

2009 Small Business Credit Card Survey



NSBA
National Small Business Association





About NSBA

Since 1937, NSBA has advocated on behalf of America's small-business owners. A staunchly nonpartisan organization, NSBA reaches more than 150,000 small businesses nationwide and is proud to be the nation's first small-business advocacy organization. Throughout the year, NSBA conducts a series of surveys and quick polls to provide a snapshot, as well as trending data, of America's small-business community. The NSBA 2009 Small Business Credit Card Survey illustrates the need for small businesses to access affordable and fair capital through credit cards.

For more information, please visit www.nsba.biz.



Message from the Chair

Since 1937, NSBA has been the nation's leading small-business advocate. As part of NSBA's mission to address the concerns of America's small-business community, I submit the NSBA 2009 Small Business Credit Card Survey. As small businesses across the nation struggle to keep their doors open through the ongoing economic crisis, one critical issue has been raised time and again: the need for small businesses to access affordable capital. As we've seen repeatedly through NSBA's surveys, credit cards account for the largest-and growing-single source of financing being used by small businesses today.

The NSBA 2009 Small Business Credit Card Survey provides a detailed view of how small businesses are utilizing their credit cards, how their credit-card companies are treating them, and the impacts of deteriorating credit-card terms on their business. Additionally, the survey provides valuable trending data from NSBA's 2008 Economic Reports.

Small business credit-card usage is on the rise. When asked in December 2008, 49 percent reported using credit cards in the past 12 months to finance their firms. In late-April, however, that number jumped to 59 percent. This increase is occurring despite a rise in the number of small businesses reporting worsening credit-card terms. Asked to evaluate their credit-card terms over the last five years, 79 percent reported worsening terms-up from 69 percent in December 2008. Even more eye-opening: when asked if their credit-card terms had worsened in the last six months, a whopping 75 percent reported that they had.

Credit-card issuers also have been reducing credit lines. Thirty-three percent of small-business respondents stated that their credit limit had been reduced, up from 28 percent in December. Furthermore, fewer small businesses are paying off their credit cards each month, making them subject to some of the most egregious practices of the credit-card industry. In December, 50 percent reported paying off their credit cards each month, today that number is down to 40 percent.

In past recessions, economic recovery has been led by the creation of millions of new, small businesses. However, unlike previous periods of economic uncertainty, today's entrepreneurs are severely limited in their ability to finance new business ventures by leveraging the value of their home, borrowing from friends and family, or securing a traditional loan. This leaves one clear, often unattractive, option: credit cards.

The NSBA 2009 Small Business Credit Card Survey comes on the heels of passage of critical credit-card reform legislation in the U.S. House of Representatives and in advance of expected debate on a similar measure in the U.S. Senate. NSBA has been an active and outspoken proponent of credit-card reform, citing the ever-increasing reliance small businesses have on credit-card financing, and calling on lawmakers to include small-business owners in any broad reform of the credit-card industry.

For more details on NSBA's stance on credit-card reform, please [click here](#).

I hope you find this survey useful and welcome your feedback.

Keith Ashmus
NSBA Chair

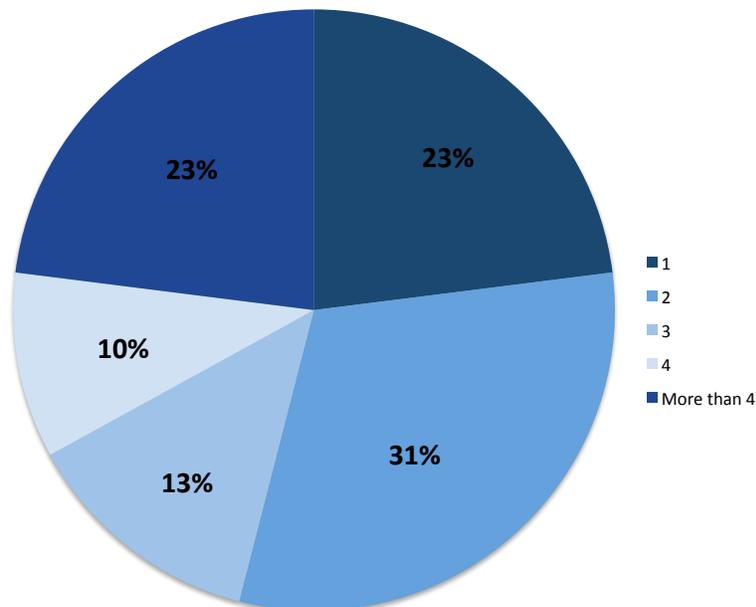


What types of financing has your company used within the last 12 months to meet your capital needs?

