

Texas Department of Banking

Press Release

Results of Statewide Study of Small Business Lending in Texas

Date: June 18, 2002

The Finance Commission announces the completion and release of a state-wide study of small business lending in Texas. Banking Commissioner, Randall S. James states, “this study provides valuable information to the legislature regarding small business owners’ access to capital.” Based on the focus of the study, three general conclusions resulted: (1) access to lending opportunities is primarily through traditional banking institutions; however, many small business are turning to other sources to obtain loans; (2) access to lending is broadly available even among small business that exhibit the most extreme set of conditions that work against loan approval; and (3) within sub-units of the state there exist varying patterns and conditions that lead to differences in how small business lending is conducted.

The study, performed by the Institute for Policy and Economic Development at the University of Texas at El Paso, focused on part of the broader mandate in the Texas Finance Code requiring the Finance Commission to conduct research on: (1) the availability, quality, and prices of financial services, including lending and depository services, offered to individual consumers, agricultural businesses, and small businesses; and, (2) the practice of business entities in this state that provide financial services to individual consumers, agricultural businesses, and small businesses. Due to the broad scope of the mandate, research is being conducted in phases. Prior studies include consumer depository and cash services, home equity lending, and consumer lending. Recently initiated is a study of agricultural producers, which should be available before the end of this year. All of the studies are found in their entirety on the Finance Commission’s web site (www.fc.texas.gov).

Any questions, comments or suggestions regarding this study should be directed to Banking Commissioner Randall S James at 512-475-1300.