

# Banks defend support for local small businesses

By Paul Schott

STAMFORD — Seven years after the end of the recession, the extent of Main Street's recovery continues to spark debate.

The drop in loans to small businesses in the aftermath of the economic crisis has not escaped the attention of the nation's top politicians, including [Hillary Clinton](#). The Democratic presidential nominee has described an arduous lending environment for small-business owners — an assessment that has provoked mixed reactions in Connecticut.

State officials said that they still see access to capital as a concern, but bankers said that they never wavered in support of local firms. “When someone comes in with an idea, we consult with them,” said [Steven Ferguson](#), assistant vice president and business development officer at First [County Bank](#) and a former small-business owner. “We hear them out. Every request that we have is judged on its own merits.”

## Access to capital

In the wake of the recession, small-business lending significantly declined. Nationwide, lending institutions' loans outstanding to small businesses totaled about \$712 billion in 2008, according to the most recent [Small Business Administration](#) report. That total dropped to about \$585 billion in 2013, the latest year for which data is available.

In her acceptance speech for her party's presidential nomination last month at the [Democratic National Convention](#), Clinton suggested that she was not satisfied with small businesses' access to capital.

“We will give small businesses like my dad's a boost,” Clinton said. “Make it easier to get credit. Way too many dreams die in the parking lots of banks.”

Clinton's assessment of banks' willingness to lend drew mixed responses among Stamford bankers. [Ken Neilson](#), president and CEO of Patriot Bank, described the comments as “political talk” that did not recognize banks' ongoing support of small businesses.

“Patriot and probably most of the other banks want to lend to small businesses as much as they safely can and have always wanted to,” Neilson said. “What we need is more small businesses being started. And the best thing that government can do to foster that is to ease up on regulations and taxes and give people an incentive to start businesses.”

Republican presidential nominee [Donald Trump](#) did not specifically mention small-business financing in his acceptance speech at the Republican convention or in an economic speech last Monday in Detroit. At Patriot, the total value of loans outstanding has grown from \$479 million last December to a current total of about \$527 million. Data on its small-business lending levels were not immediately available. In the aftermath of the recession, First County also maintained its commitment to small-business financing, said Chairman and CEO [Reyno Giallongo Jr.](#)

“First County never really stopped lending to small business during that time,” Giallongo said. “What we did is start asking more questions. ... But it was really all around business confidence. The market in small business was soft because they really didn’t know at the time what the next turn of events would be in the marketplace.”

Statistics on First County’s lending levels in recent years were not immediately available.

### **Professional advice**

More than ever, small businesses need to develop cogent business plans to position themselves for financing, said [Tony Peters](#), a business adviser with the Connecticut Small Business Development Center based at the [University of Connecticut](#) in Stamford.

“At the end of the day, will the idea make money or sense?” Peters said. “It sounds simple, and it is simple. But you need to lay it out and think about it and be clear. Is this something people are willing to pay for? And if the answer is no, it could be the greatest idea in the world, but it’s just not bankable.”

Many local business owners said that they have banded together more to share advice and direct each other to promising leads for financing.

“We always advise people: Don’t take any actions until you get professional advice,” said [David Yika](#), who runs a pet grooming business, K-9 Coiffures, and serves as a vice president in the [Greater](#)

**Stamford Hispanic Chamber of Commerce.** “We always want to direct people to the right institution so they can get customized information.”

In Hartford, state officials have sought in recent years to create new funding sources to supplement banks’ support of small businesses. The state launched in 2012 the Small Business Express program, which provides loans and grants to businesses that have operated for at least a year and have fewer than 100 employees.

“It’s surprising how frequently we still hear from small businesses that they can’t get access to capital from their bank,” said **Catherine Smith**, the state’s economic and community development commissioner. “There’s still a need for Small Business Express to be filling gaps for companies that can’t get quite enough capital or can’t get any additional capital.”

Small Business Express has distributed about \$8 million in grants and loans to 50 Stamford businesses in the past five years. The state conditioned that aid on those firms together retaining 475 jobs and creating another 200 positions.

### **Long-term strategy**

Bankers and state officials said that they will continue to make small businesses’ access to capital a top priority in coming years.

Assuming the economy continues to improve, Small Business Express might not carry on indefinitely, though it would likely keep running in the next few years.

“It’s on the list of programs that we say ‘let’s keep it going and moving forward,’” Smith said. “It’s been very successful.”

State officials should not overlook other funding sources, said **Gary Breitbart**, director of **The Business Council** of Fairfield County’s growth advisory services initiative.

“There are a number of favorable programs that ought to be continued and grown, but we also want to see other forms of support to grow the roster of investors,” Breitbart said. “There is more that can be done to expand the number of venture capital funds and private equity funds that are active here in Connecticut.”

But banks will remain a dominant source of funding for small businesses. First County Bank's Ferguson, who once owned a trucking and car hauling firm, said he wants to strengthen First County's relationships with business organizations and help more small businesses to develop plans.

"Being a business development officer, I'm out there a lot — talking to them, looking at their business models, looking at the way they handle their payroll and their staffing model," Ferguson said. "There are a lot of moving parts when it comes to a business — not just a loan."

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