Credit cards	59%
Earnings of the business	51%
Bank loan	45%
Vendor credit	30%
Private loan (friends or family)	19%
Used no financing	19%
Leasing	7%
Small Business Administration (SBA) loan	5%
Factoring (pledging accounts receivable)	1%
Private placement of debt	1%
Private placement of stock	1%
Public issuance of stock	0.5%

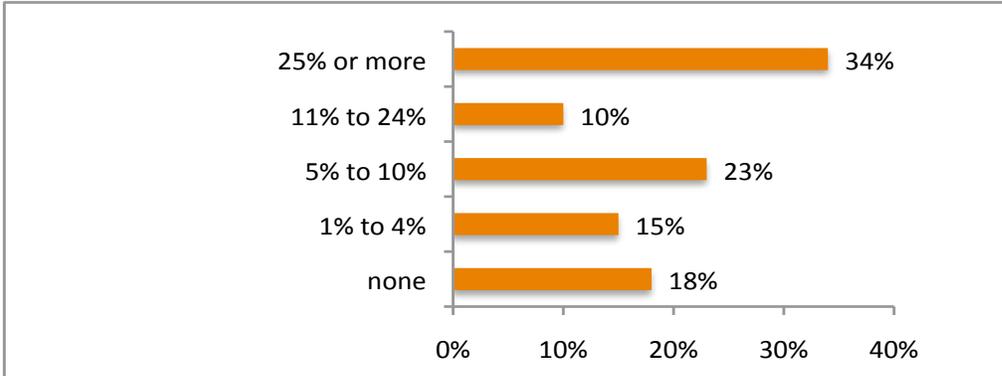
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If you checked credit cards, how many cards do you currently use?

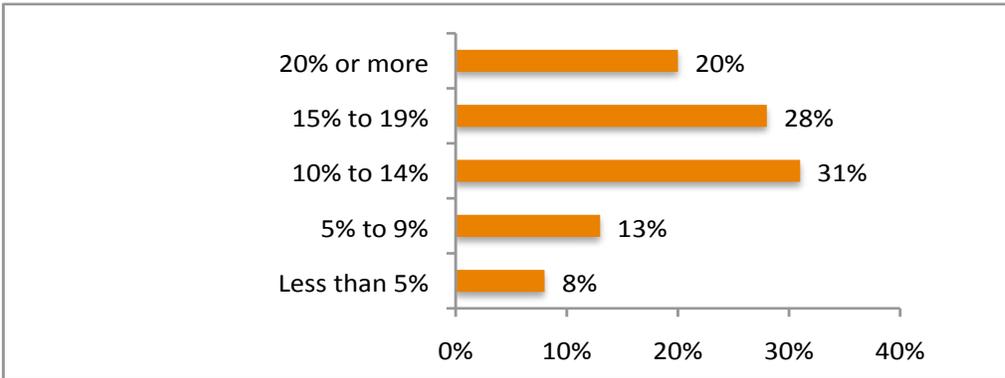




What percentage of your overall debt/financing is comprised of credit-card debt?



What is the approximate interest rate you are charged on your primary credit card?



Eighty-six percent reported using their consumer or business credit cards primarily or exclusively for business purposes.

