

New York Forward Loan Fund Insights



Welcome to Your 60dB Results

These loan recipients are the customers of 5 CDFIs that together processed 1,539 loans between May 2020 – October 2021 and distributed \$85 million in COVID relief to small businesses.

Between October – November 2021, we spoke to 312 New York Forward Loan Fund recipients.

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Project Summary

60 Decibels is partnering with CRF USA, Calvert Impact Capital and LISC to understand the impact of the New York Forward Loan Fund on small businesses. Partner Organizations came together, via an innovative structure and collaborative funding model, to better understand and address common challenges in accessing and deploying capital for historically underserved communities.

By hearing directly from small business owners about their experience and outlook, banks, investors, and policymakers can be responsive and supportive in preserving businesses and jobs.

Our aim was to understand the impact of the New York Forward Loan Fund by listening directly to those impacted by this loan fund.

Partner Organizations



Headlines

Here are the most interesting findings from interviews with 312 small business owners in New York.

What capital options did small businesses have in New York?

The New York loan fund served many first-time business borrowers.

- 54% have never borrowed money for their business prior to applying for the New York loan
- 79% have never applied online for a business loan prior to this experience
- 68% indicate they could not have easily found a good alternative to the New York loan

What impact did the loan have on small businesses in New York?

The NY Forward Loan served as a critical capital injection for many businesses.

- 57% say their ability to maintain jobs has increased because of the loan
- 68% report they can better manage their finances now than before receiving the loan
- 20% would have closed permanently if not for accessing the loan fund
- 58% say their stress levels related to finances has decreased as a result of the loan

How well equipped are small businesses moving forward?

Additional capital support is an anticipated need for most respondents.

- Of the 56% who reported having cash reserves, the average amount in reserve was enough to cover 5 months worth of business expenses
- 59% reported they will need additional capital in the coming 12 months
- 62% would use it as working capital; 26% for purchasing inventory; 19% for purchasing machinery & equipment

Key Insights We Set Out to Answer

● Who Did The New York Forward Loan Fund Reach?

- > Demographic Profile
- > Business Profile

● Accessing Capital

- > Access to Business Loans
- > Availability of Alternatives
- > Important Loan Characteristics
- > Loan Application Improvements

● CDFI Experience

- > Satisfaction
- > Time Spent On Application

● Impact

- > Quality of Life Changes
- > Additionality of Loans
- > Loan Repayment

● Business Finances

- > Cash Reserves
- > Financial Inclusion
- > Additional Capital Support

“[The New York Forward Loan Fund] really came through at a time when we depleted our company resources to get through COVID. It was really critical to make payroll and continue forward. The short-term loan really gave us the ability to keep moving forward. For that, we're thankful.”

Demographic Profile

The New York Forward loan was designed to provide underserved communities with emergency capital.

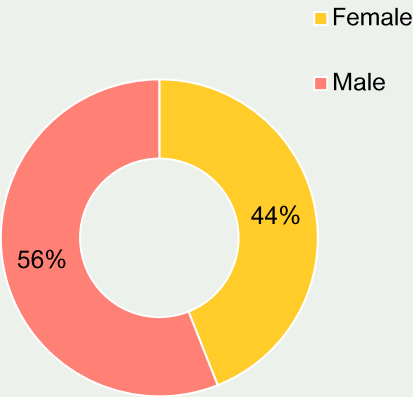
Based on reported demographics from the New York sample, it appears half are BIPOC-owned and just under half are women-led businesses.

The survey sample is representative of the wider New York Forward Loan Fund recipients, with half being BIPOC-owned businesses.

