



MASSACHUSETTS COMMUNITY & BANKING COUNCIL

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MCBC Releases New Report on Massachusetts Small Business Lending

Data Shows Overall Lending Volume Increased in 2014

Boston, MA (January 14, 2016). CRA data for the year ended December 31, 2014 shows that small business lending in Massachusetts increased at a moderate pace from 2013 to 2014, the fourth consecutive year of moderate growth although lending levels remain well below the levels achieved prior to the recent financial crisis.

When compared to other states, the national CRA data shows that Massachusetts experienced larger overall percentage increases in the number and dollar amount of loans than most states in 2014, but Massachusetts experienced smaller percentage increases in the number and dollar amount of loans in low and moderate income areas than many states in 2014.

These are among the most dramatic findings presented in the Massachusetts Community and Banking Council's seventeenth annual report on small business lending patterns. The report, *Small Business Lending in Massachusetts, 2007-2013*, reviews recent small business lending trends across the state with an emphasis on traditionally underserved areas. The report also reviews changes in economic conditions and other factors that affect small business lending. The report was prepared for MCBC by Stuart Ryan of BankMaps LLC.

The report analyzes 2014 lending data of loans of \$1 million or less collected under the Community Reinvestment Act (CRA) along with quarterly Call Report data. In addition to the data in the report, MCBC is also providing data on all Massachusetts cities and towns in a set of on-line tables. Both the report and the on-line tables are available in the Publications section of MCBC's website at www.mcbc.info.

"It is amazing that community banks and credit unions have been able to increase the number and dollar amount of loans provided to small businesses in our community for the fourth consecutive year in spite of the challenging economic environment," said Kevin B. Noyes, Community Development and CRA Officer at People's United Bank and co-chair of MCBC's Economic Development Committee. "We must be mindful to remain supportive of small businesses as they are the cornerstones of our local communities."

Among the report's key findings:

- Several data sources show that small business lending volume in Massachusetts increased in 2014, in some cases back to pre-financial crisis levels. The annual CRA data shows that small business lending volume in Massachusetts increased modestly in 2014 in terms of both the number and dollar amount of loans. The volume of CRA-reported small business loan originations in

Massachusetts totaled 118,950 loans for \$4.5 billion in 2014, compared to the previous year totals of 107,428 loans for \$4.3 billion. The 2014 increase represents the fourth consecutive annual increase in loan dollars although loan volume remain below the levels achieved prior to the recent financial crisis. The most recent Quarterly Call Report data, which includes local community banks that are not included in the annual CRA database, also shows large increases in both the number and dollar volume of small business loans at Massachusetts banks and thrift institutions over the past year. According to the US Small Business Administration (SBA), loans guaranteed by the SBA also expanded strongly in Massachusetts during the agency's fiscal year ended September 30, 2015 raising the agency's lending volume to records levels.

- When compared to other states, the national CRA data shows that Massachusetts experienced larger overall percentage increases in the number and dollar amount of loans than most states in 2014. Massachusetts, which has the 14th largest state population in the country, ranked 9th in terms of the largest percentage change in small business loan dollars from 2013 to 2014 and 19th in terms of the percentage change in the number of loans.
- However, when compared to other states, the national CRA data shows that Massachusetts experienced smaller percentage increases in the number and dollar amount of loans in low and moderate income areas than many states in 2014. Massachusetts, which has the 15th largest population in the country living in low and moderate income areas, ranked 29th in terms of the largest percentage increase in loan dollars from 2013 to 2014 and 23rd in terms of the percentage change in the number of loans.
- Low and moderate income census tracts in Massachusetts continued to receive a somewhat smaller share of small business loans in 2014 than one might expect given the local demographics. Low and moderate income census tracts, which account for 27.2% of the total population of Massachusetts, received 19.6% of the total number of CRA-reported small business loans in the state in 2014 and 21.1% of the total loan dollars.
- The lowest lending rates in Massachusetts, measured in the amount of loan dollars per 100 firms, were recorded in upper income communities in 2014 for the third consecutive year although the lending rates between income groups fell within a relatively narrow range of values. Low and moderate income census tracts received an aggregate \$792,000 and \$779,000 per 100 businesses respectively, while middle and upper income census tracts in Massachusetts received an aggregate \$792,000 and \$762,000 per 100 businesses. The 2014 results represent the third time in the past seven years when the lowest overall lending rates were not in low or moderate income census tracts.
- Nine of the 14 counties in Massachusetts experienced increases in CRA-reported small business lending volume in 2014. On a percentage basis, the changes in small business loan dollars ranged from a 22.4% increase in Essex County to a 31.7% decrease in Berkshire County. In terms of dollar amounts, the counties with the largest increases in loan dollars occurred in Essex, Middlesex, and Worcester Counties, while the counties with the largest decreases occurred in Berkshire, Hampden, and Hampshire Counties.

About the Massachusetts Community & Banking Council

The Massachusetts Community & Banking Council (MCBC) was established in 1990 to bring together community organizations and financial institutions to affect positive change in the availability of credit and financial services across Massachusetts by encouraging community investment in low- and moderate-income and minority group neighborhoods.

MCBC is funded through the financial support of member financial institutions. MCBC 2015 members include: Abington Bank, Avon Co-operative Bank, Bank of Canton, Beverly Co-operative Bank, Blue Hills Bank, Boston Private Bank & Trust Company, Braintree Cooperative Bank, Cambridge Savings Bank, Cape Cod Five Cents Savings Bank, Capital One, Citi, Citizens Bank, Colonial Federal Savings Bank, Community Credit Union, Dedham Institution for Savings, Eagle Bank, East Cambridge Savings Bank, Eastern Bank, Equitable Bank, Everett Co-operative Bank, Industrial Credit Union, Leader Bank, N.A., Mansfield Credit Union, Mass Bay Credit Union, North Cambridge Co-operative Bank, Patriot Bank, People's United Bank, Randolph Savings Bank, RTN Federal Credit Union, Santander, Stoneham Bank – A Cooperative Bank, TD Bank, The Cooperative Bank, The Savings Bank, Wellesley Bank, Winchester Co-operative Bank, and Winchester Savings Bank.

MCBC's 2015 Community Partners include ACCION, City of Boston through the Boston Redevelopment Authority, Community Teamwork, Inc., Dudley Square Main Streets, ESAC, Fair Housing Center of Greater Boston, Family Independence Initiative, Interise, Massachusetts Affordable Housing Alliance, Massachusetts Association of CDCs, Massachusetts Housing Partnership, Metropolitan Boston Housing Partnership, Somerville Community Corporation, South Eastern Economic Development (SEED) Corporation, and The Neighborhood Developers.

In addition to the data in the report, MCBC is also providing data on all Massachusetts cities and towns in a set of supplemental tables. The report and the supplemental tables, as well as further information about MCBC, are available at www.mcbc.info.