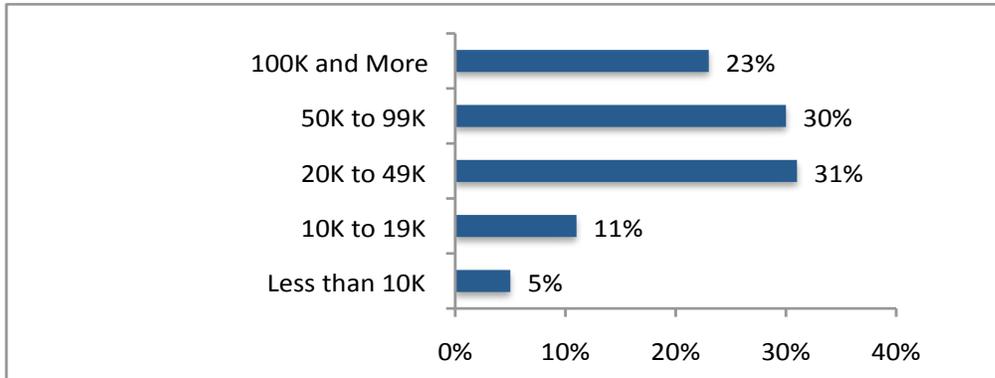
Profile of Respondents

Number of Personnel	
0	4.3%
1 - 5	43.6%
6 - 19	24.8%
20 - 99	22.0%
100 - 499	4.6%
500 or more	0.7%

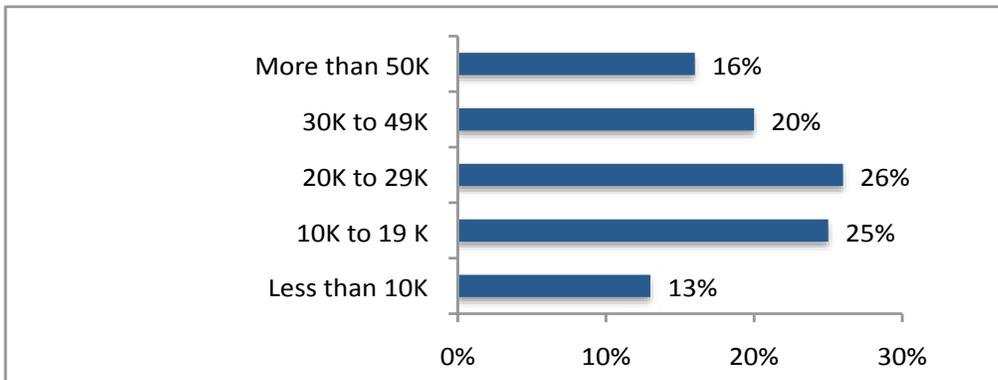
Year in Operation	
Less than 1 year	1%
1 - 3 years	3%
4 - 6 years	7%
7 - 10 years	18%
11 - 15 years	15%
16 years or more	56%

Industry	
Construction	20%
Professional (i.e. Doctor, Attorney, Accountant)	16%
Manufacturing	12%
Retail	9%
Distribution	8%
Insurance	7%
Health Care	5%
Software	5%
Printing and Publishing	3%
Finance	3%
Real estate	3%
Fabricated Products	3%
Food Service	2%
Transportation	2%
Biotech	1%
Chemicals	1%

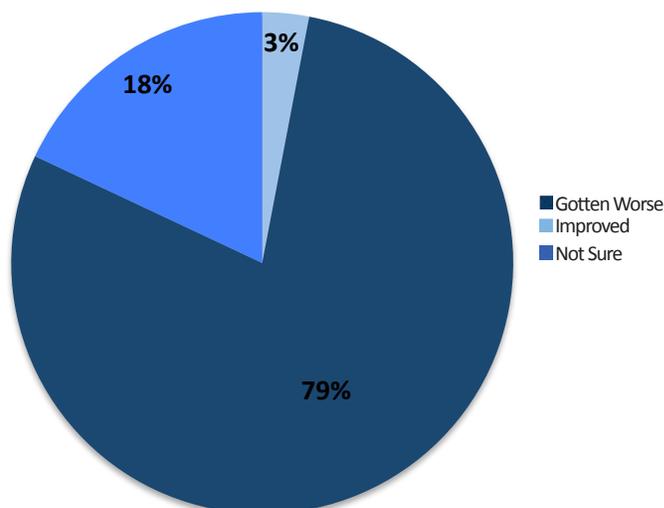
What's the credit limit for all your credit cards combined?