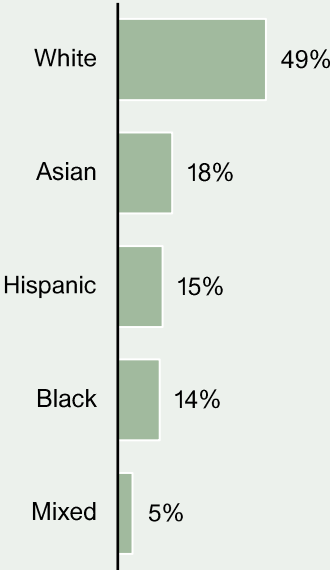
About the Small Business Owners We Spoke With

Data relating to borrower characteristics: (n = 312)

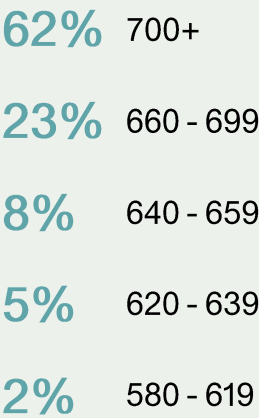
Gender



Race



FICO Score



Business Profile

A variety of industries are well represented amongst the small businesses we spoke with. Professional Services being the most represented at 19%.

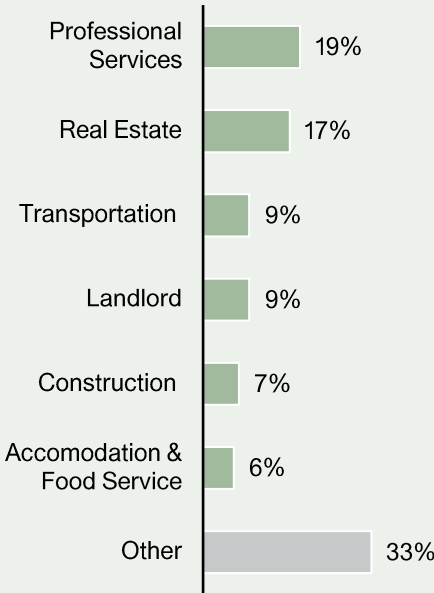
While the median number of employees has not changed between the time of application and the survey date, the average number of employees increased from 3.80 to 4.83. This could indicate businesses are beginning to recover from the effects of COVID-19.

84% of respondents have been in business at least 3 year and 52% had revenues less than \$250k.

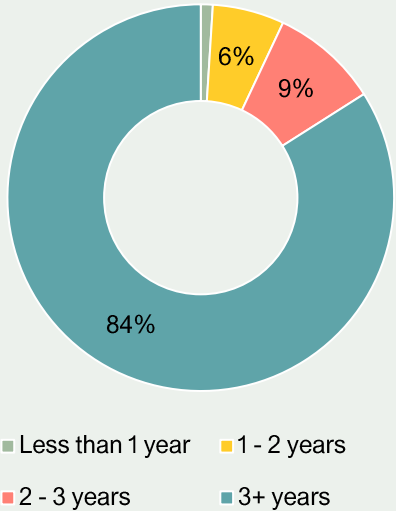
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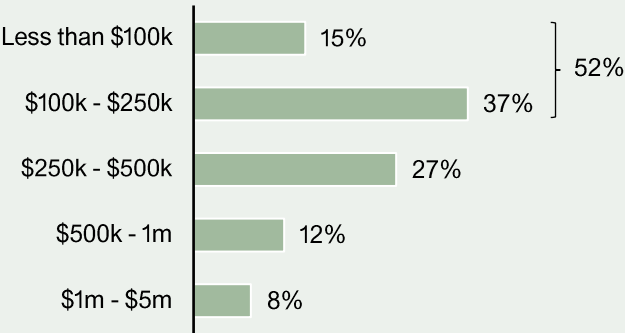
Top Industries



Tenure



Revenue



Number of Employees

- 2 Median number of employees currently
- 2 Median number of employees at the time of application

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“I would have gotten a second job to sustain the business. I likely would have survived but there would’ve been some hardships due to being financially strained.”

