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loan applications to increase, and loan delinquencies to drop

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A new survey of U.S. bank risk managers reveals an optimistic forecast for small business lending. Sixty-two percent of respondents said the supply of credit for small business loans in the next six months would satisfy demand, and 89 percent said the approval rate for small business loans would hold steady or increase.

The survey was commissioned by [FICO](#) (known also as Fair Isaac Corporation), which is well-known for its credit scoring services, and is also a leading [predictive analytics](#) and decision management software company.

The survey, conducted for FICO by the Professional Risk Managers' International Association (PRMIA), also found that 79 percent of respondents believe the delinquency rate on small business loans would remain flat or decrease during the next six months. This was one of the most optimistic forecasts for small business lending in the survey's three-year history.

“This quarter’s survey was positive overall, but the results for small business lending

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recent trend — FDIC data has shown lackluster demand for credit by small businesses over the past three years.

A majority of respondents (52 percent) also expect the aggregate amount of credit extended to small businesses to increase during the next six months, while just 10 percent expect there to be a decrease in the credit extended to small businesses. Those figures were 42 percent and 15 percent, respectively, in last quarter’s survey.

“These results are much more positive than we see in our survey of European credit risk managers, released earlier this month,” Jennings noted. “Only 41 percent of European bankers surveyed believed that small businesses would request more credit, and just 29 percent expected an increase in the amount of credit granted to small businesses. Both credit demand and supply are suppressed by the continuing economic troubles across much of Europe.”

A detailed report of FICO’s quarterly survey is [available online](#). The survey included responses from 255 risk managers at banks throughout the U.S. in February and March 2013. FICO and PRMIA extend a special thanks to Columbia Business School’s Center for Decision Sciences for its assistance in analyzing the survey results.

Small Business

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