What's the largest credit limit you have for a single credit card?

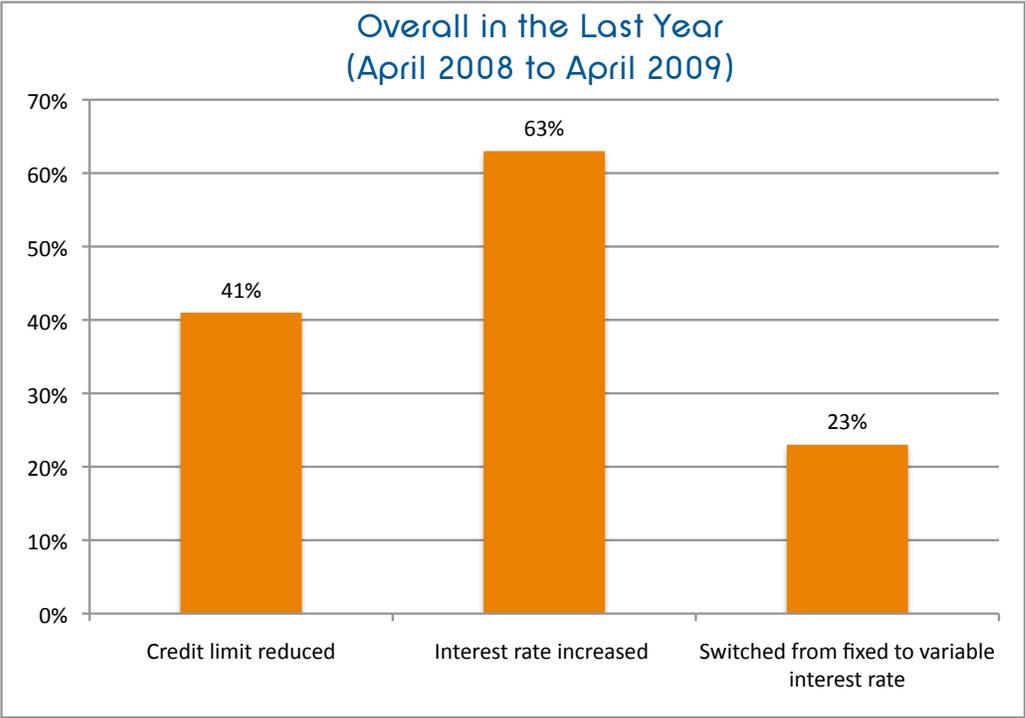


In the last five years, have the terms of your credit card:

