Small Business Credit Survey: 2025 Alabama Insights

Federal Reserve Bank *of* Atlanta
Community and Economic Development

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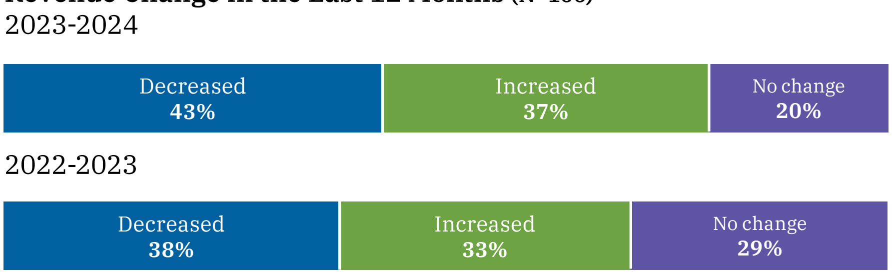
Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2024 for the Small Business Credit Survey (SBCS).[2] This brief highlights key findings for 176 Alabama small employer firms ("firms").[3]

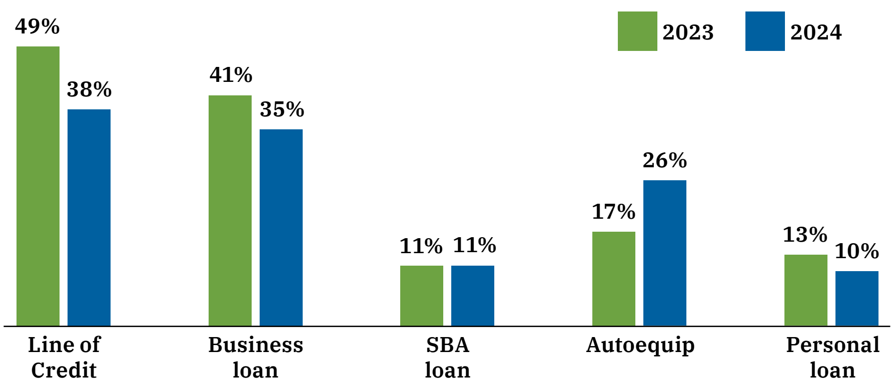
Firm Conditions & Financing

For the third year in a row, more than half of Alabama's firms (51 percent) reported poor or fair financial conditions in 2024, with a slight decrease (four percent) from the prior year. In 2024, fewer firms said they experienced no change in revenues the prior 12 months than in 2023, while more firms said revenues decreased. Forty-one percent of firms applied for loans, lines of credit, or merchant cash advances, most frequently citing the need to meet operating expenses. Among firms that applied for financing in 2024, business loan applications decreased six percent, and firms seeking lines of credit decreased 11 percent compared with 2023.

Revenue Change in the Last 12 Months (N=166)



Application Rate by Line of Credit or Merchant Cash Advance (N=76)



41%

Applied for loan, line of credit, or merchant cash advance in the prior 12 months *compared with 39% in 2023* (N=176)

51%

Reported that 2024 financial conditions were poor or fair *compared with 55% in 2023* (N=176)

33%

Reported operating at a loss at the end of 2024 *compared with 35% in 2023* (N=172)

To read the 2025 report, scan the QR code or click here.

[1]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.
[2]The SBCS is a national sample of over 7,500 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.fedsmallbusiness.org/survey.
[3]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 2025: Alabama

Challenges in 2024

In 2024, Alabama firms reported challenges similar to those in 2023. However, issues closely related to the pandemic, such as supply chain problems, saw significant year-over-year declines and were reported less frequently in 2024. The most widely cited operational challenges in 2024 were hiring or retaining staff (55 percent), reaching customers/growing sales (49 percent), and supply chain issues (33 percent). Other operational challenges included complying with government regulations (32 percent), utilizing technology (24 percent), and ensuring the health and safety of customers or employees (seven percent). The most common financial challenges were increased costs of goods, services, and/or wages (77 percent); paying operating expenses (61 percent); and uneven cash flow (51 percent). Additional financial challenges included weak sales (43 percent), making payments on debt/interest rates (39 percent), and credit availability (36 percent).

Firm Demographics (N=176)[4]

Alabama employer firms consisted of the following demographic groups:

67% Male-owned

21% Female-owned

12% Equally owned

Race/Ethnicity of Owner(s)

White	People of Color
85%	**15%**

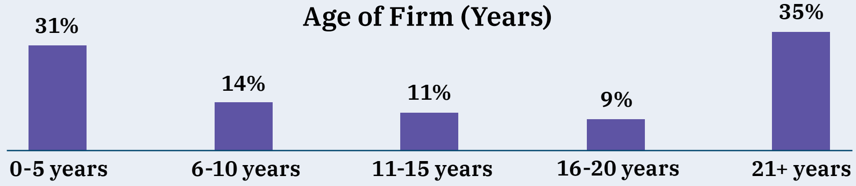
Industry

Services, except finance	Goods, retail, and finance
54%	**46%**

51% Have 1–4 employees

14% Earn <$100K in annual revenues

Age of Firm (Years)



Top Operational Challenges
(N=174)

55%

Hiring or retaining qualified staff *compared with 70% in 2023*

49%

Reaching customers/growing sales *compared with 53% in 2023*

33%

Supply chain issues *compared with 55% in 2023*

Top Financial Challenges
(N=176)

77%

Increased costs of goods, services, and/or wages *compared with 81% in 2023*

61%

Paying operating expenses *compared with 54% in 2023*

51%

Uneven cash flow *compared with 52% in 2023*

[4]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), 2022 Business Dynamic Statistics (firm age), and 2022 County Business Patter ns (industry and firm size).