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## **New Survey Data: Small Business Owners Raise Alarms Over Difficulty Accessing Capital**

*84% of Respondents Fear Federal Reserve's New Bank Capital Requirements Will Worsen  
Credit Access Challenges*

New York, Sept. 12, 2023 – America's small business owners are struggling to access capital needed to operate and grow their businesses, as interest rates rise, and banks continue to tighten lending standards. The Federal Reserve's Basel III Endgame proposal would make matters even worse. These are two of the key findings from Goldman Sachs *10,000 Small Businesses Voices* survey of 1,556 small business owners.

Of the small business owners who have applied for a new business loan over the past year (28%), 70% reported it was difficult to access capital. In contrast, 61% of loan applicants in the April 2023 Goldman Sachs *10,000 Small Businesses Voices* survey said it was difficult to access capital in the prior three months. Seventy-six percent say difficulty accessing affordable capital has negatively impacted their business and 73% say rising interest rates are having a negative impact on their business.

As the Federal Reserve is seeking public comment on its Basel III Endgame proposal, 84% of small businesses are concerned that the proposal will negatively impact their ability to access capital in an already difficult market. In July 2023, the Federal Reserve proposed a rule that will require large banks to further increase the amount of capital they hold.

"Small business owners are hanging on by a thread, but the thread is getting increasingly thin as capital is becoming more difficult and more expensive to access, meaning many businesses are having to halt growth plans and consider cost cutting measures," said **Jessica Johnson-Cope, CEO & President of Johnson Security Bureau and Chair of the National Leadership Council for 10,000 Small Businesses Voices**. "Small business owners appreciate the work of Congress to examine the impacts of the Federal Reserve's Basel III Endgame as we are concerned the proposal will only worsen the ability of many small businesses to access capital."

A variety of policymakers, organizations and banks have publicly stated that higher capital requirements will lead to reduced lending and credit access for households and consumers. Some notable comments include:

*"Such a significant increase in capital standards will lead to reduced credit availability for all types of lending and undermine economic growth."* – **Letter from National Housing Conference, NAACP, National Urban League, Mortgage Bankers Association and National Association of Realtors**

*"We must recognize that, at some point, well-intended actions to improve financial resiliency can undermine the indispensable role banks play in providing financial intermediation. In my view, the Basel III proposal crosses that line. I am concerned that today's Basel III proposal will increase the cost of credit and impede market*

*functioning without clear benefits to the resiliency of the financial system.”* – **Federal Reserve Board Governor Waller**

Other key data points from the survey include:

- 68% of small business owners have outstanding business loans or lines of credit.
  - Of these, 58% have a fixed interest rate, while 42% have a variable interest rate.
  - 63% of those with outstanding loans or lines of credit say rising interest rates have impacted their ability to service their existing debt obligations.
  - 68% of those with outstanding loans or lines of credit say they would not be able to maintain current operations or grow their business without their business loan or line of credit.

This data is based on a survey of 1,556 Goldman Sachs *10,000 Small Businesses* participants conducted from August 29-September 7, 2023.

For more information, please visit, <https://www.goldmansachs.com/citizenship/10000-small-businesses/US/voices/>.

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#### **About *10,000 Small Businesses Voices***

Goldman Sachs *10,000 Small Businesses Voices*, which in April marked its three-year anniversary, builds on *10KSB* and organizes program participants to advocate for policies that matter to them. Learn more at [www.gs.com/10ksb-voices](http://www.gs.com/10ksb-voices)

#### **About Goldman Sachs *10,000 Small Businesses***

Goldman Sachs *10,000 Small Businesses* is an investment to help entrepreneurs create jobs and economic opportunity by providing a comprehensive business education program and access to capital and business support services. To date, *10,000 Small Businesses* has served over 14,000 small businesses across the United States. The program has reached businesses from all 50 states, Puerto Rico, and Washington, D.C. Learn more at [www.gs.com/10ksb](http://www.gs.com/10ksb).

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