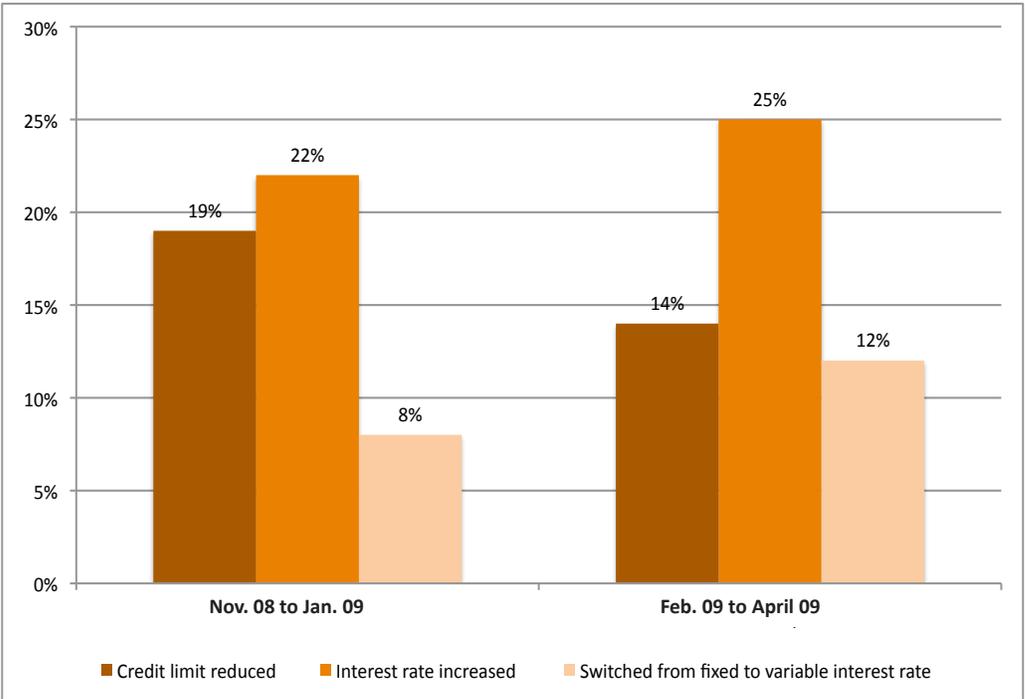




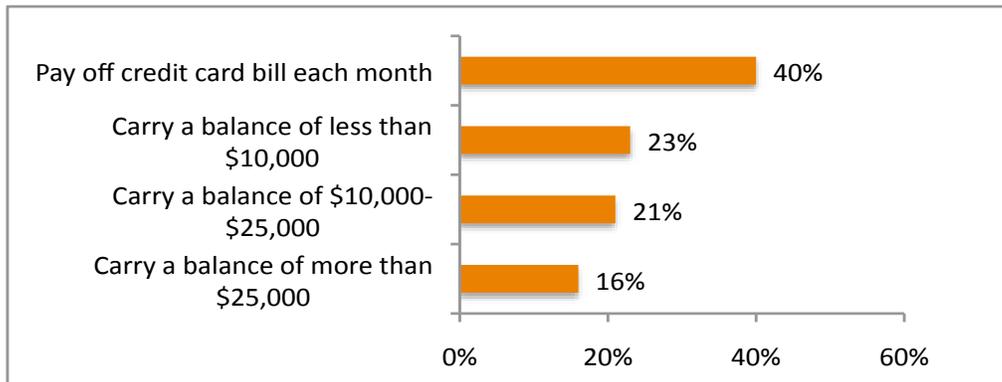
When asked what changes credit-card companies made respondents reported the following:



In the last six months alone, 33 percent of small businesses reported having their credit limit reduced.

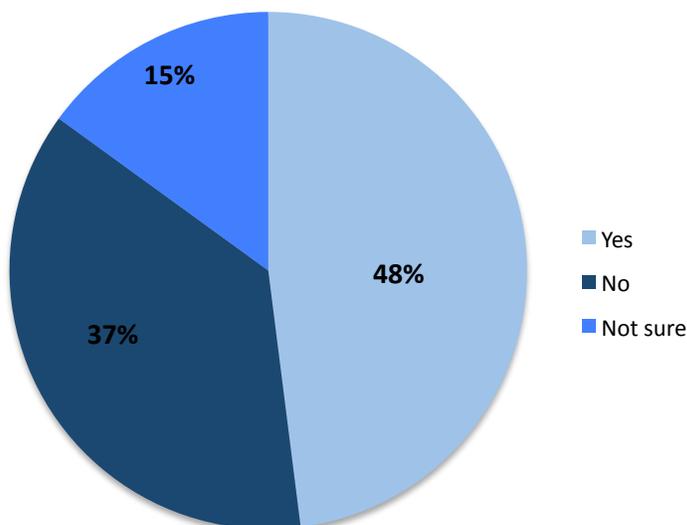


Thinking about your credit cards...Do You:

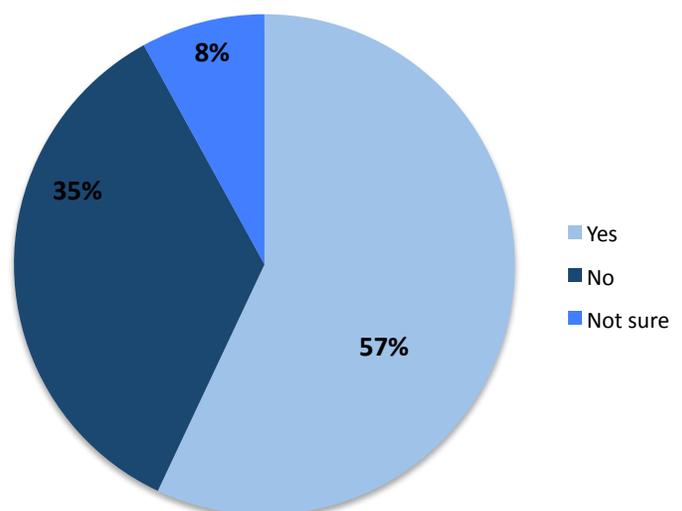


33% of respondents reported receiving their credit card statement **after** its due date.

