

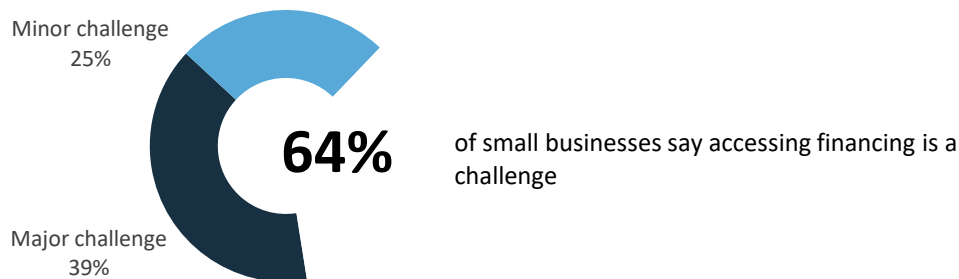
Increasing equitable access to capital for small businesses and entrepreneurs

Affordable and responsible capital allows entrepreneurs to turn their dreams of starting a business into reality. It also enables established small businesses to take that next step in their journey, whether it be improving cash flow, hiring a new employee or purchasing new equipment or inventory. While all small businesses need capital for development and growth, underserved small businesses including minority, women and immigrant-owned firms, often face barriers rooted in long-standing systemic inequities that limit their ability to secure the reliable and affordable capital needed to succeed. As small businesses continue to navigate persistent economic headwinds from tariffs and rising healthcare costs, it remains paramount that policymakers pull all levers to expand access to reliable and affordable capital streams for our nation’s job creators and innovators.

A lack of access to capital prevents entrepreneurs from achieving their full potential

Small Business Majority regularly conducts national surveys of small business owners to better understand the importance of capital for their business and the barriers they face when accessing financing. Our key findings include:

- **Access to capital is a key concern for small business owners:** Nearly two-thirds of entrepreneurs report that difficulty accessing financing is a challenge facing their business, with 39% of small business owners describing it as a major challenge.¹



- **Half of the small business owners we polled took steps to access funding or capital:** They sought traditional bank loans (54%), grants (53%), SBA loans (43%), loans from CDFIs or nonprofit lenders (28%), venture/equity capital (25%) and crowdfunding (9%). However, of those who pursued funding, **only 36% secured any amount of financing** for their business.²
- **Small business owners who haven’t taken steps to secure capital cite barriers** including not knowing where to start the funding process, concerns over their creditworthiness, complex loan terms and requirements and a lack of access to lenders or financial institutions.
- **Minority entrepreneurs still encounter disproportionate obstacles when seeking financing:** Roughly 60% of minority-owned businesses reported that access to financing was a major challenge facing their business, compared to just 29% of white-owned firms. Among small businesses that applied for a loan, 50% of AAPI-owned firms, 33% of Hispanic-owned firms, and 16% of Black-owned firms were *denied financing*, compared to just 11% of white-owned firms.
- **High-interest and predatory loans remain a key concern for minority-owned firms** who are twice as likely to seek financing through potentially “higher-cost and less transparent” Merchant Cash Advance (MCA) products than other entrepreneurs. Fifteen percent of Hispanic-owned firms applied for MCAs, according to the 2019 Small Business Credit Survey, compared to just 8% of White-owned firms. Additionally, Black-owned firms are more than twice as likely to seek financing through factoring, a similar high-cost, sales-based financing product, than White-owned firms.³

Small business owners support federal efforts to increase access to capital

- **Extend TILA requirements to cover all small business credit products:** Small Business Majority research found that 87% of small businesses support extending Truth in Lending Act (TILA) disclosure requirements to small business credit products. To ensure small business lenders disclose financing information upfront, including the annual percentage rate (APR); financing charges for loans; loan terms; payment amounts and collateral requirements, we urge Congress to pass the **Small Business Financing Disclosure Act**, which was introduced in the 118th Congress.
- **Reverse restrictions on SBA loans that prohibit immigrant entrepreneurs from accessing financing:** In February 2026, the SBA imposed new loan eligibility restrictions to prohibit access to SBA lending programs, including 7(a) and 504, for Legal Permanent Residents (LPRs) and require any direct and/or indirect owners of small business applicants for SBA-backed loans be U.S. Citizens or U.S. Nationals. Given that roughly 20% of all small businesses in the U.S. are immigrant owned, and immigrants are twice as likely to start a business than natural-born U.S. Citizens, these restrictions will have devastating impacts on immigrant entrepreneurs and the broader small business lending community. Small Business Majority urges SBA to reverse these restrictions to restore access to the privileges that proceeding through the legal immigration system provides to LPRs and prospective new citizens including in their ability to access key programs at SBA.
- **Protect and strengthen access to SBA resources that connect small businesses to capital and opportunity:** Through its suite of lending, technical assistance and business development programs, SBA and its resource partners deliver financing and resources to tens of thousands of small businesses each year. However, the current administration’s efforts to restrict access to several of its lending and business development programs, including the 7(a) and 504 loan programs and the 8(a) Business Development program, will have direct consequences on the millions of small businesses that rely on these programs for their development and growth. In fact, **78% of small business owners report that they are concerned about the cuts being made to the SBA and its programs.** Small Business Majority urges the SBA to strengthen and invest in its workforce and programs to ensure that they are well positioned to meet the needs of America’s small businesses.
- **Increase funding and support for non-profit community lenders:** Non-profit, community lenders like Community Development Financial Institutions (CDFIs) can often offer more flexible and personalized financing products to small businesses, particularly those in underserved communities. CDFIs also continue to play an integral role in the deployment of capital to Main Street through the U.S. Department of the Treasury’s State Small Business Credit Initiative (SSBCI). 78% of all SSBCI-backed transactions have supported small businesses with fewer than 10 employees, and over 31% of participating SSBCI lenders are CDFIs.⁴ To ensure the more than 1,400 CDFIs nationwide can continue to provide tailored financing and business development services to under-resourced entrepreneurs, Congress must protect and strengthen funding for the U.S. Department of the Treasury’s CDFI Fund. **71% percent of small business owners support increased funding for CDFIs.**

¹ “Survey Toplines: Voice of Main Street: Small businesses support healthcare premium relief, immigration reform.” Small Business Majority. November 13, 2025. <https://smallbusinessmajority.org/sites/default/files/research-reports/2025-November-Voice-of-Main-Street-Toplines.pdf>

² “Voice of Main Street: Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital.” Small Business Majority. April 30, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/entrepreneurs-struggle-access-funding-support-policies-increase-availability-responsible-capital>

³ “2019 Report on Minority-Owned Firms: Based on the 2018 Small Business Credit Survey.” FED Small Business. December 13, 2019. <https://www.fedsmallbusiness.org/reports/survey/2019/2019-report-on-minority-owned-firms>

⁴ “SSBCI Annual Report 2022-2023.” U.S. Department of the Treasury. November 13, 2024. <https://home.treasury.gov/system/files/136/SSBCI-AnnualReport-2022-2023.pdf>