

# Small Business Credit Survey: 2026 Alabama Insights



Federal Reserve  
Bank of Atlanta

Community and  
Economic Development

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Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2025 for the Small Business Credit Survey (SBCS).<sup>2</sup> This brief highlights key findings for 118 Alabama small employer firms (“firms”).<sup>3</sup>

## Firm Conditions & Financing

For the fourth year in a row, more than half of Alabama’s firms (57 percent) reported poor or fair financial conditions in 2025, with an increase (six percentage points) from the prior year. In 2025, more firms said they experienced an increase in revenues the prior 12 months than in 2024, while the share of firms reporting revenues decreased stayed the same. Fifty-five percent of firms applied for financing in the prior 12 months, most frequently citing the purpose of business expansion. Among firms that applied for financing in 2025, business loan applications increased four percentage points, and firms seeking credit cards decreased 22 percentage points compared with 2024.

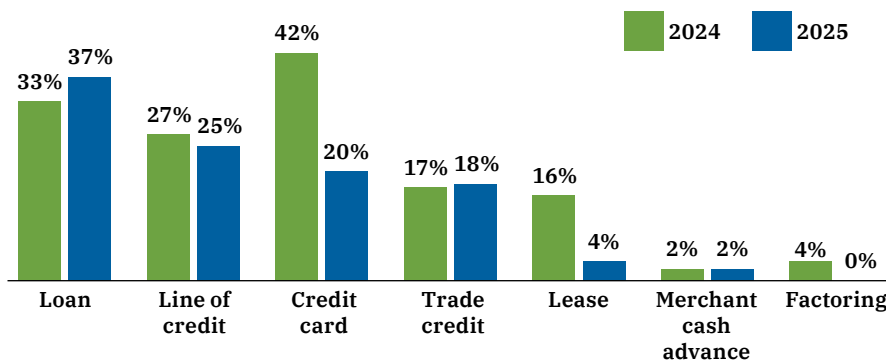
## Revenue Change in the Last 12 Months (N=109) 2024-2025



## 2023-2024



## Financing & Credit Products Sought in the Last 12 Months (N=118)



57%

Reported that 2025 financial conditions were poor or fair compared with 51% in 2024 (N=118)

55%

Applied for any type of financing in the prior 12 months compared with 63% in 2024 (N=118)

48%

Reported applying for financing to expand their business compared with 46% in 2024 (N=57)



To read the 2026 report, scan the QR code or click [here](#).

<sup>1</sup> The views expressed here are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.

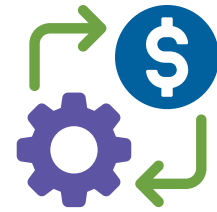
<sup>2</sup> The SBCS is a national sample of over 6,500 small businesses focused on firms’ financing and debt needs and experiences. The national report and corresponding appendix data including all variables used for this brief are available at [www.fedsmallbusiness.org/survey](http://www.fedsmallbusiness.org/survey).

<sup>3</sup> See demographic details on page 2. Note that data are weighted to be representative of all small businesses in Alabama and that not all yearly comparisons included are statistically significant, partly owing to sample size. Percentages may not sum to 100 because of rounding and, for some figures, respondents could select more than one option.

## SBCS 2026: Alabama

### Challenges in 2025

The top operational challenge for Alabama firms in 2025 was reaching customers and growing sales, a five percent increase from 2024. Since 2024, the portion of firms that reported issues with supply chains increased, while the portion that cited hiring or retaining qualified staff decreased.<sup>4</sup> Firms continued to face financial challenges with increased costs, paying operating expenses, and increased costs associated with tariffs.<sup>5</sup> Firms with financial challenges responded by raising prices (51 percent), using personal funds (46 percent), or using cash reserves (40 percent).<sup>6</sup>



### Top Operational Challenges (N=116)

**54%**

Reaching customers/  
growing sales compared  
with 49% in 2024

**45%**

Hiring or retaining qualified  
staff compared with 55% in 2024

**36%**

Supply chain issues compared  
with 33% in 2024



### Top Financial Challenges (N=116)

**72%**

Increased costs of goods,  
services, and/or wages  
compared with 77% in 2024

**57%**

Paying operating expenses  
compared with 61% in 2024

**45%**

Increased costs associated  
with tariffs

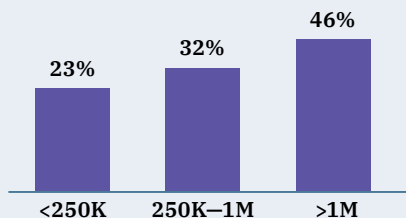
### Firm Demographics (N=118)<sup>7</sup>

Alabama employer firms consisted of the following demographic groups:

#### Industry



#### Annual Revenues



**70%**

Have 1–9  
employees



**78%**

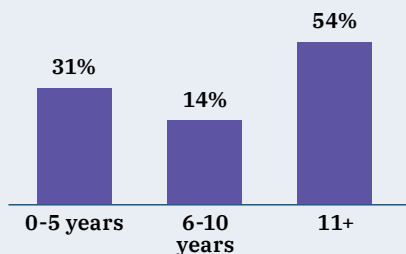
Men-owned or  
equally owned



**22%**

Women-owned

#### Age of Firm (Years)



#### Race/Ethnicity of Owner(s)



<sup>4</sup> Other operational challenges included utilizing technology (21 percent), complying with government regulations (18 percent), and ensuring health and safety of customers or employees (10 percent).

<sup>5</sup> Other financial challenges included weak sales (36 percent), uneven cash flow (34 percent), making payments on debt (25 percent), and credit availability (20 percent).

<sup>6</sup> "Increased costs associated with tariffs" was added as a response option in 2025.

<sup>7</sup> Other actions taken in response to financial challenges included downsized operations (30 percent), reduced costs (30 percent), took out debt (26 percent), and making a late payment (14 percent) N=110.

<sup>8</sup> Percentages and sample sizes include only weighted responses from employer firms. The population data used to generate state and MSA level weights come from the US Census Bureau's 2022 Annual Business Survey (gender, race/ethnicity), 2023 Business Dynamic Statistics (firm age), and 2023 County Business Pattern (industry and firm size).