Have you ever encountered a credit card due date that seems to randomly change?

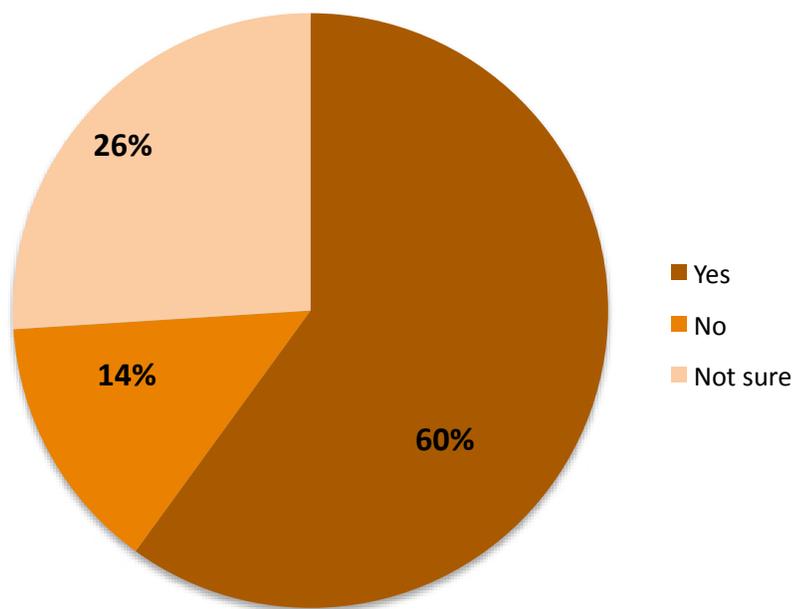


Have you ever received your bill too close to the due date to mail it and have it received on time?

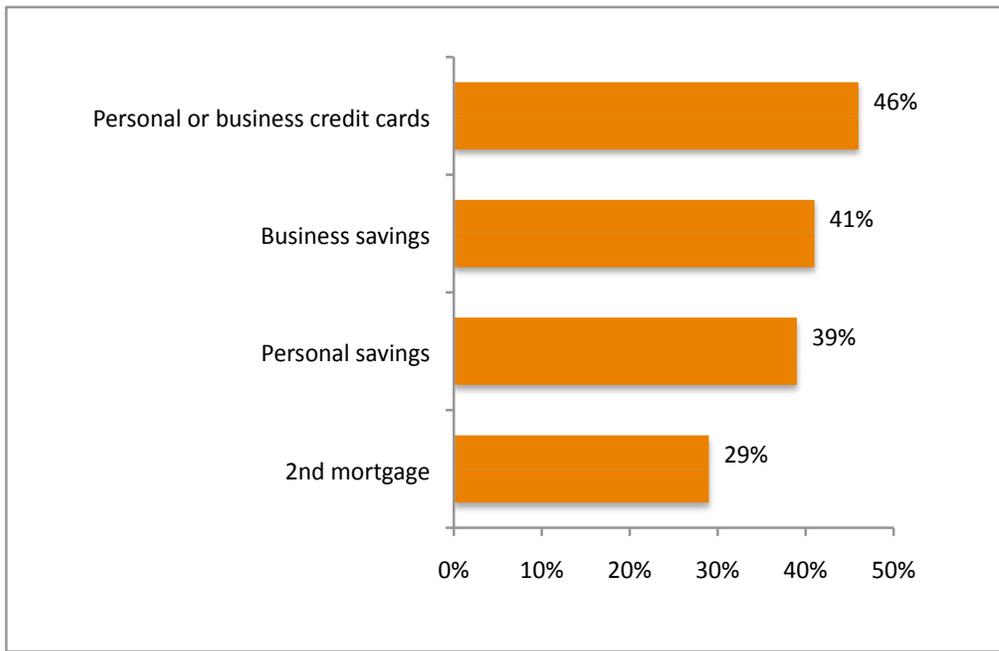




Are the rules surrounding what constitutes a late payment different for each of your credit cards?

