
- Risk management and cost control
- Speed of service
- None of these areas

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