Accessing Business Loans

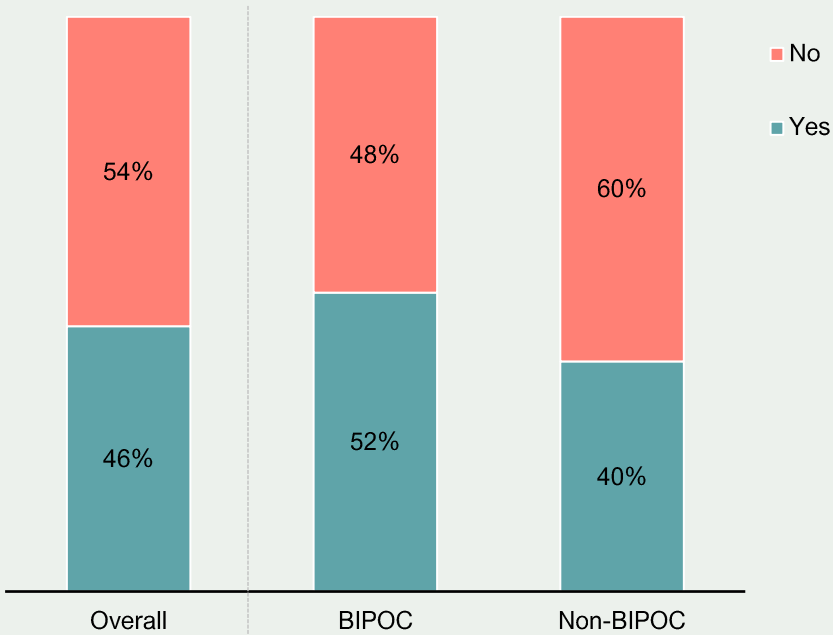
We wanted to understand the capital landscape of small business owners in New York by asking if they had ever borrowed money for their business.

BIPOC-owned businesses are more likely (52%) to have borrowed money previously compared to their Non-BIPOC (40%) counterparts.

More than half of the respondents we spoke with have never borrowed money for their business prior to the New York Forward loan.

Business Loan

Q: Have you ever borrowed money for your business before applying for this loan? (n = 312, 160 BIPOC, 152 Non-BIPOC)



Availability of Alternatives

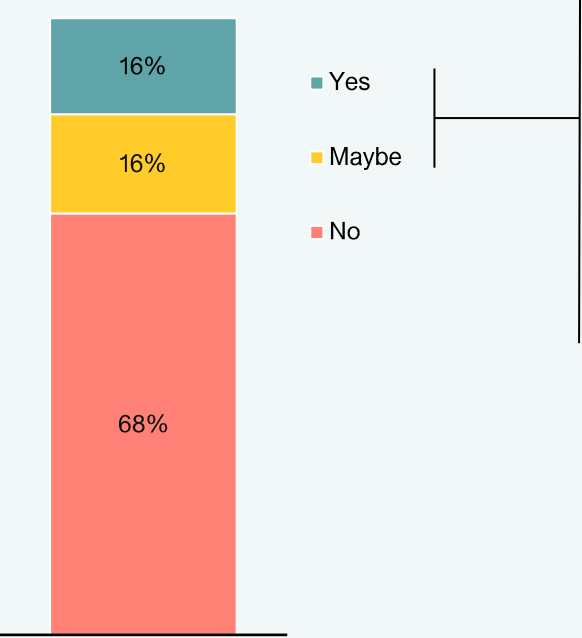
2 in 3 respondents indicate they could not have found a good alternative to the New York loan.

Availability of alternatives provides insight into the competitive landscape and the degree to which the New York Forward Loan Fund is providing a scarce product/service.

For the one third of respondents who could find an alternative, 44% of which would most likely turn to other bank loans.

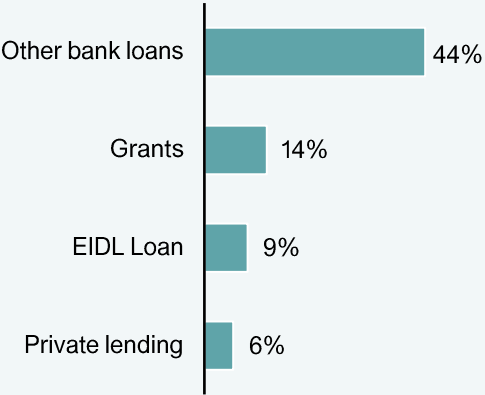
Access to Alternatives

Q: Could you easily have found a good alternative to the New York Forward Loan Fund? (n = 312)



List of Alternatives

Q: What would that alternative be? (n = 52)



Comparison to Online Lenders

8 in 10 respondents have never applied for an online business loan prior to the New York Forward Loan.

