



Specifically Meeting Small Business Demand

by [Steve Brown](#) Topics: [business customers](#), [lending](#), [performance](#)

Summary: According to a study by PayNet and Raddon, small businesses are eager for loans. We provide you with some insight from this report to help you win over these eager customers.

To give yourself a chance to hit your New Year's goals this year, research finds the best way to do it is to be very specific and have goals that are attainable. For instance, instead of saying you want to stop eating sweets by the end of the year, you might want to start with something like you will only have 1 candy bar per month. Specificity increases your odds of success.

As you think about that, consider a new study that reveals small businesses remain eager for loans. Anticipated small business loan demand is at its highest level since 2012, with 48% of respondents planning to take out a loan in the next 12 months, according to a [joint study by PayNet and Raddon](#).

As you're pondering ways to meet this growing demand, consider that over the years major banks have reined in small business lending and mostly remain on the sidelines, so opportunities abound for community banks. In the past, high costs to underwrite and review loans have made it more difficult for some community banks to meet the borrowing needs of small businesses, but today technology has made it possible to streamline the process.

If you find this is necessary to satisfy your customers and attract new ones, you will want to take advantage of technology as much as possible for faster, more seamless and less-paper intensive loans. Talk to your core provider to see what is possible there first. It is important to have options, but know what you specifically need before doing your research to stay focused.

Most banks will want to start by scanning all documents, rather than manually entering data. There are also many new ways to crunch data in order to price loans faster and more consistently. Banks may also seek to use automation in the application and closing process, for example, making things faster and more efficient for customers.

Other research from Raddon points out that 47% of small businesses agreed that getting a business loan is a long and difficult process. So, moving the needle towards faster loan processing for your customers could be an important way to keep them satisfied and loyal.

Of course, banks must always be mindful of risk. Amid the desire to meet increased demand, there may be cases where a small business customer is simply not a good fit based on risk profile, cash flow or some other factor. But even when a business may not be a good fit immediately, it behooves the bank to woo the customer in other ways, like a business checking account or business and employee debit cards. Keeping in close contact, calling the business every six months or so to check in, could prove worthwhile for future lending opportunities and possible referral business.

Growing loan demand is a good thing especially as small business customers seem to remain interested in it right now. Look for opportunities for greater efficiencies throughout the bank by leveraging technology and simplifying processes to capture new customers while delighting existing ones too.

ECONOMY & RATES

Rates As Of: 01/03/2019 11:35AM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.41	0.05	0.05
6M	2.46	-0.02	-0.02
1Y	2.51	-0.09	-0.09
2Y	2.40	-0.09	-0.09
5Y	2.39	-0.13	-0.13
10Y	2.57	-0.11	-0.11
30Y	2.92	-0.10	-0.10
FF Market	FF Target	Fed Disc	
2.40	2.50	3.00	
SOFR	Prime	Unemp	
3.15	5.50	3.70	

[More Market Rates](#)

BANK NEWS

Equipment Lending

Online lender [OnDeck said it will begin offering equipment finance loans to small businesses](#) starting in 2019. Loans will be fixed rate for up to \$100,000 in size, with terms of up to 60 months.

Home Equity:

Online lender Prosper said it will offer home equity lines of credit starting in 2019.

Sentencing

The former chairman, president and CEO of failed [Bank of Union \(OK\) was sentenced to 4Ys in federal prison](#) for making a false statement to the FDIC. He was also ordered to pay \$137.4mm in restitution for defrauding the bank.

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