

2020 SMALL BUSINESS CREDIT SURVEY HAWAII STATE REPORT

Executive Summary

The Small Business Credit Survey (SBCS) collects information about business performance, financing needs and choices, and borrowing experiences of firms with 500 or fewer employees. Responses to the SBCS provide insight into the dynamics behind aggregate lending trends and about noteworthy segments of small businesses. The results are weighted to reflect the full population of small businesses. The SBCS is not a random sample; therefore, results should be analyzed with awareness of potential methodological biases. This report analyzes data from the 2020 SBCS for Hawaii.

Survey Response ¹

- National results are included in the charts for comparison purposes. The executive summary reflects small business trends in Hawaii.
- In Hawaii, there were 322 responses for the 2020 SBCS. Nationwide, there were 9,693 responses.
- Survey responses were collected from employer firms in September and October 2020.

Surveyed Firm Characteristics

- The majority of firms had revenues of \$1M or less (57 percent) and a workforce of 1 to 4 employees (52 percent).
- Nearly half of all employer firms (45 percent) used contract workers.
- 73 percent of small businesses were located in urban areas.

Performance and Expectations

- 79 percent of firms reported that their current financial condition is poor or fair.
- 90 percent of firms experienced revenue declines in the previous 12 months and the majority (62 percent) had decreases in the number of employees.
- 35 percent of firms expected revenues to increase in the next 12 months and 50 percent expected decreases in revenues.
- 51 percent of firms expected no change in their employment in the next 12 months.

¹ For a full discussion of the survey methodology, see [Small Business Credit Survey 2021 Report](#), page 38.

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Financing Sources, Challenges, and Debt

- 78 percent of firms experienced a financial challenge in paying operating expenses and 64 percent of firms experienced a financial challenge in paying rent.
- 86 percent of firms possess outstanding debt. Of those firms, 70 percent of them have debt amounts of more than \$100K.

Applications for Financing

- 36 percent of firms applied for financing in the prior 12 months. Of those firms, 56 percent applied for funding of more than \$100K.
- The majority of firms sought financing to meet operating expenses (63 percent) and 34 percent sought financing to expand their business or explore new opportunities.

Pandemic-related Challenges and Emergency Funding

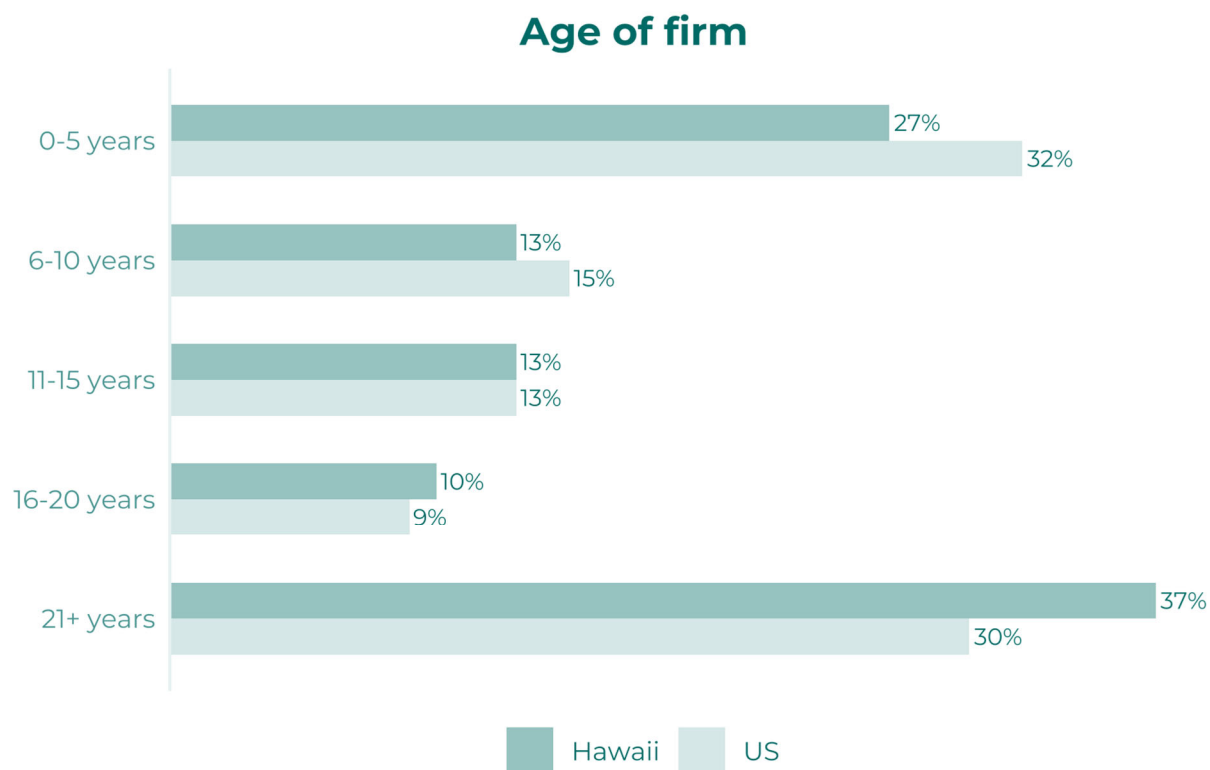
- 65 percent of firms reduced operations as a result of the COVID-19 pandemic, with 72 percent of firms attributing government mandates affecting business.
- Among businesses that applied for pandemic-related emergency assistance funding, 90 percent of firms applied to the Paycheck Protection Program and 76 percent of firms that applied received all funding requested.
- Of firms that received PPP funding, 74 percent expect full forgiveness.
- The majority of firms expect weak demand for products and services as a result of COVID-19 over the next 12 months (74 percent), with 37 percent of firms citing this as the most important challenge they will face.

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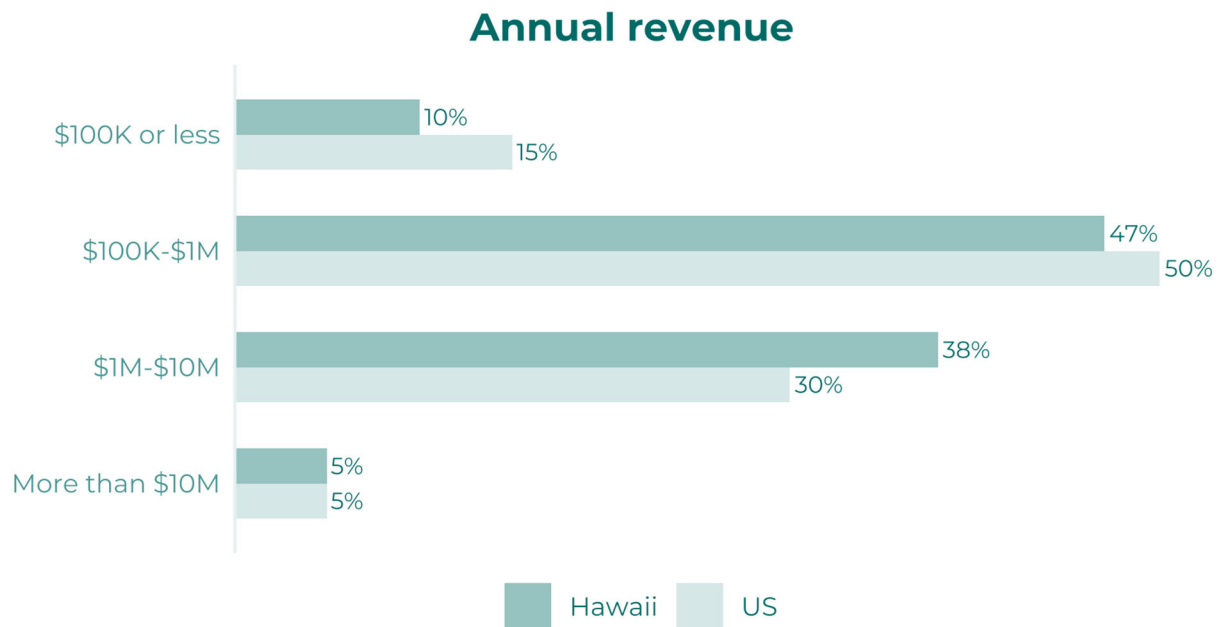
Surveyed Firm Characteristics

45% of employer firms in Hawaii use contract workers compared to **43%** nationwide.



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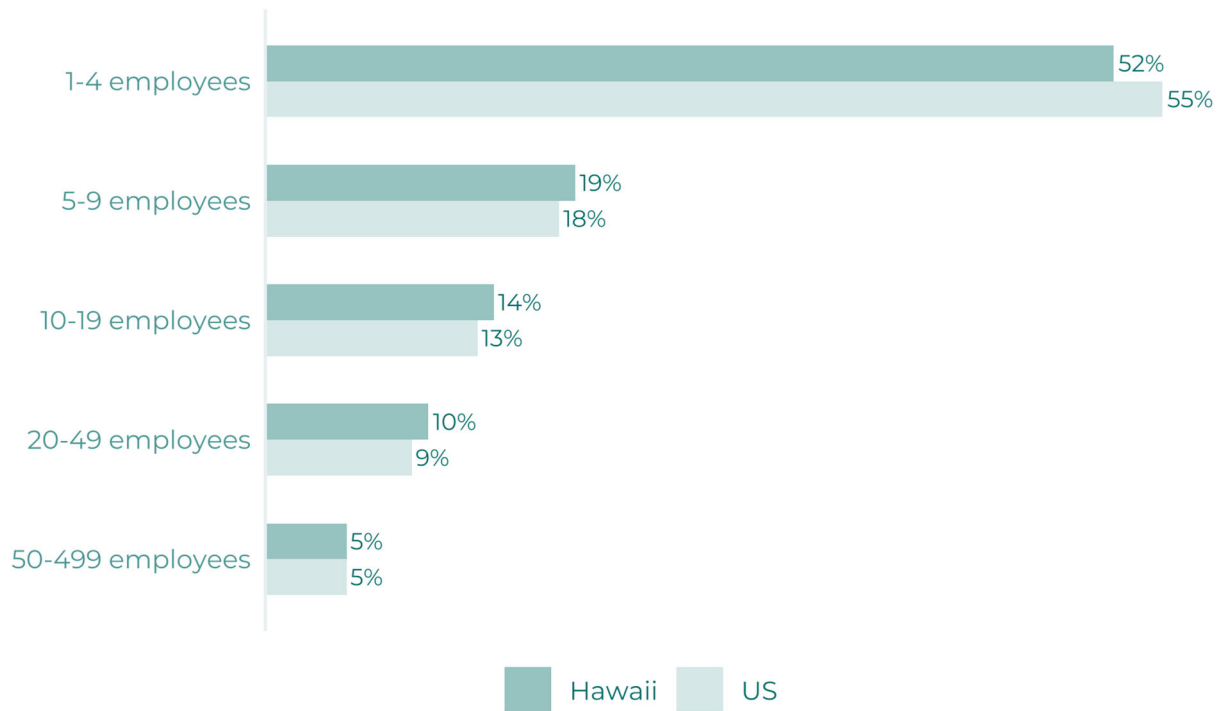
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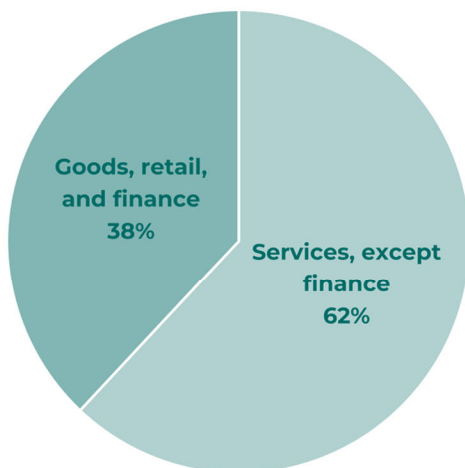
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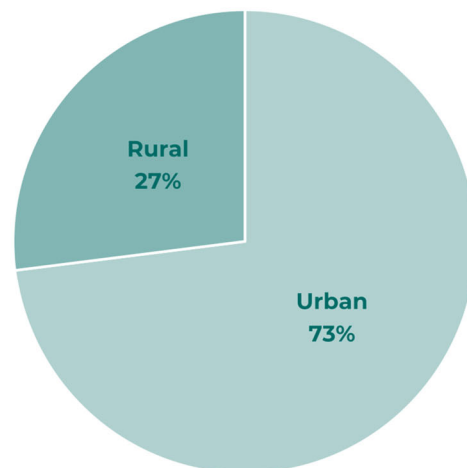
Number of employees