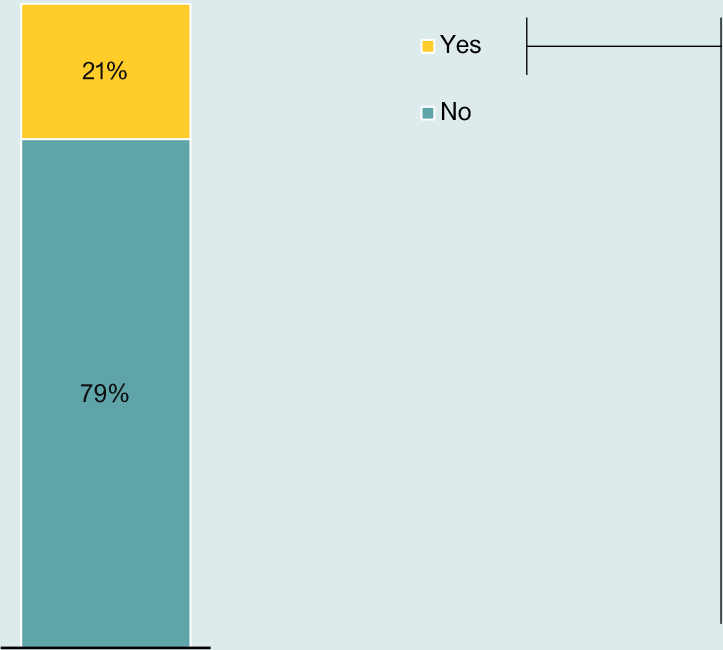
For most respondents, the New York was their first experience applying online for a business loan.

BIPOC-owned businesses have slightly more experience (23%) compared to non-BIPOC businesses (17%).

For the 21% who had applied with an online lender, nearly two thirds of respondents report a better overall experience with the New York loan.

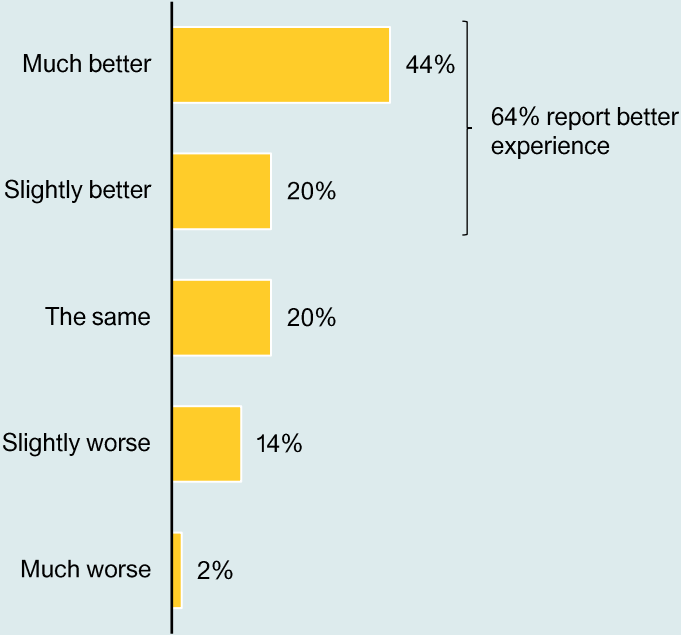
Prior Application for Online Business Loan

Q: Have you ever applied for an online business loan?
(n = 312)



Comparison to Other Lenders

Q: How did your experience with New York Forward Loan Fund's online application compare with other online lender(s)? (n = 64)



Important Loan Characteristics When Applying

Respondents cite a low interest rates & no collateral requirements to qualify as the most important loan characteristics when applying for the New York loan.

