

# Small Business Credit Survey: 2024 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 2023 for the Small Business Credit Survey (SBCS).<sup>2</sup> This brief highlights key findings for 147 Alabama small employer firms (“firms”).<sup>3</sup>

## Firm Conditions & Financing

Less than half of Alabama firms (44 percent) reported that 2023 financial conditions were poor or fair financial conditions in 2023; this represents nine percent fewer firms reporting such financial conditions than the previous year. In 2023, fewer firms said they experienced decreased revenues the prior 12 months than in 2022, while more firms experienced no change in revenues. Thirty-nine percent of firms applied for loans, lines of credit, or merchant cash advances, most frequently citing meeting operating expenses as the reason for seeking financing. Among firms that applied for financing in 2023, applications for business loans (11 percent), auto or equipment (10 percent), and personal loans (12 percent) increased compared with 2022.

## Revenue Change in the Last 12 Months N=142

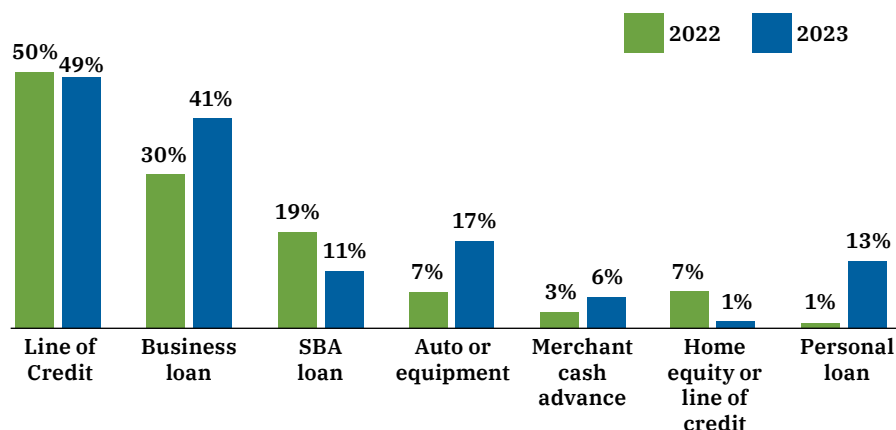
2022-2023



2021-2022



## Application Rate by Type of Loan, Line of Credit, or Merchant Cash Advance N=58



# 39%

Applied for financing in the prior  
12 months *compared with*  
55% in 2022 (N=147)

# 55%

Reported that 2023 financial  
conditions were poor or fair  
*compared with* 53% in 2022  
(N=147)

# 35%

Reported operating at a loss  
at the end of 2023 *compared*  
with 41% in 2022 (N=147)



To read the 2024 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 6,000 small businesses focused on firms' financing and debt needs and experiences. The national report and corresponding data used for this brief are available at [www.fedsmbbusiness.org/survey](http://www.fedsmbbusiness.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 2024: Alabama

### Challenges in 2023

The most prevalent challenges reported in Alabama were similar between 2023 and 2022; however, some challenges that were closely related to the pandemic saw significant declines year over year, such as supply chain issues, which were reported less frequently in 2023. The most widely cited operational challenges in 2023 were hiring or retaining qualified staff (70 percent), supply chain issues (55 percent), and reaching customers or growing sales (53 percent). Other operational challenges included complying with government regulations (28 percent), utilizing technology (27 percent), and ensuring the health and safety of customers or employees (11 percent). The most common financial challenges were increased costs of goods, services, and/or wages (81 percent); paying operating expenses (54 percent); and uneven cash flow (52 percent). Additional financial challenges included weak sales (38 percent), making payments on debt/interest rates (35 percent), and credit availability (23 percent).



### Top Operational Challenges N=147

53%

Reaching customers/  
growing sales

70%

Hiring or retaining  
qualified staff

55%

Supply chain issues



### Top Financial Challenges N=147

81%

Increased costs of goods,  
services, and/or wages

54%

Paying operating  
expenses

52%

Uneven cash flow

### Firm Demographics N=147<sup>4</sup>

Alabama employer firms consisted of the following demographic groups:

69%

Male-owned

18%

Female-owned

12%

Equally owned

### Race/Ethnicity of Owner(s)

White  
86%

People of Color  
14%

### Industry

Services, except finance  
54%

Goods, retail, and finance  
46%



51%

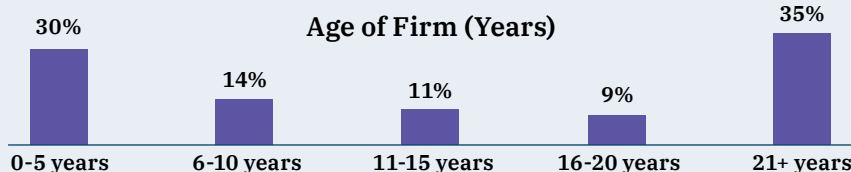
Have 1–4  
employees



18%

Earn <\$100K in  
annual revenues

### Age of Firm (Years)



<sup>4</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 2021 Annual Business Survey (gender, race/ethnicity), 2021 Business Dynamic Statistics (firm age), and 2021 County Business Patterns (industry and firm size).