Industry



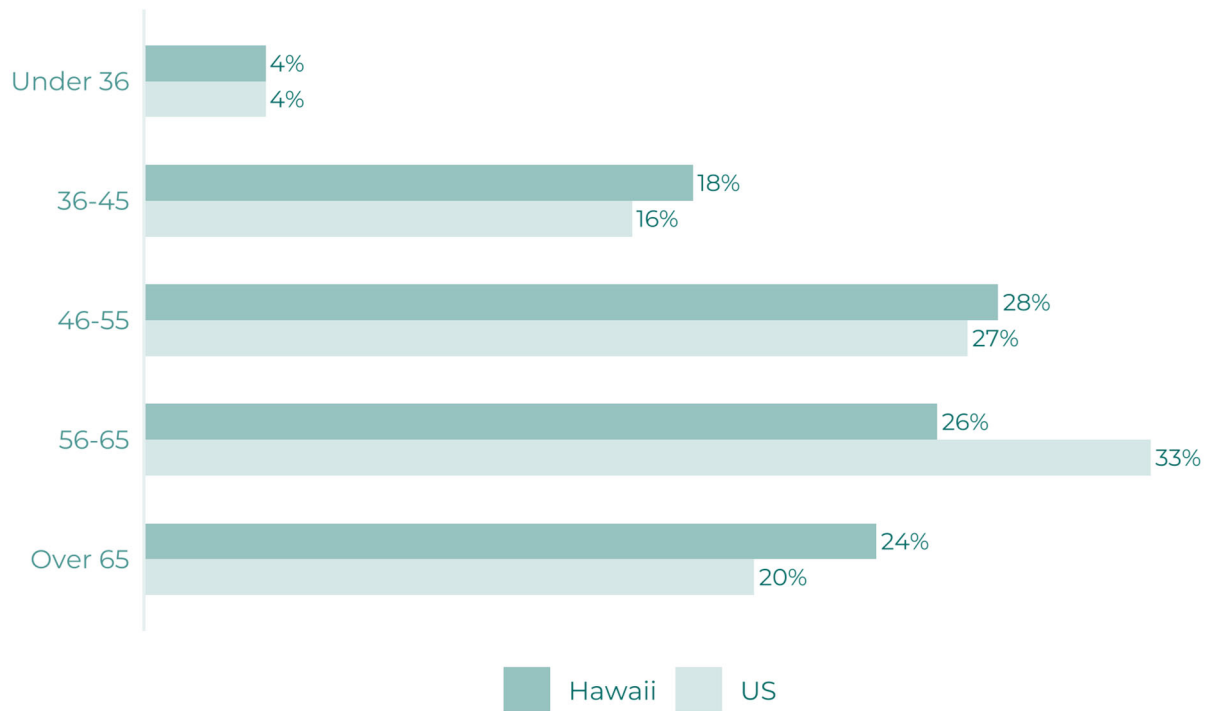
Geographic location



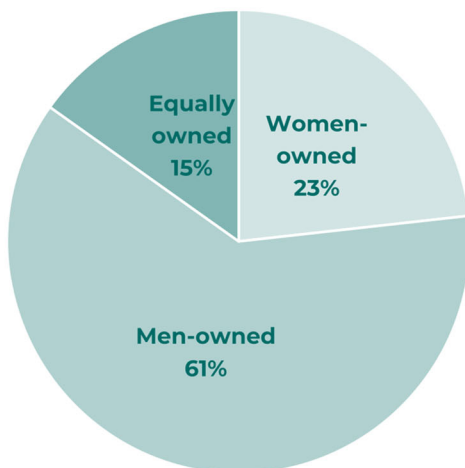
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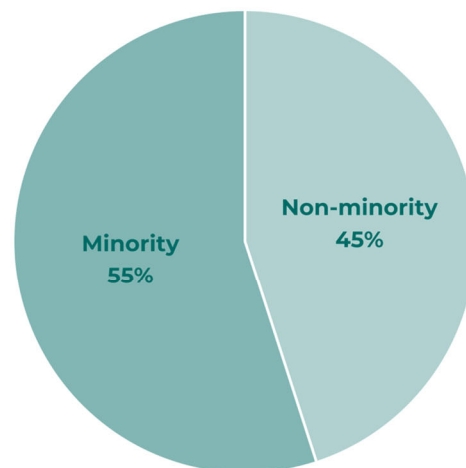
Age of primary owner



Gender of owner(s)



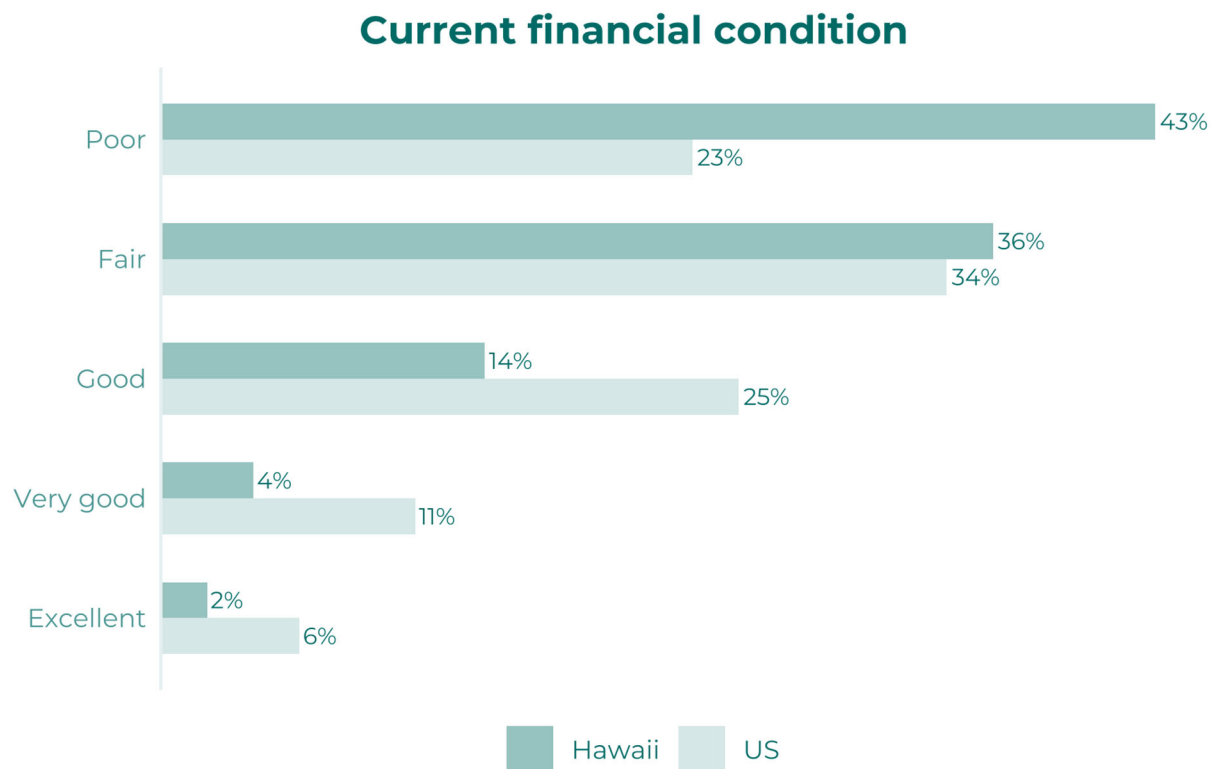
Minority status of ownership



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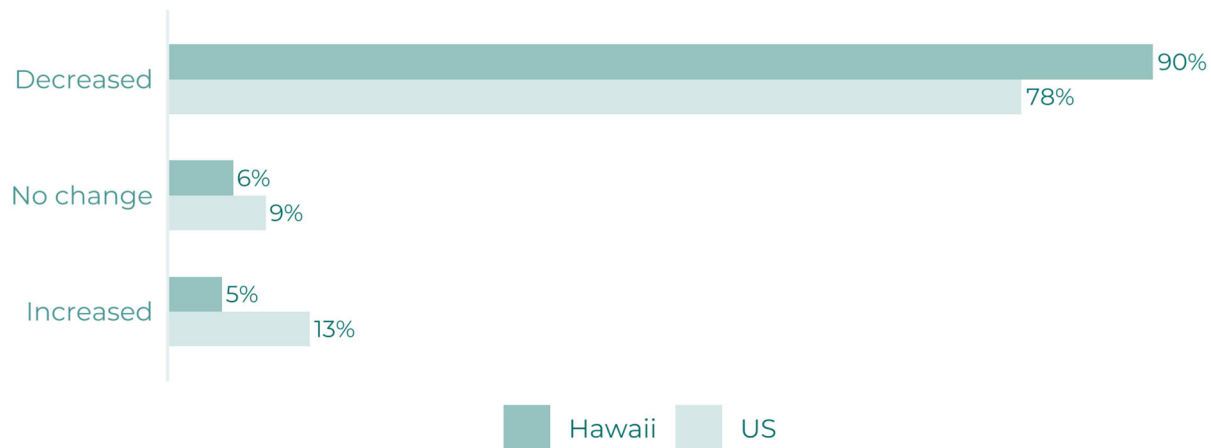
Performance and Expectations



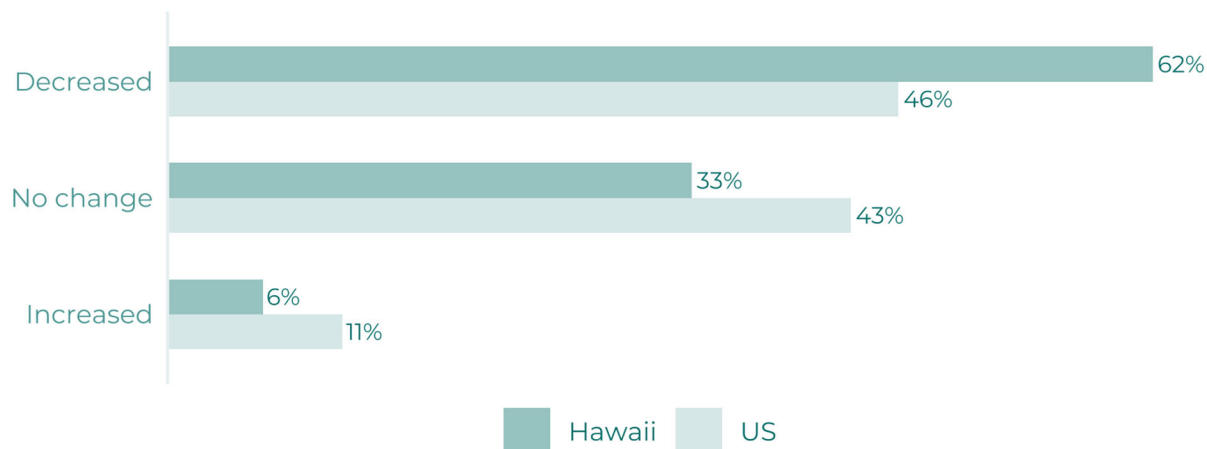
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Revenue change, prior 12 months



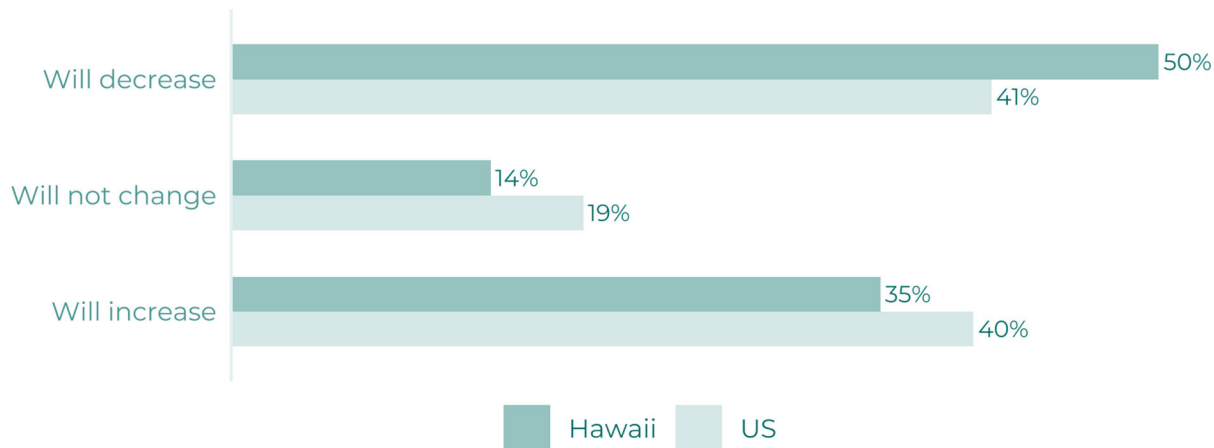
Change in number of employees, prior 12 months