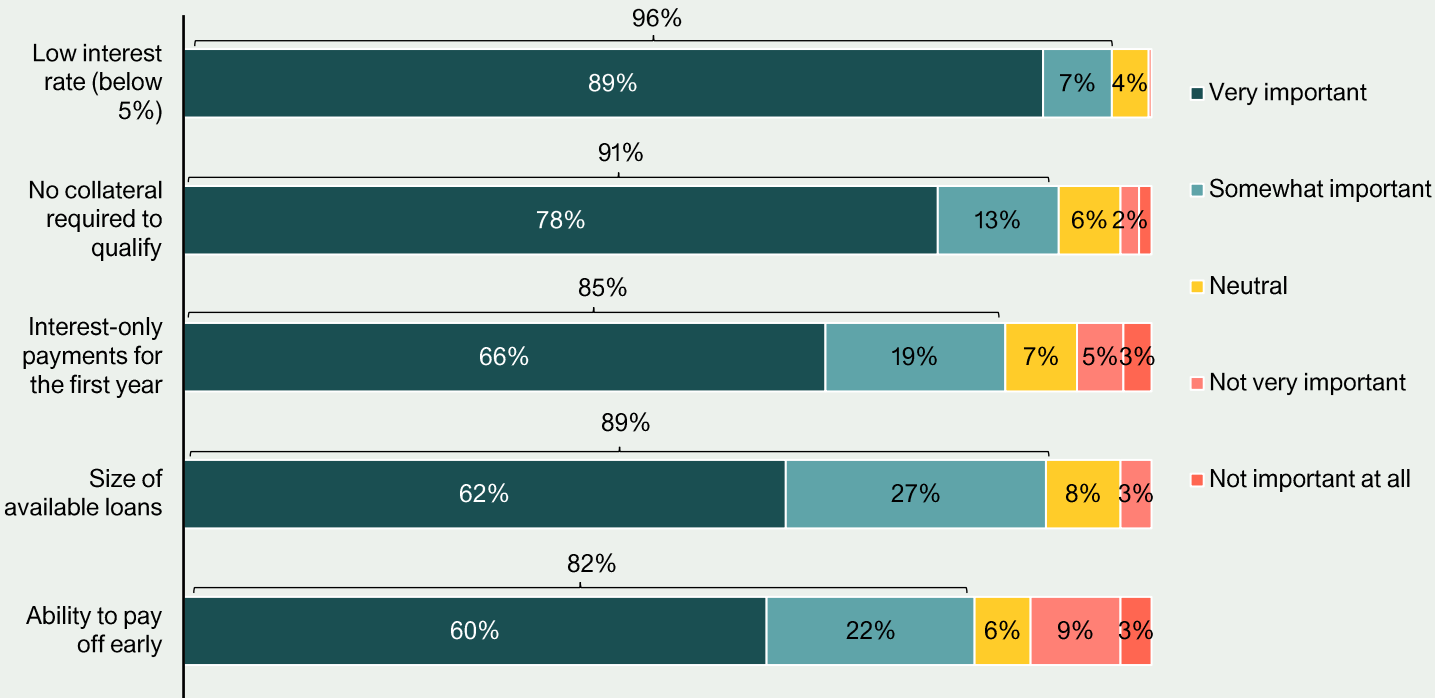
We asked respondents to choose what was most important to them when they applied for the loan.

96% report low interest loans as an important consideration, 91% are not interested in providing collateral to qualify, and 85% prefer interest only payments for the first year.

These results suggest that lenders should focus on favorable loan terms when designing future loan products for New York small businesses.

Most Important Loan Characteristics

Q: When applying for the New York Forward Loan Fund, how important were the following for you? (n = 312)



Loan Application Improvements

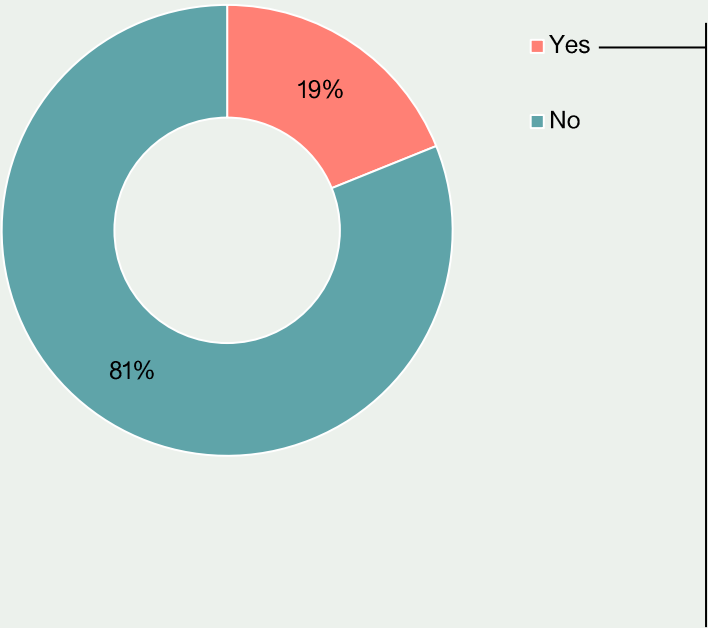
81% of loan recipients don't think the online application process could be improved.