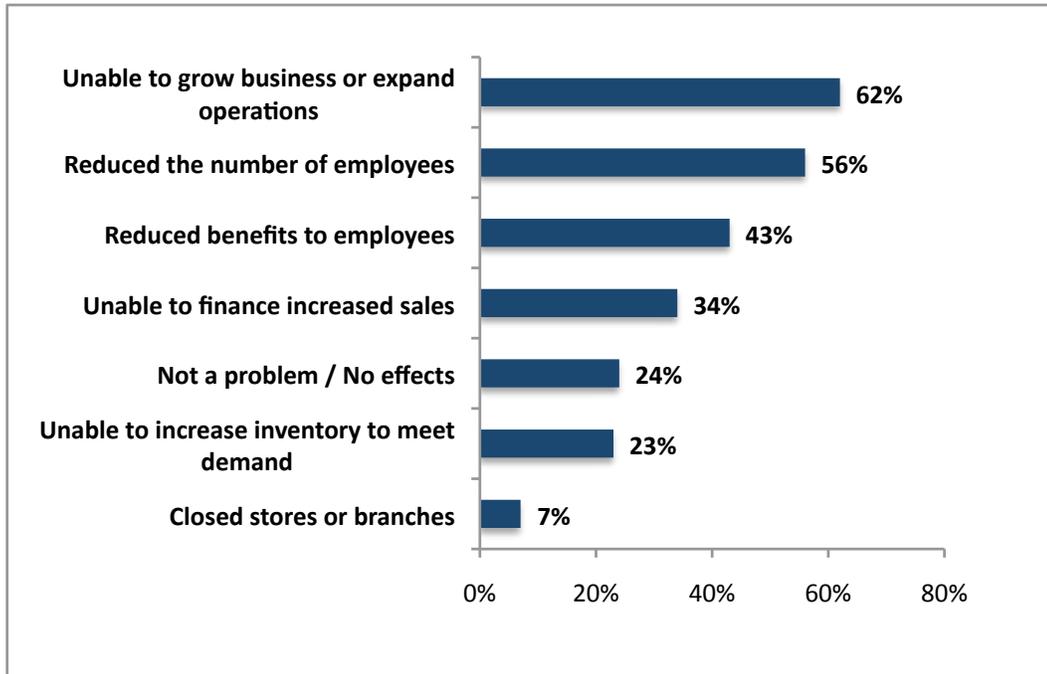


How do you leverage your business loans?