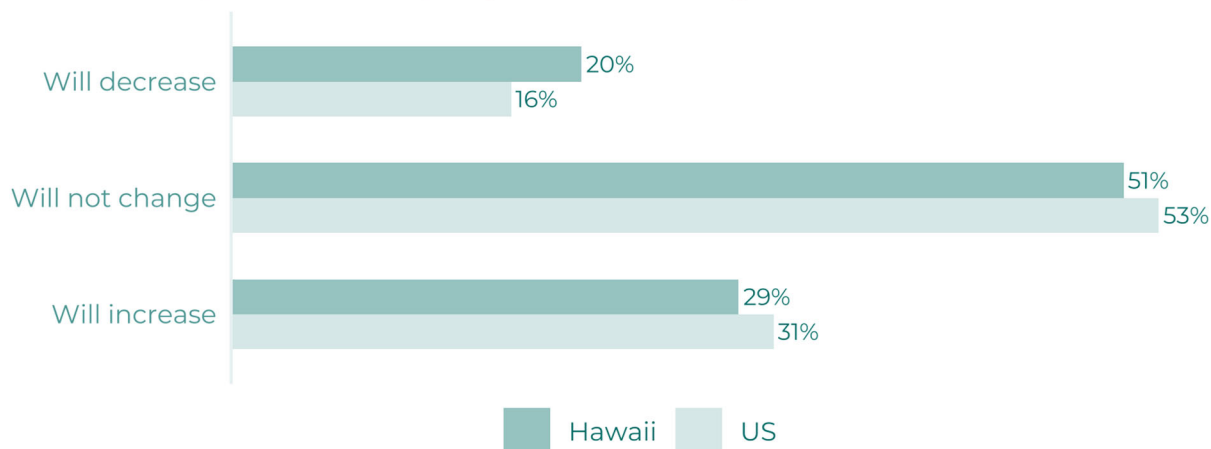
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Expected revenue change, next 12 months



Expected employment change, next 12 months

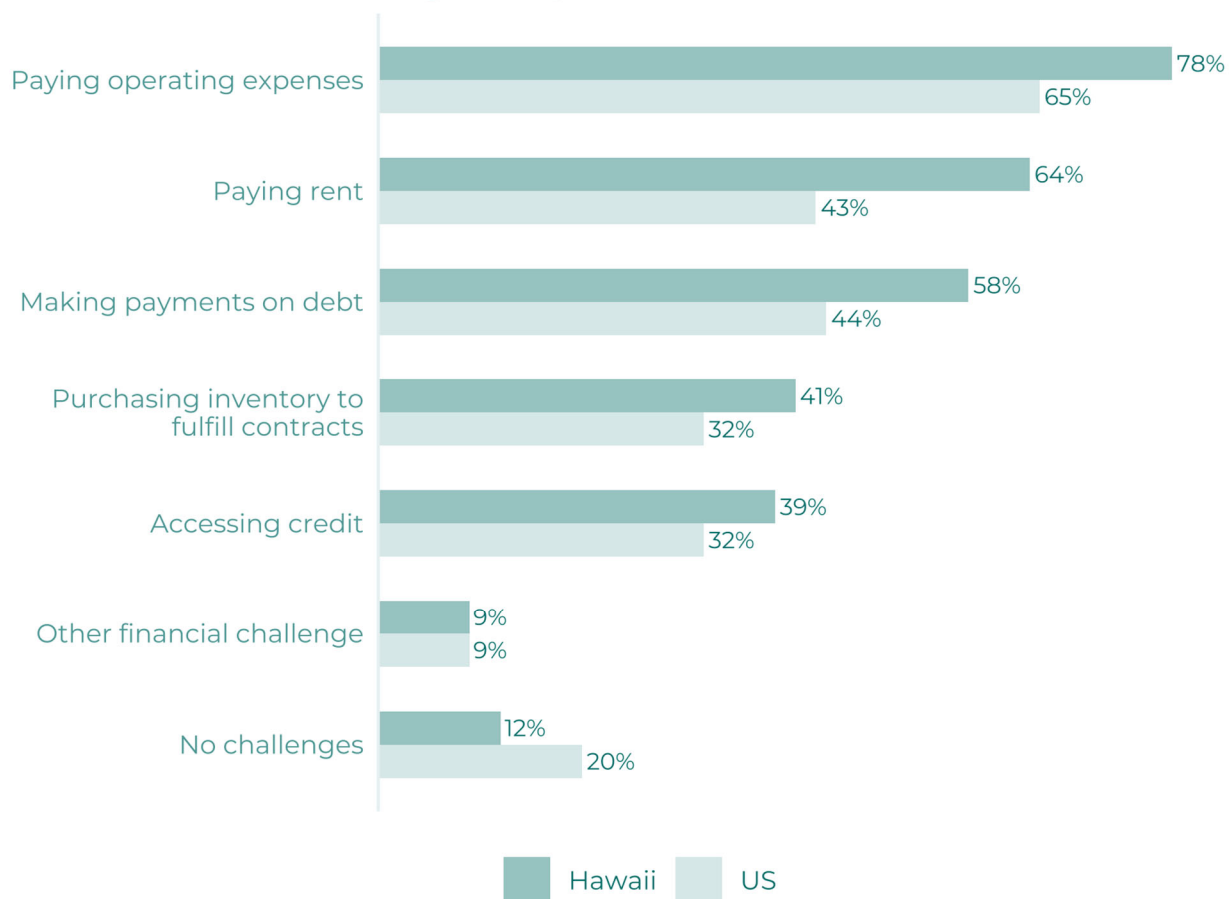


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Financing Sources, Challenges, and Debt

Financial challenges experienced in the last 12 months

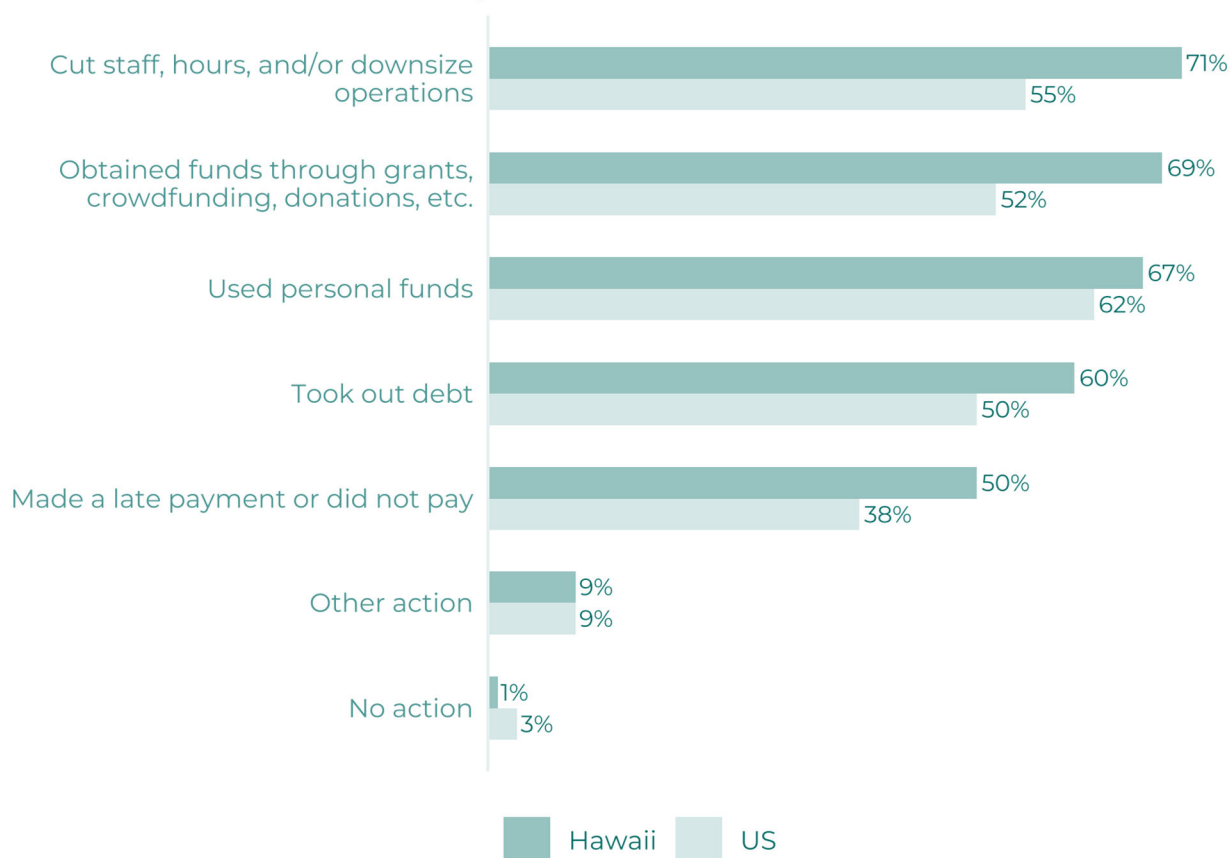


Respondents could select multiple options.

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Actions taken by firms reporting financial challenges, prior 12 months

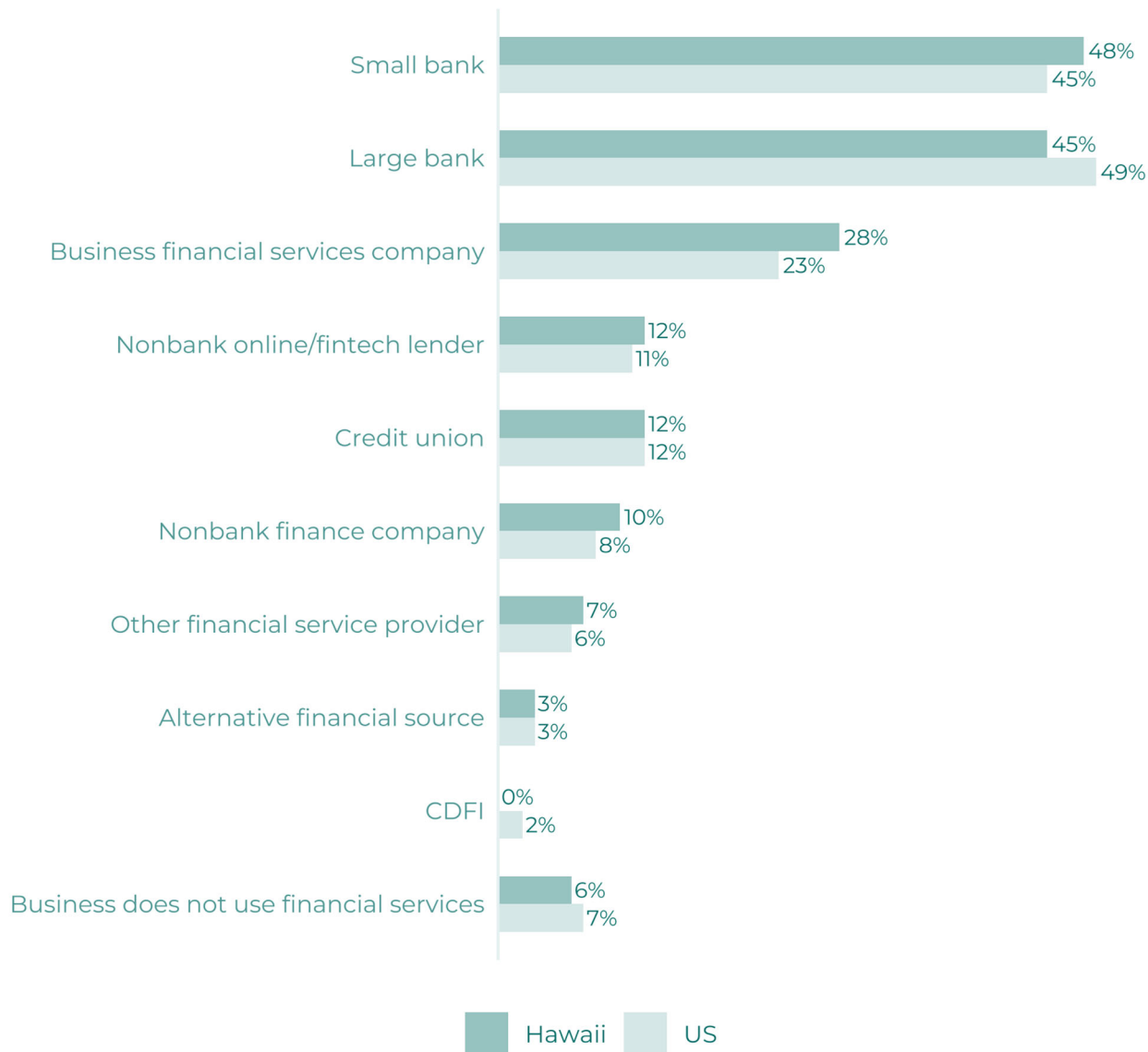


Respondents could select multiple options.

