

# Small Business Credit Survey: 2026 Tennessee 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 130 Tennessee small employer firms (“firms”).<sup>3</sup>

## Firm Conditions & Financing

For the second year in a row, more than half of Tennessee’s firms (52 percent) reported poor or fair financial conditions in 2025. In 2025, more firms said they experienced a decrease in revenues the prior 12 months than in 2024, while the share of firms reporting no change in revenues stayed the same. Fifty-seven percent of firms applied for financing in the prior 12 months, most frequently citing the purpose of having available credit for future use as needed. Among firms that applied for financing in 2025, loan applications increased two percentage points, and firms seeking credit cards decreased 11 percentage points compared with 2024.



**57%**

applied for any type of financing in the prior 12 months, same as 2024 (N=130)

**52%**

reported that 2025 financial conditions were poor or fair, same as 2024 (N=130)

## Revenue Change in the Last 12 Months (N=129) 2024-2025



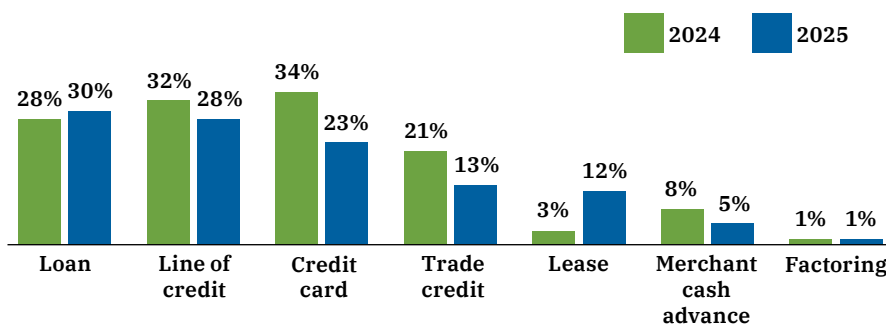
## 2023-2024



**58%**

reported applying for financing to have credit available for future uses compared with 49% in 2024 (N=72)

## Financing & Credit Products Sought in the Last 12 Months (N=130)



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 Tennessee 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: Tennessee

### Challenges in 2025

The top operational challenge for Tennessee firms in 2025 was reaching customers and growing sales, a three percentage-point decrease from 2024. Since 2024, the portion of firms that reported issues with supply chains decreased, while the portion that cited hiring or retaining qualified staff increased.<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 reducing costs (60 percent), using personal funds (52 percent), or raising prices (48 percent).<sup>6</sup>



### Top Operational Challenges (N=130)

**53%**

Reaching customers/growing sales compared with 56% in 2024

**41%**

Hiring or retaining qualified staff compared with 37% in 2024

**40%**

Supply chain issues compared with 44% in 2024



### Top Financial Challenges (N=130)

**73%**

Increased costs of goods, services, and/or wages compared with 88% in 2024

**47%**

Paying operating expenses compared with 68% in 2024

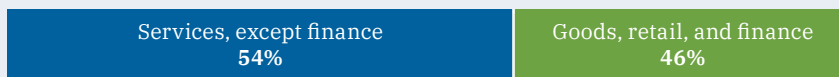
**46%**

Increased costs associated with tariffs

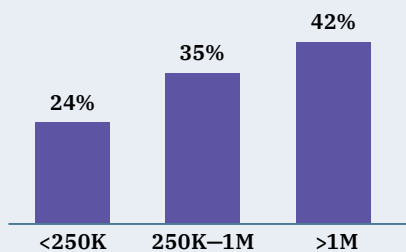
### Firm Demographics (N=130)<sup>7</sup>

Tennessee employer firms consisted of the following demographic groups:

#### Industry



#### Annual Revenues



**68%**

Have 1-9 employees



**79%**

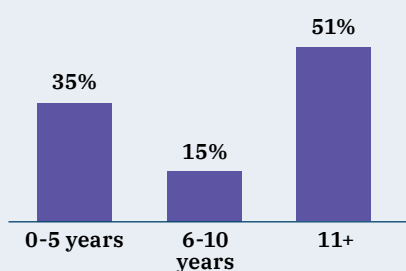
Men-owned or equally owned



**21%**

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 (8 percent), and ensuring health and safety of customers or employees (3 percent).

<sup>5</sup> Other financial challenges included uneven cash flow (44 percent), weak sales (42 percent), making payments on debt (24 percent), and credit availability (21 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 using cash reserves (44 percent), took out debt (34 percent), downsized operations (32 percent), and making a late payment (15 percent) N=119.

<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).