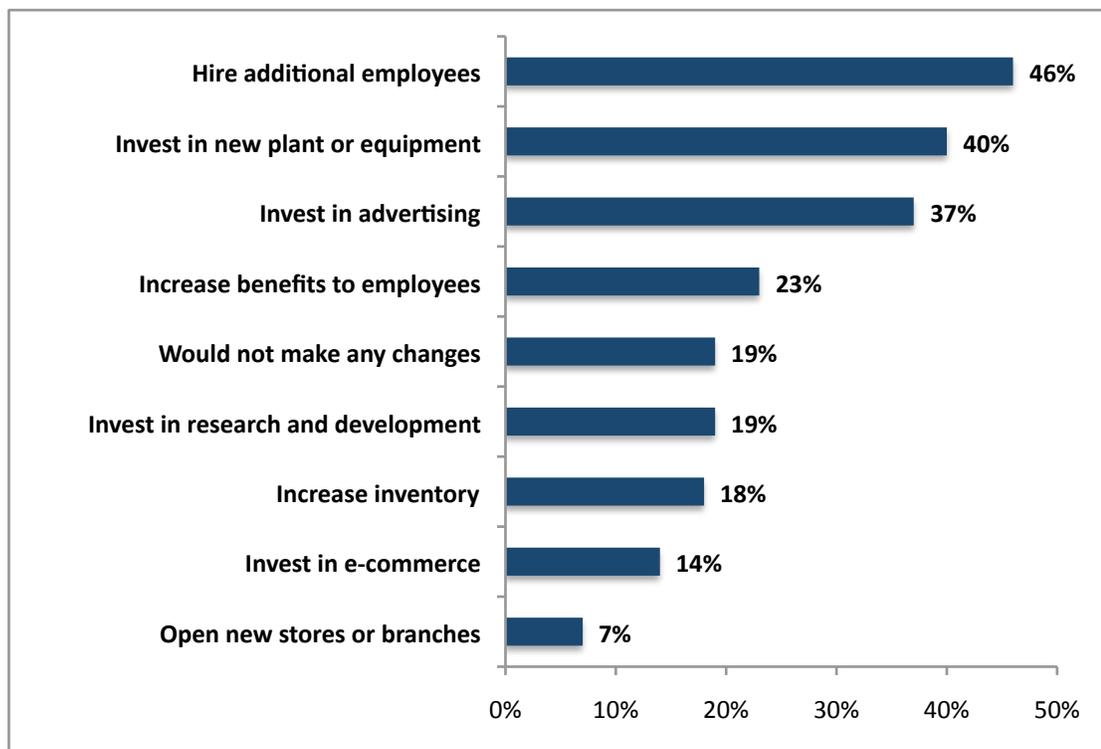


Nearly a quarter of small businesses surveyed juggle more than four credit cards for business purposes.

If capital availability is a problem for your business, what is the effect on your operations?

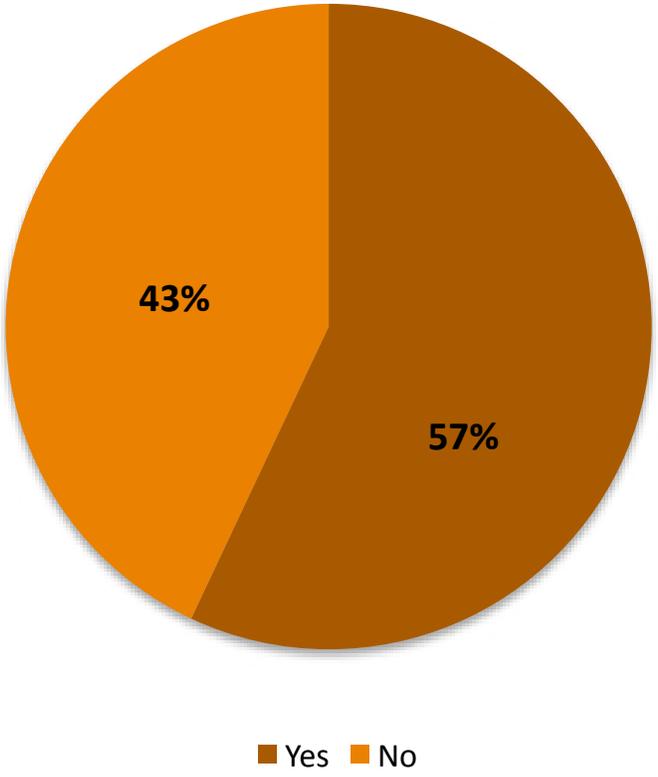


If you were able to obtain additional capital for your business, what are the first three actions that you would take?





Does your small business accept payment via credit card?



Nearly half of small businesses surveyed said they have encountered a credit-card due date that seems to randomly change

SURVEY METHODOLOGY

The NSBA 2009 Small Business Credit Card Survey was conducted among 288 small-business members of NSBA April 27 to May 5. This targeted survey is part of our ongoing series of member surveys which includes the 2008 NSBA Mid-Year Economic Report, the 2008 NSBA Year-End Economic Report, the 2009 Health Care Survey of Small Business and the 2009 Energy Survey of Small Business. The respondents to these surveys, while representative of the overall small-business community in terms of industry, tend to be slightly larger and older businesses.

NSBA

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