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Use of financial services

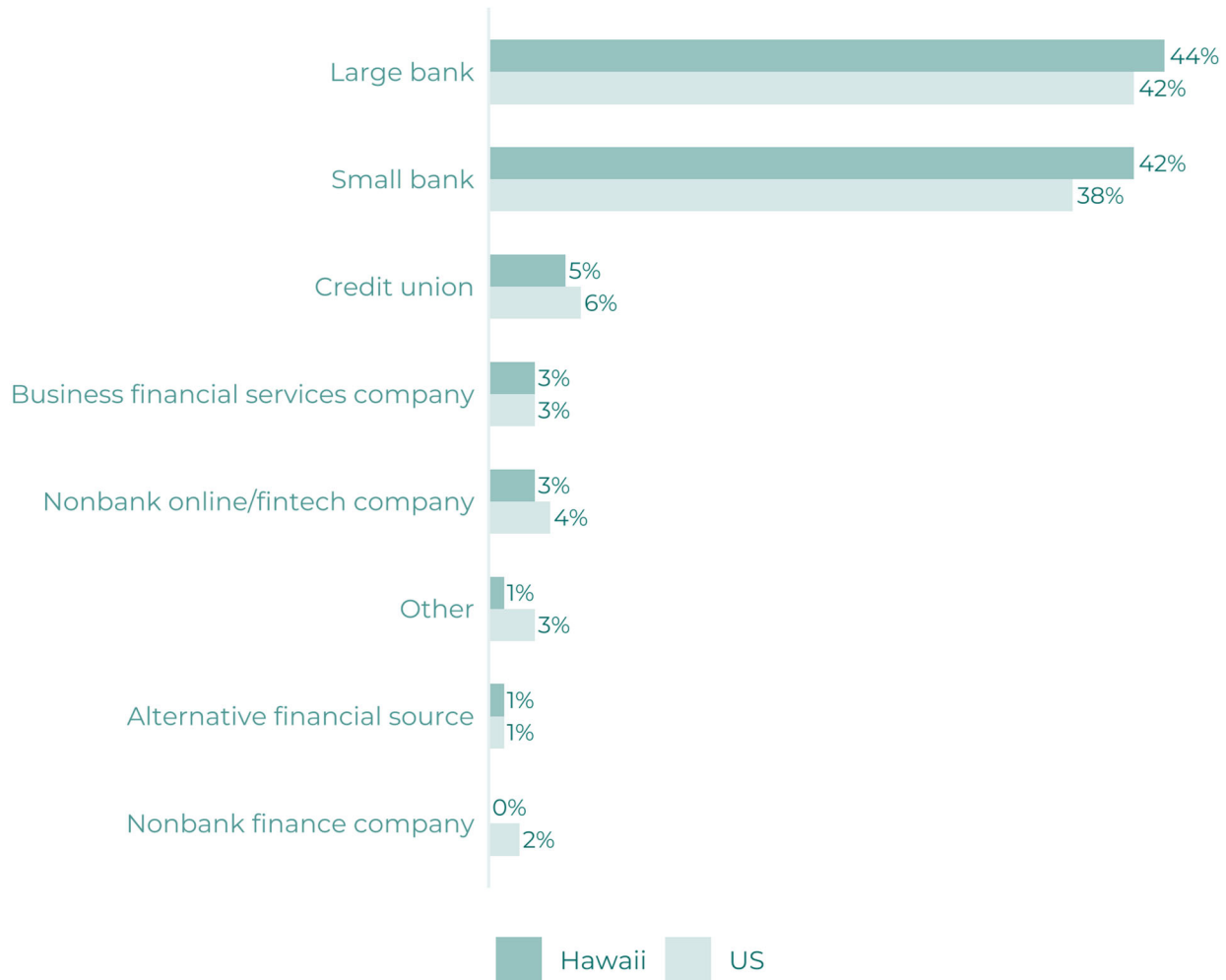


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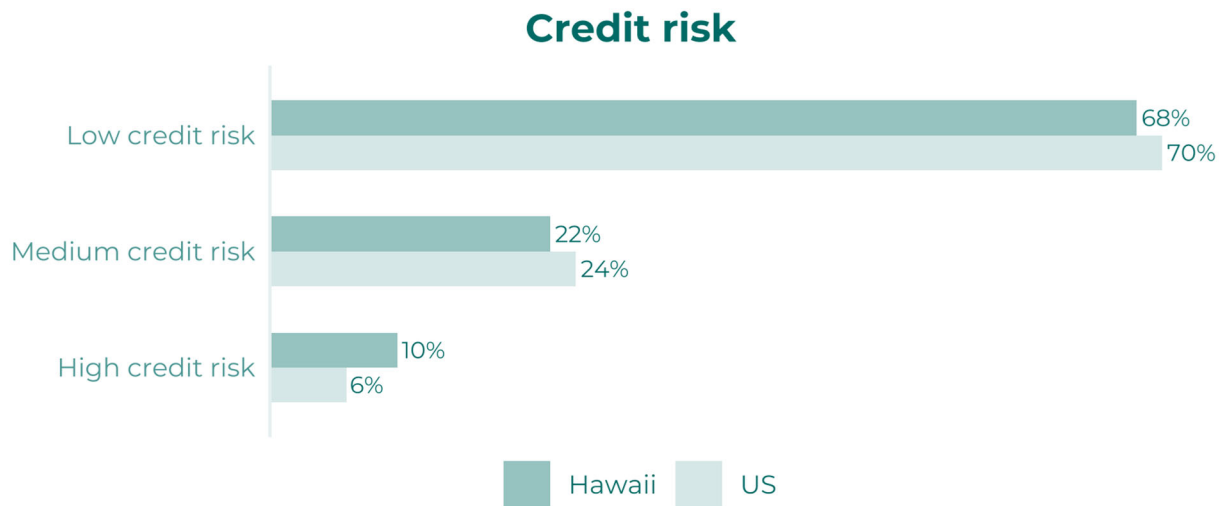
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Primary source of financial services if use more than one



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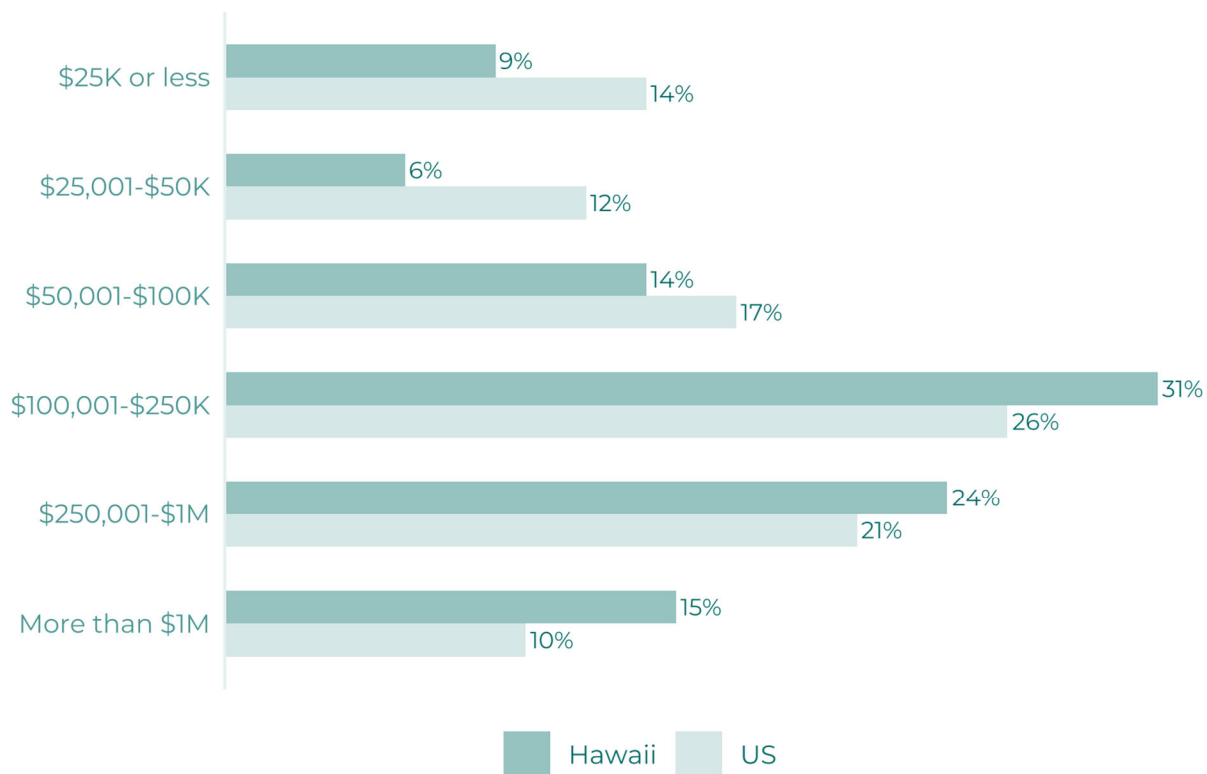
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86% of employer firms in Hawaii have outstanding debt.

Amount of debt outstanding

Among businesses with debt outstanding



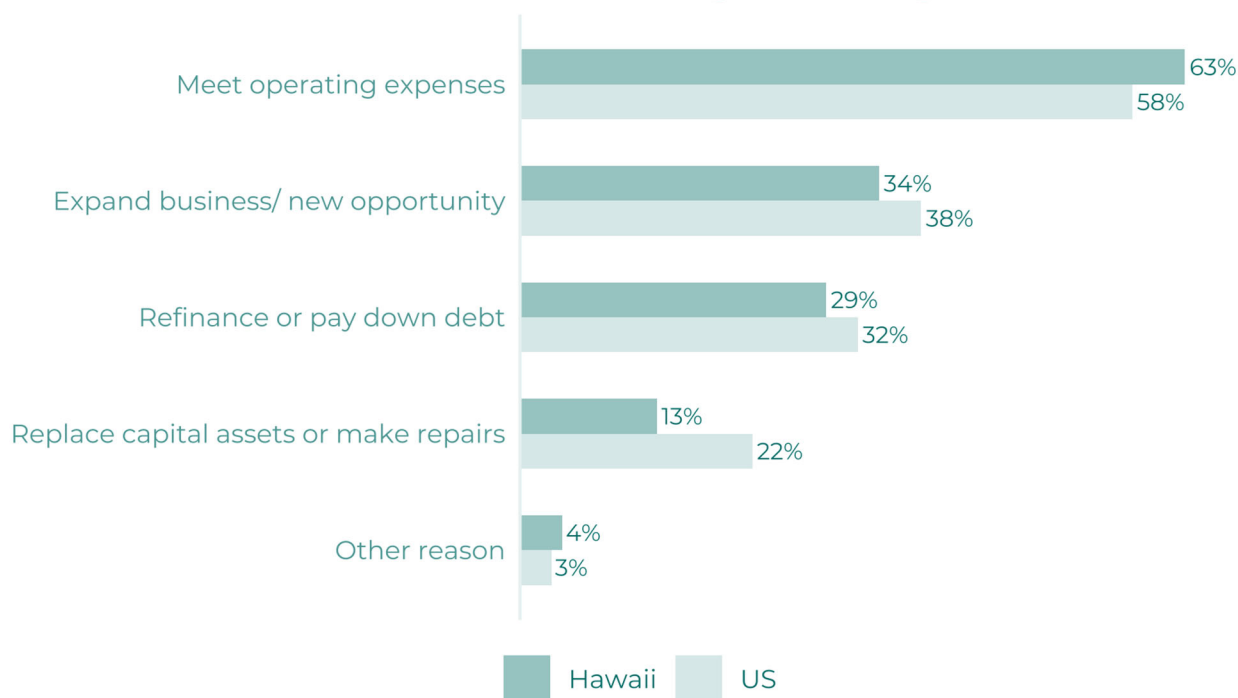
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Applications for Financing

36% of employer firms in Hawaii applied for financing in prior 12 months.

