

# Illinois

We can help small business owners keep the wealth they create to grow their dreams, build generational wealth, send kids to college, give raises to employees, and create new jobs in their communities. About 52000 small businesses in Illinois are overpaying in interest and fees when lower-cost options may be available. Transparent pricing standards would save small businesses an estimated \$459 million, just by enabling small business owners to identify and choose lower-priced financing, if they want to.

	<b>All small businesses</b>		<b>Black small businesses</b>		<b>Hispanic small businesses</b>	
	<b>Employers</b>	<b>Nonemployers</b>	<b>Employers</b>	<b>Nonemployers</b>	<b>Employers</b>	<b>Nonemployers</b>
<b># of small businesses<sup>1</sup></b>	<b>249,770</b>	<b>1,007,294</b>	4,251	143,000	13,263	109,000
<b>% of small businesses applying for capital</b>	<b>43%<sup>2</sup></b>	<b>26%<sup>3</sup></b>	45% <sup>4</sup>	28% <sup>4</sup>	50% <sup>4</sup>	28% <sup>4</sup>
<b>% of applicant small businesses who applied for online loan or MCA</b>	<b>32%<sup>2</sup></b>	<b>39%<sup>3</sup></b>	41% <sup>4</sup>	52% <sup>4</sup>	43% <sup>4</sup>	36% <sup>4</sup>
<b># of small businesses that applied for online credit</b>	<b>34,368</b>	<b>102,140</b>	784	20,821	2,852	10,987
<b># of small businesses approved for MCAs</b>	<b>12,562</b>	<b>37,332</b>	287	7,610	1,042	4,016
<b># of small businesses approved for online loans</b>	<b>13,125</b>	<b>39,007</b>	300	7,951	1,089	4,196
<b>Total of small businesses potentially overpaying for credit</b>	<b>34,368</b>	<b>102,140</b>	784	20,821	2,852	10,987
<b>% of applicants who consider price as a decisionmaking factor</b>	<b>13%<sup>7</sup></b>	<b>31%<sup>8</sup></b>	8% <sup>7</sup>	23% <sup>8</sup>	11% <sup>7</sup>	38% <sup>8</sup>
<b>Total # of small businesses expected to switch to lower-cost credit</b>	<b>4,468</b>	<b>31,663</b>	63	4,789	314	4,175
<b>Potential savings<sup>6</sup></b>	<b>\$56,762,791</b>	<b>\$402,269,935</b>	<b>\$797,148</b>	<b>\$60,839,681</b>	<b>\$3,985,058</b>	<b>\$53,043,516</b>
<b>Total Potential Savings in State:</b>	<b>\$459,032,726</b>		<b>\$61,636,829</b>		<b>\$57,028,574</b>	

## Footnotes

<sup>1</sup> SBA: Office of Advocacy 2023 Small Business State Profiles

<sup>2</sup> Federal Reserve: Small Business Credit Survey 2019 Report on Employer Firms: percentage of total employer firms applying for capital (Page 10), percentage of applicant total employer firms who applied for online loan or MCA (Page iii)

<sup>3</sup> Federal Reserve: Small Business Credit Survey 2019 Report on Nonemployer firms: percentage of total nonemployer firms applying for capital (Executive Summary, page iv), percentage of Black and Hispanic nonemployer firms applying for capital (Page 13)

<sup>4</sup> Federal Reserve: Small Business Credit Survey Report on Minority-owned Firms 2019: percentage of Black and Hispanic employer firms applying for capital (Page 6), percentage of Black and Hispanic employer applicant firms who applied for online loan or MCA (Page 13)

<sup>5</sup> Federal Reserve: 2018 Small Business Credit Survey Data, nonemployer firms sheet includes percentage of total nonemployer firms who applied for an online loan or MCA (row 300, column B), Race/ethnicity of owners sheet includes percentage of Black nonemployer firms who applied for an online loan or MCA (row 300, column C), Race/ethnicity of owners includes percentage of Hispanic nonemployer firms who applied for an online loan or MCA (row 300, column E)

<sup>6</sup> The overall savings per loan for both MCA (\$23,098) and short-term loans (\$4,864) are taken from an Accion Opportunity Fund (AOF) report, "The True Cost of Capital," on how much its borrowers saved on average by refinancing their online loans or MCAs to an AOF loan. We estimate that 57% of online loan approvals are for MCAs and 43% are for online term loans, based on a Responsible Business Lending Coalition analysis of application and approval data from the 2019 Federal Reserve Small Business Credit Survey.

<sup>7</sup> The % of Applicants Who Consider Price as a Decisionmaking Factor for employers comes from 2018 Small Business Credit Survey Employer Firm Data employer firms sheet. In detail, this is the percentage of all employer firm respondents who chose "Cost or interest rate" from "factors influencing where firms apply, for loan, line of credit, and cash advance applicants at online lender" (Row 237, Column B). Moreover, the data also includes Black (Row 237, Column C) and Hispanic (Row 237, Column E) firms data in the employers firms by ethnicity sheet.

<sup>8</sup> The % of Applicants Who Consider Price as a Decisionmaking Factor for nonemployers comes from 2018 Small Business Credit Survey nonemployer Firm Data nonemployer firms sheet. In detail, this is the percentage of all nonemployer firm respondents who chose "Cost or interest rate" from "factors influencing where firms apply, for loan, line of credit, and cash advance applicants at online lender" (Row 290, Column B). Moreover, the data also includes Black (Row 290, Column C) and Hispanic (Row 290, Column E) firms data in the nonemployers firms by race/ethnicity sheet.