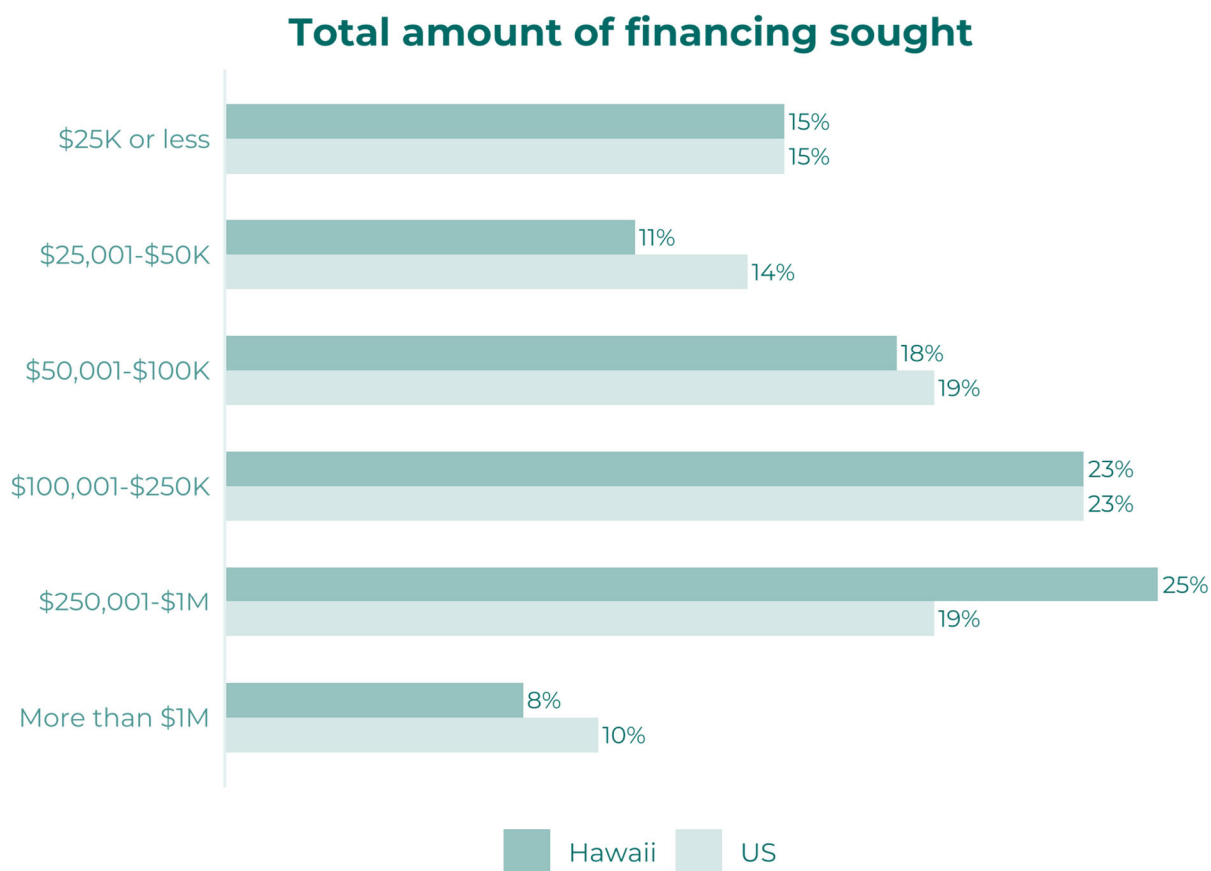
Reasons for seeking financing



Respondents could select multiple options.

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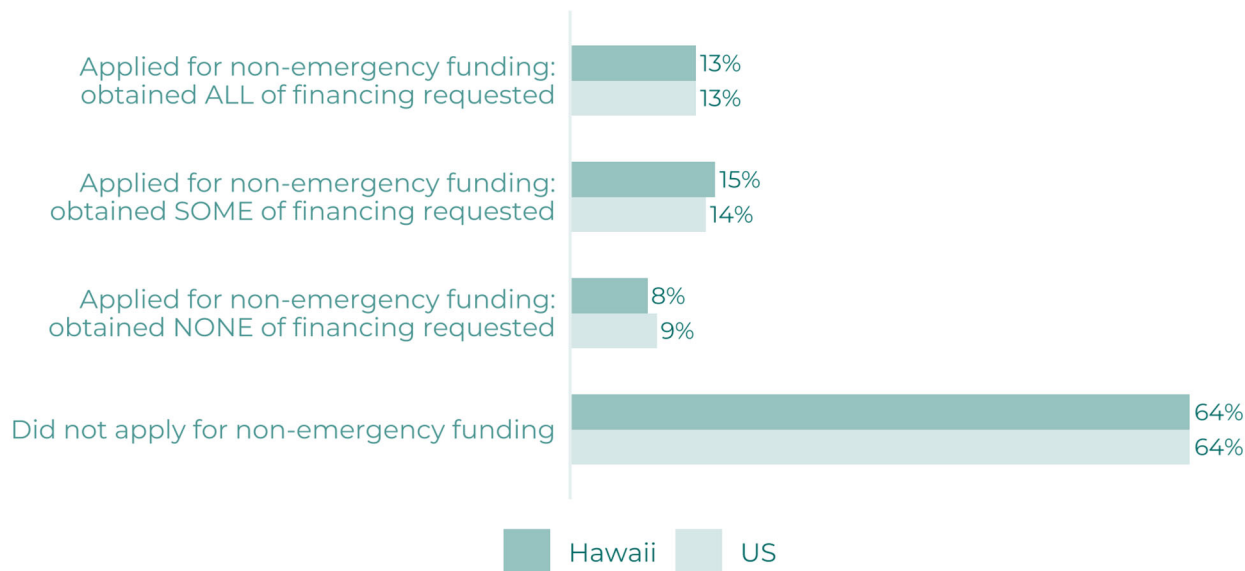
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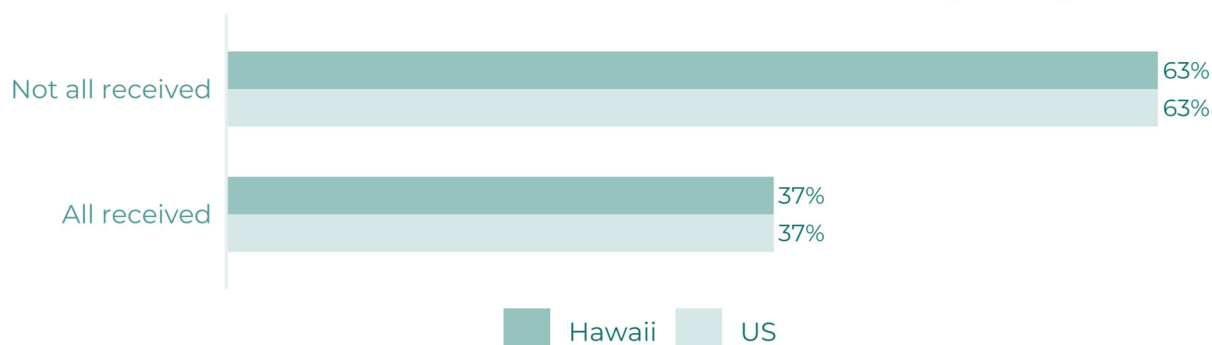
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Funding needs and outcomes



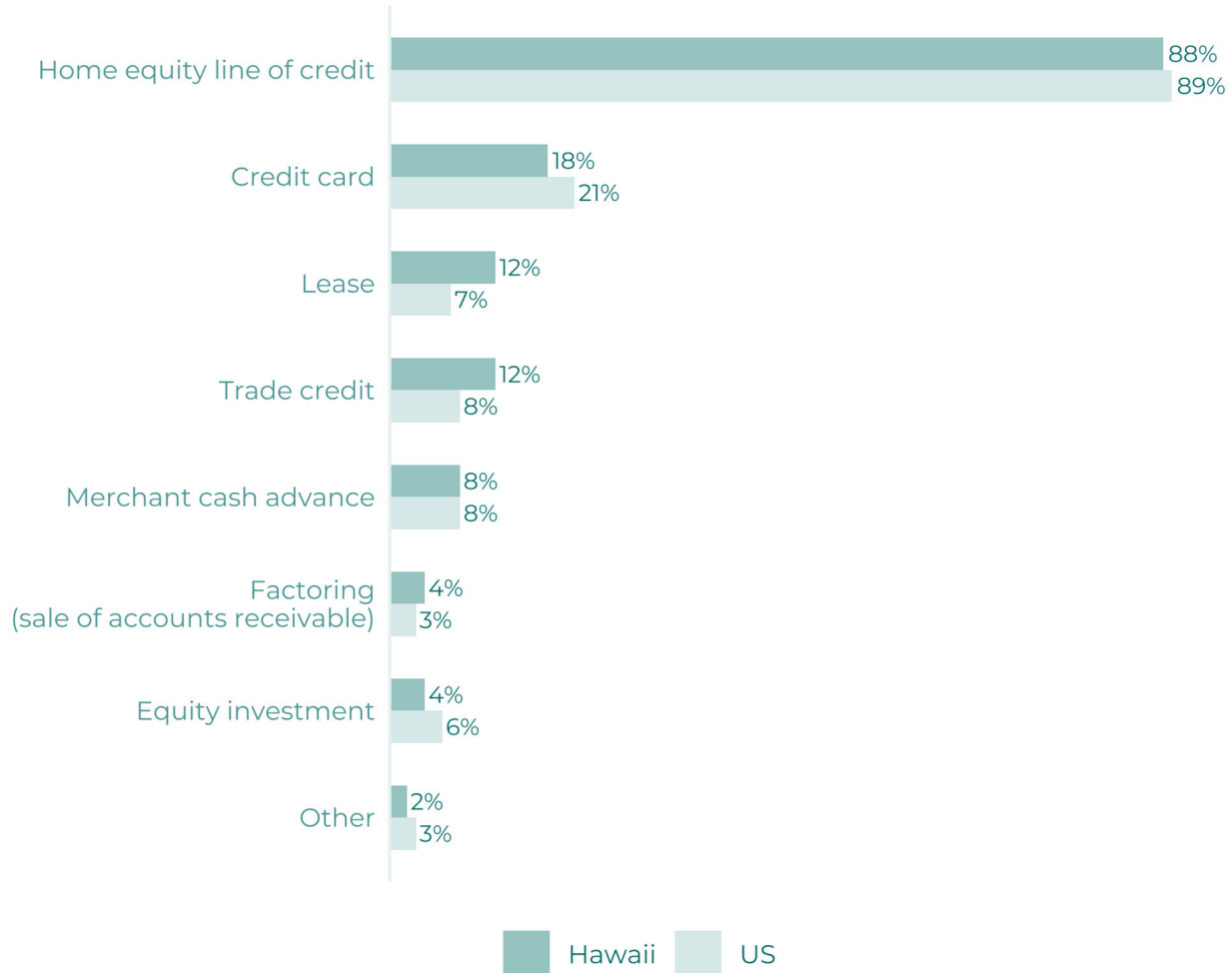
Share of firms that received all financing sought



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Financing and credit products sought

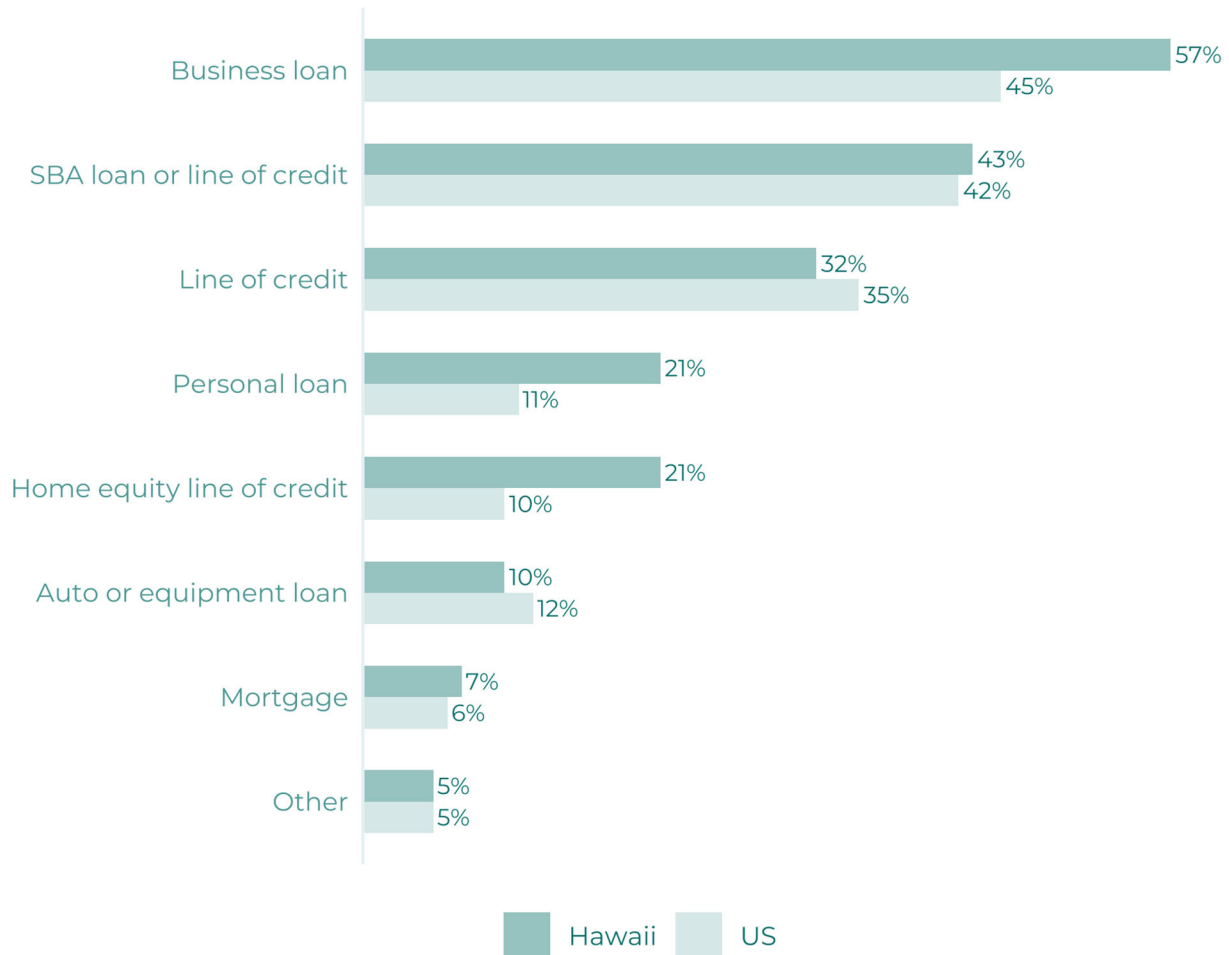


Respondents could select multiple options.

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Application rate by type of loan or line of credit



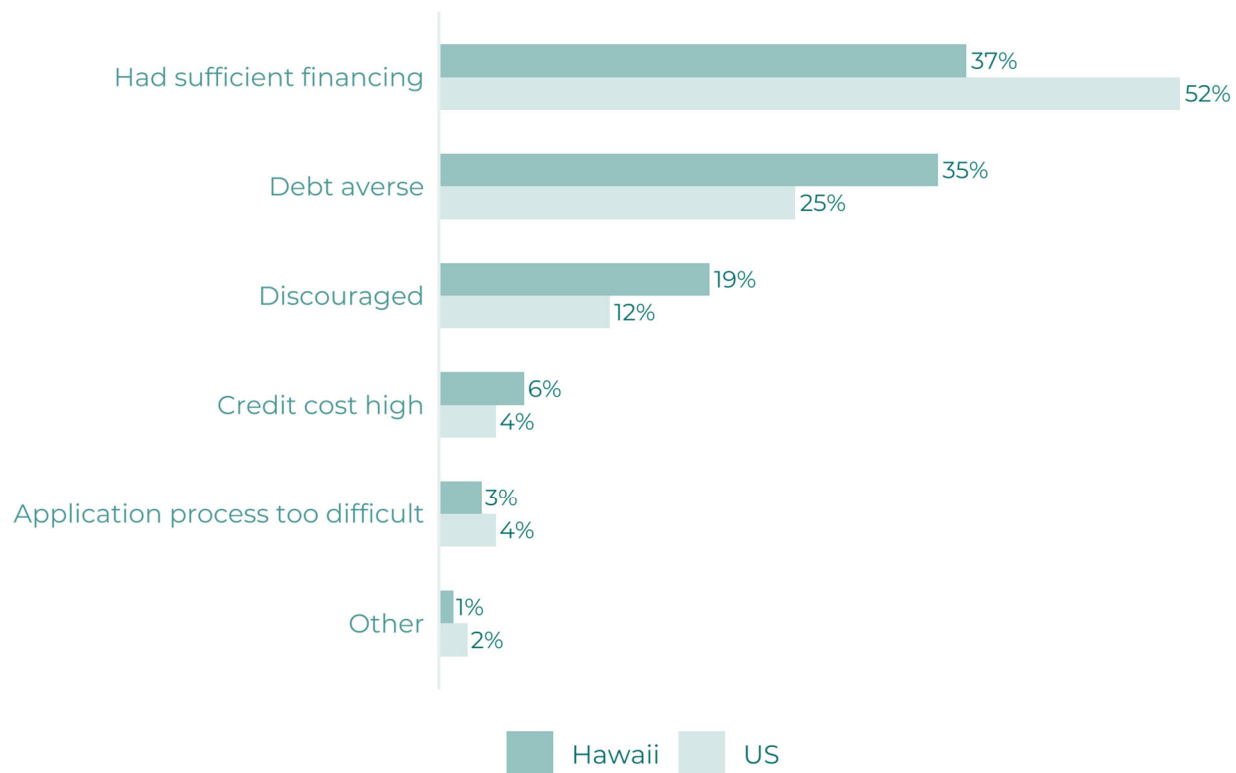
*Respondents could select multiple options.
Survey question had fewer than 100 responses for the state of Hawaii.*

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Primary reason for not applying

Among businesses that did not apply for financing

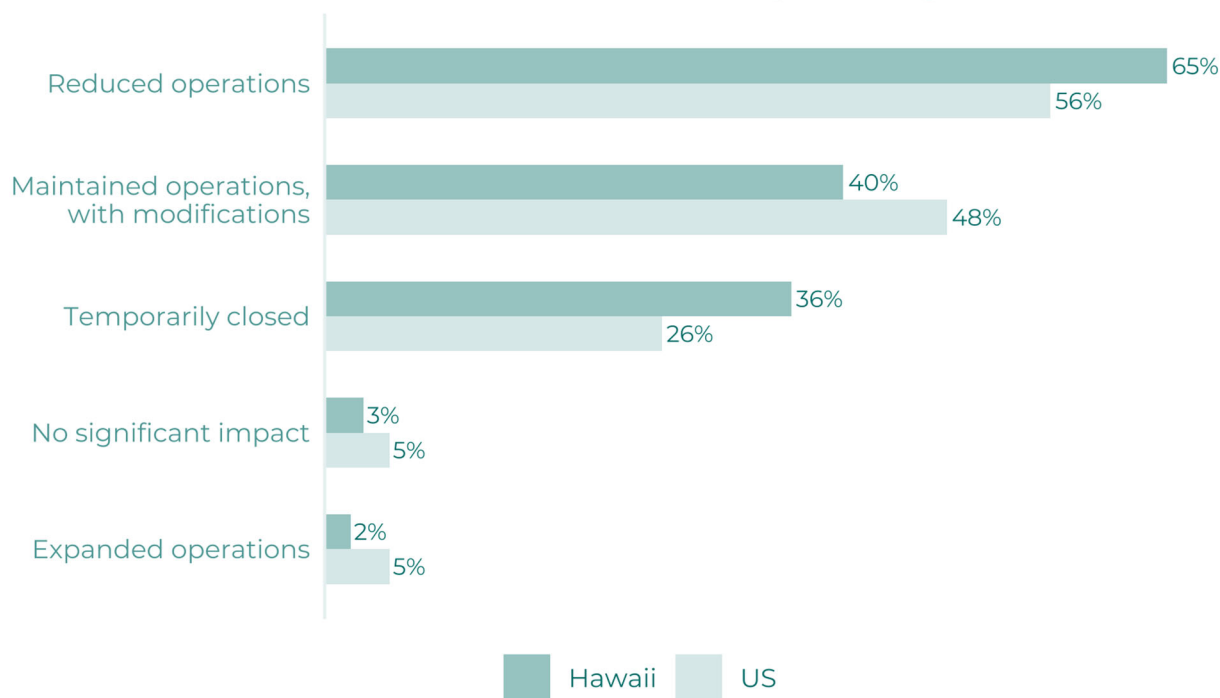


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Pandemic-related Challenges and Emergency Funding

How has the COVID-19 Pandemic impacted your business?

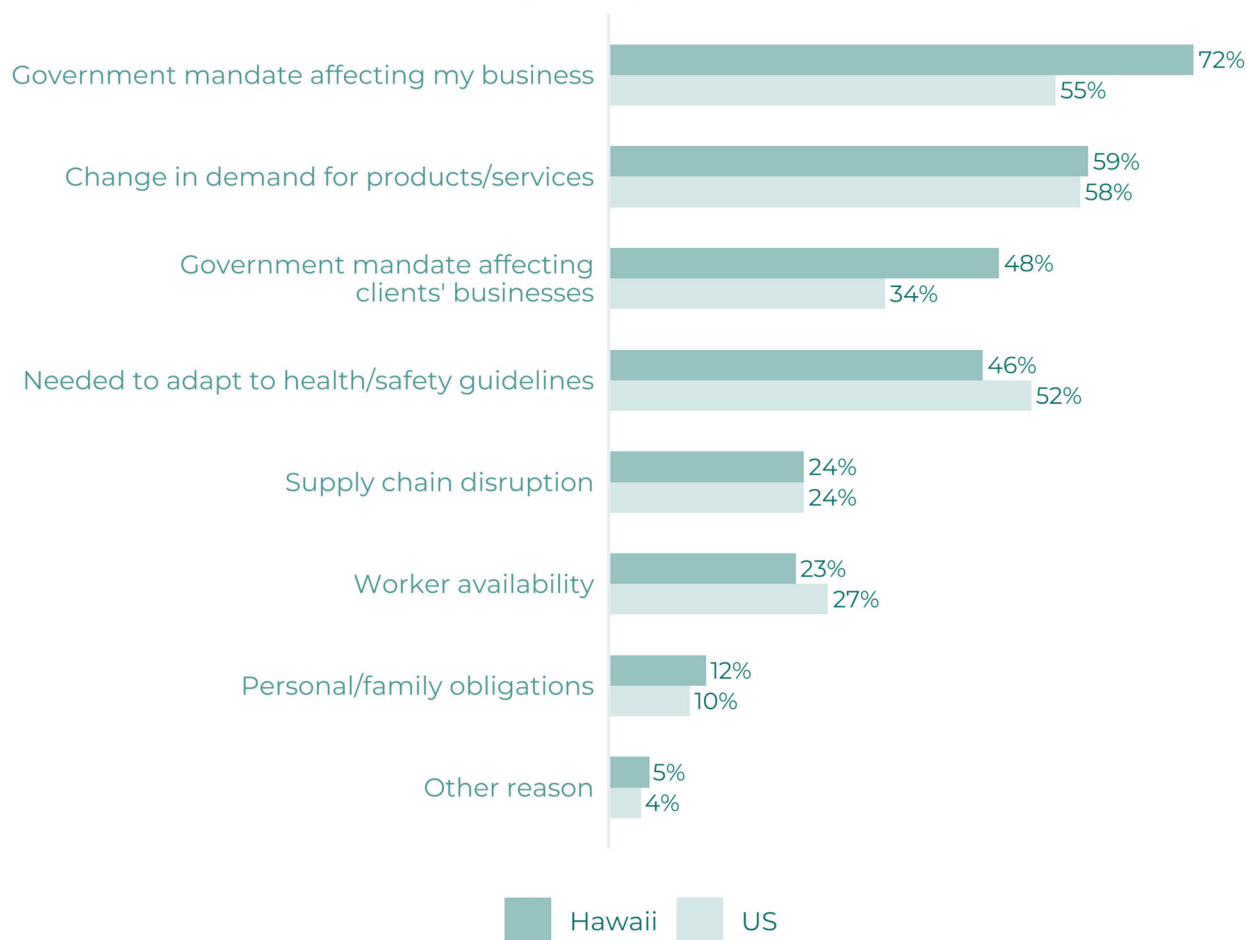


Respondents could select multiple options.

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Why did your business close or modify operations during the pandemic?

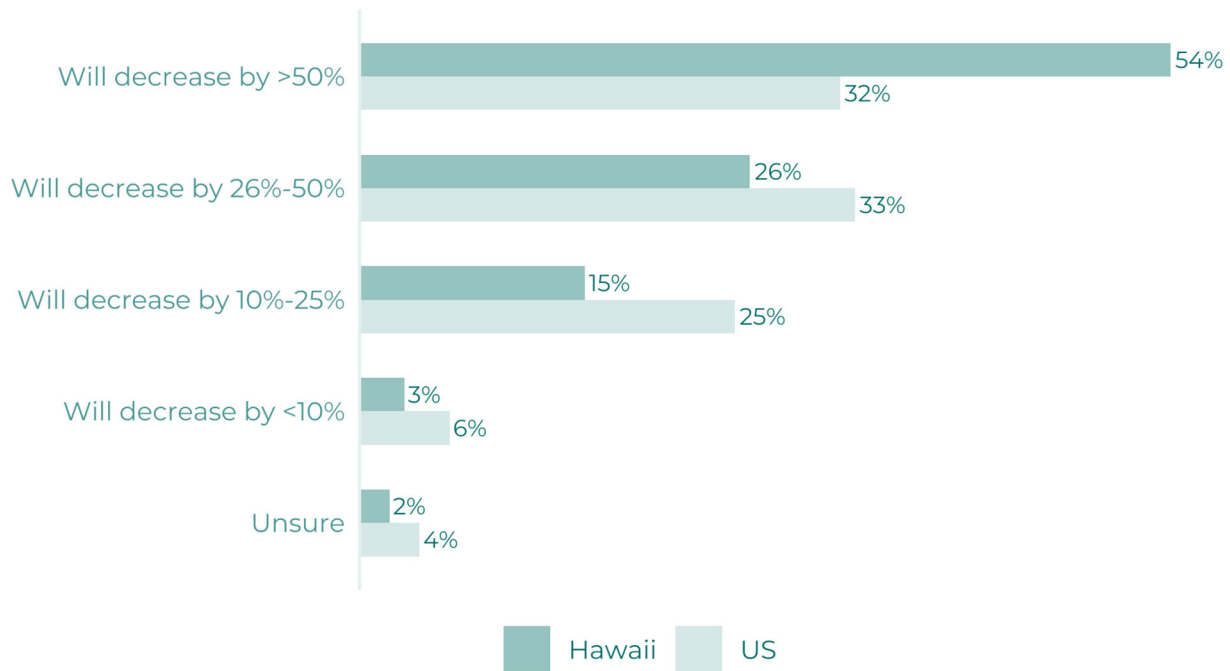


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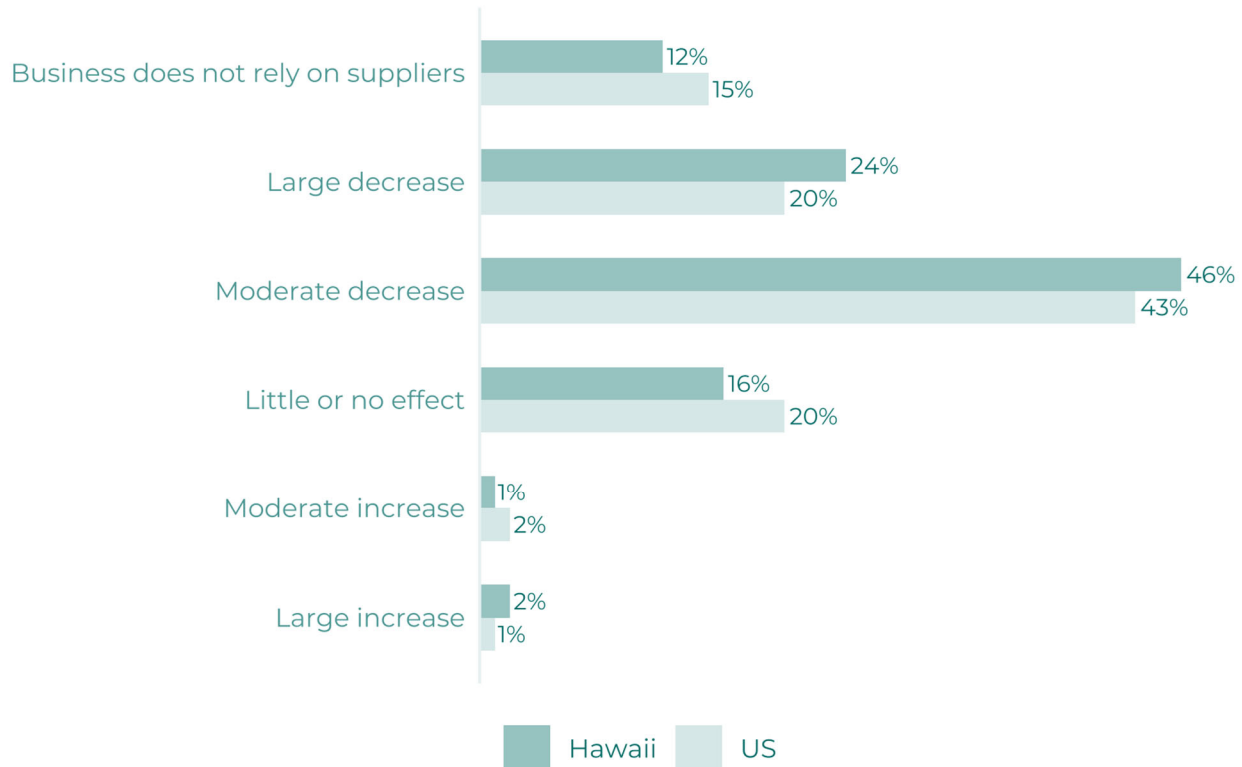
If sales revenue is expected to decrease due to the COVID-19 pandemic, what do you expect will be the effect?



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Effect of COVID-19 on availability of goods and services in supply chain

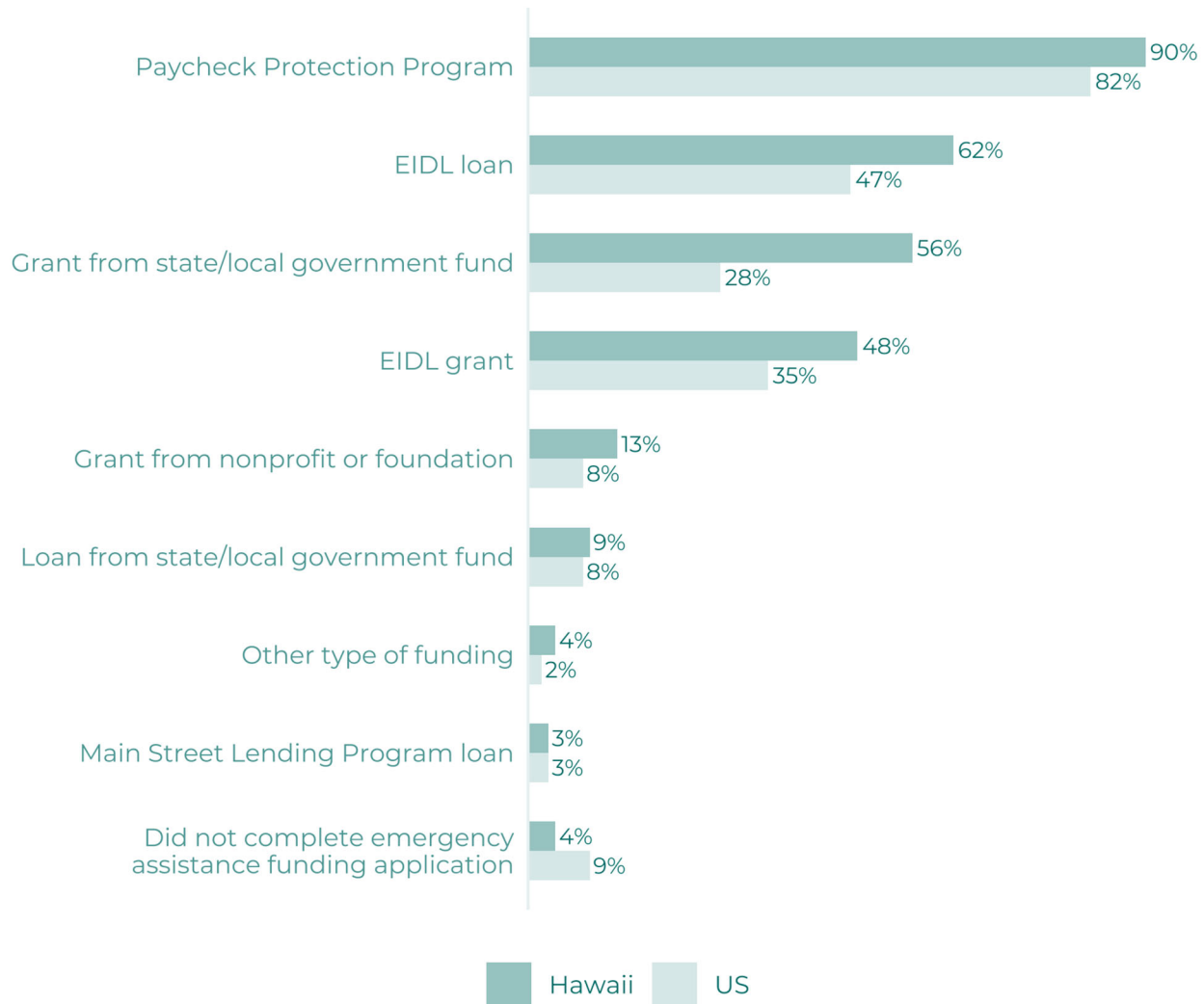


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Applications for emergency assistance funds

Among businesses that applied for pandemic-related emergency assistance funding

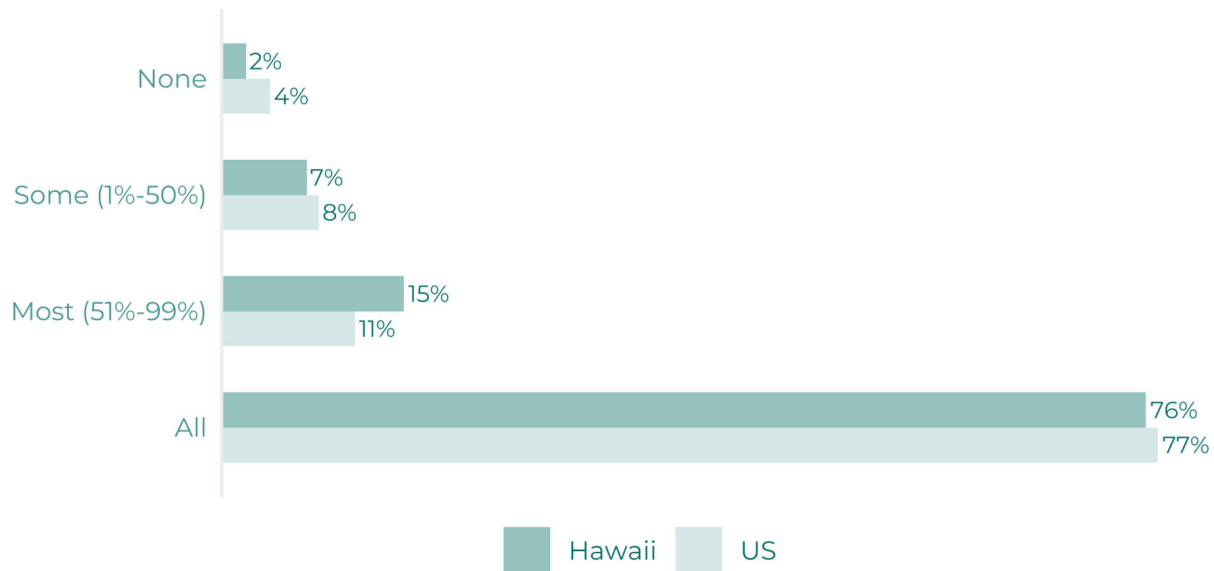


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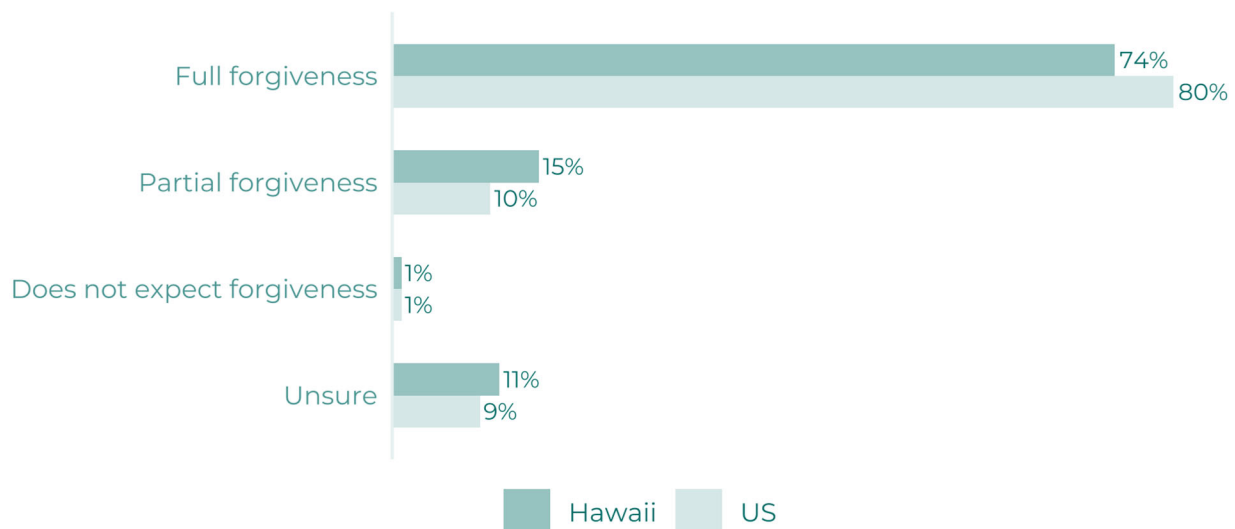
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PPP funding received



Expectations for PPP forgiveness

Among business that received PPP

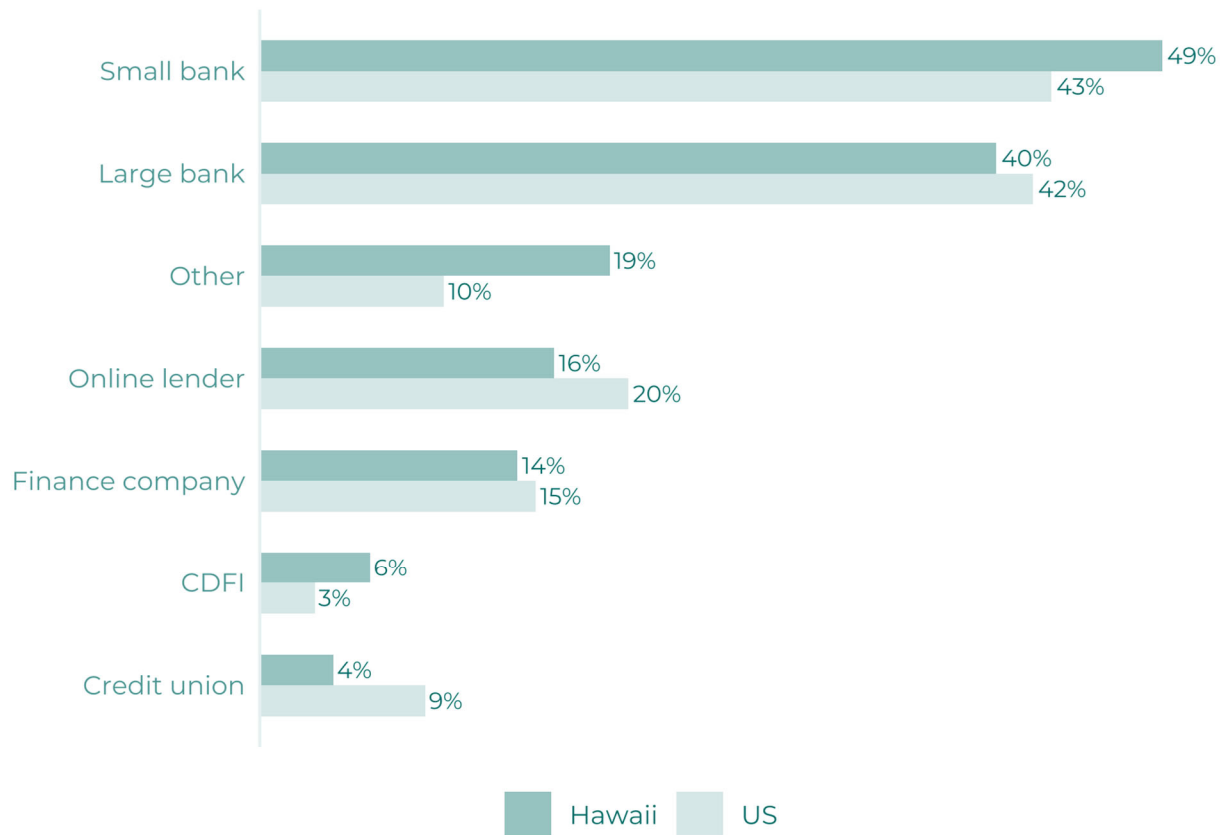


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Credit sources applied to

Among businesses that applied for PPP

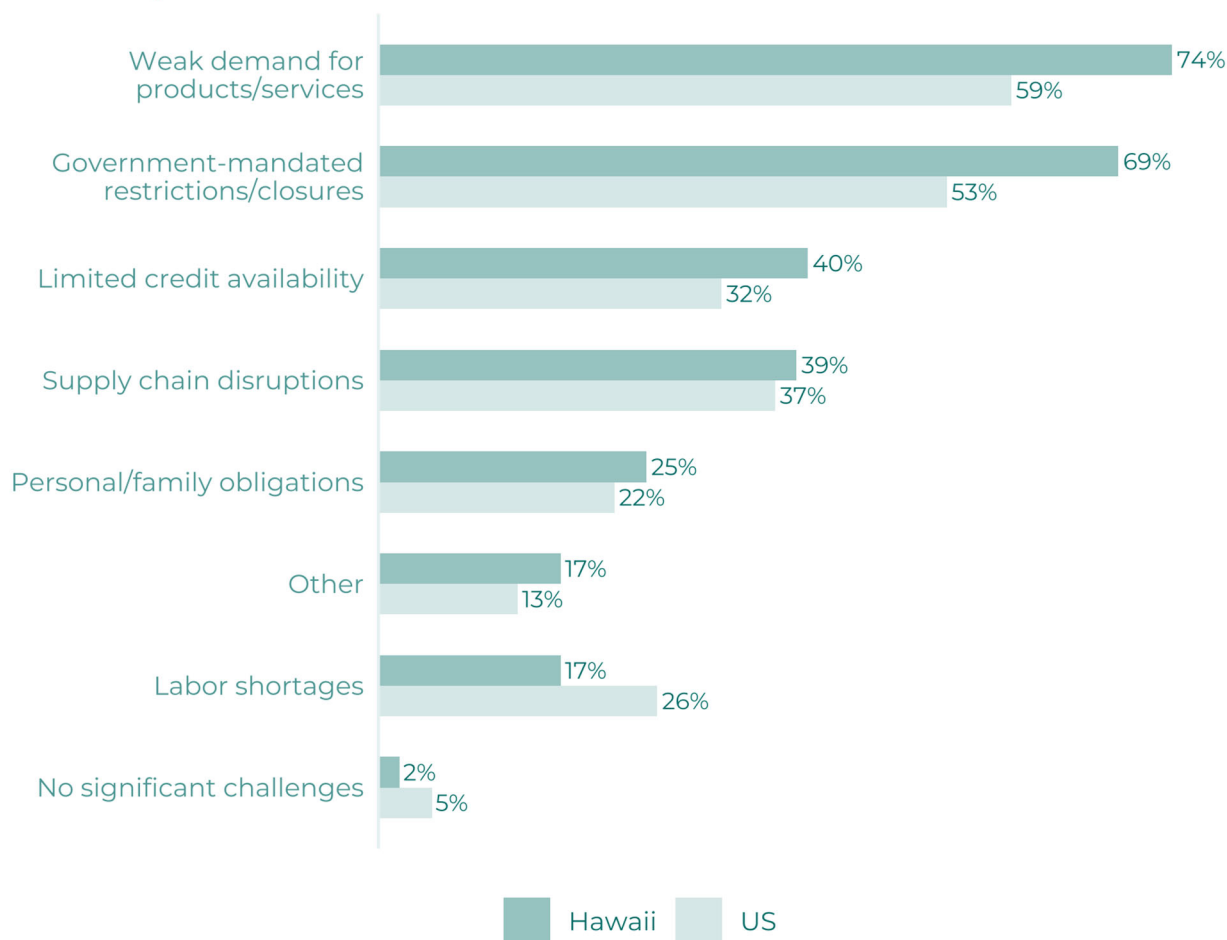


Respondents could select multiple options.
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Over the next 12 months, what challenges do you expect your business will face as a result of COVID-19?

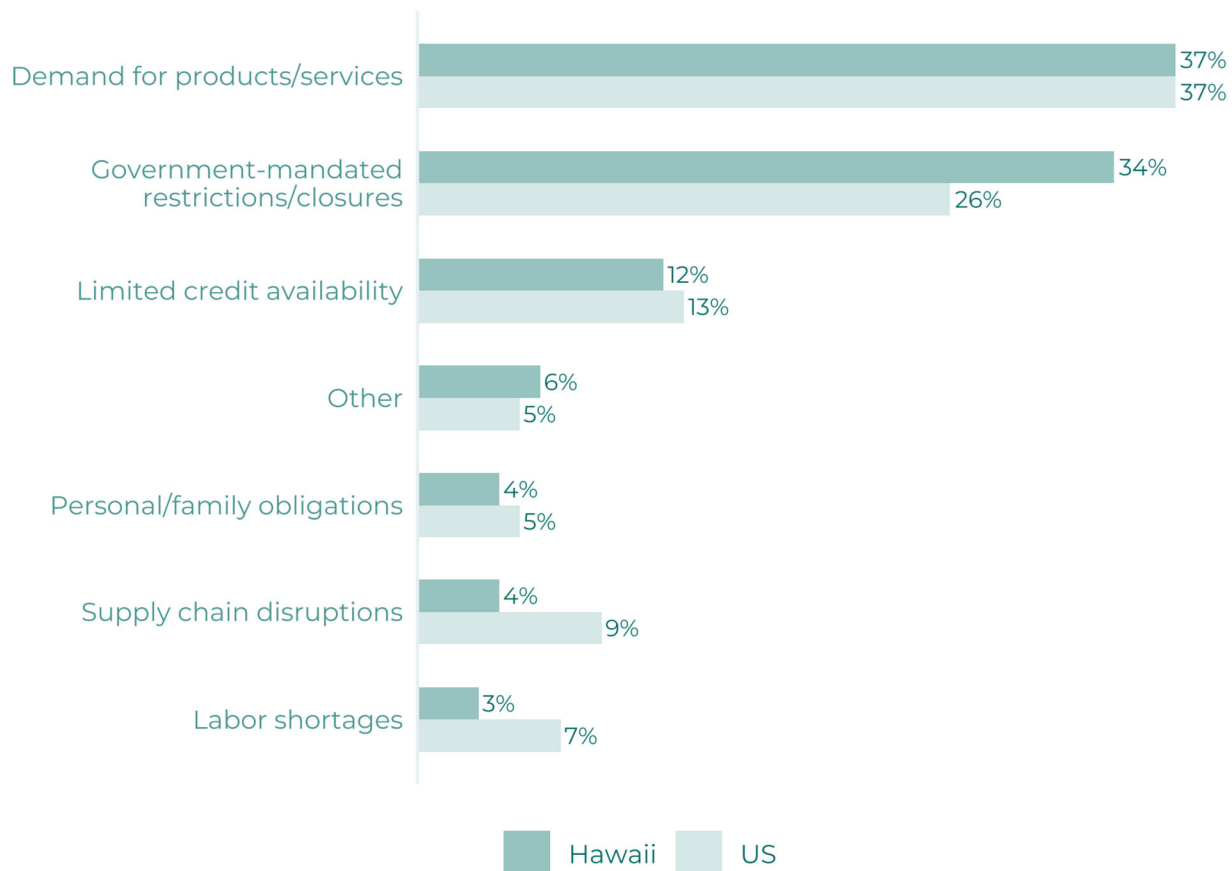


Respondents could select multiple options.

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Among expected challenges, which is the most important challenge you expect your business will face?



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Do you plan to apply for additional government-provided emergency assistance funding if/when it is made available?



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Acknowledgement Thanks to Brooke Ada Tran for research assistance.

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