Of the 19% who said the application could be improved, 33% mention clearer instructions and 12% think it took too long to complete.

The majority of respondents are satisfied with the overall application.

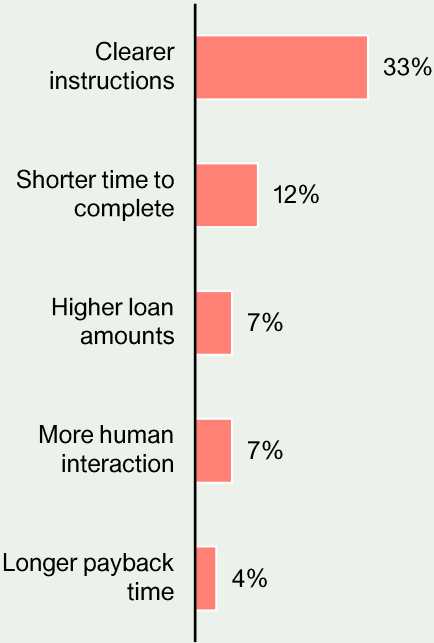
Loan Application Improvements

Q: Is there anything about the online application that you think could be improved? (n = 312)



Suggested Improvements

Q: Please explain: (n = 69)



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“[I’d recommend the CDFI to a friend or family member because] The agent I dealt with was very easy to talk to and very helpful throughout the whole application process.”

Customer Satisfaction: Net Promoter Score

CDFIs have a Net Promoter Score® of 63, which is excellent and suggests that customers are satisfied.

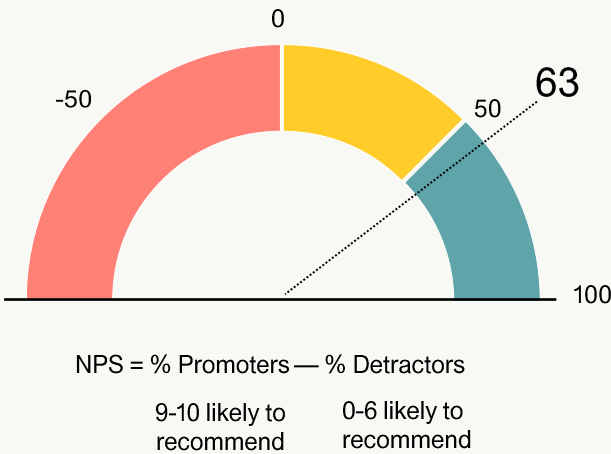
The Net Promoter Score® is a gauge of satisfaction and loyalty. Anything above 50 is considered very good. A negative score is considered poor.

Asking members to explain their score demonstrates what they value and what creates dissatisfaction. This follows on the next slide.

We found no major differences between gender or race.

Net Promoter Score® (NPS)

Q: On a scale of 0 to 10, where 0 is very unlikely and 10 is very likely, how likely are you to recommend working with CDFI to a friend or family? (n = 299)



60 Decibels Global average 400+ companies	44
United States average 29 companies	49
CDFI average 6 companies	69

NPS Drivers

Promoters value the user-friendly process, the favorable interest rates and how efficient everything was.

71% are Promoters :)

They love:

- 1. User friendly process
(44% of Promoters / 30% of all respondents)
- 2. Interest rates were favorable
(19% of Promoters / 13% of all respondents)
- 3. Fast and efficient
(16% of Promoters / 8% of all respondents)

“The low interest rate and the terms. Also, the professionalism of the people that walked me through the process.”

Tip:
Highlight the above value drivers in marketing.
Promoters are powerful brand ambassadors—can you reward them?

21% are Passives : \

They like:

- 1. Fast and efficient
(18% of Passives / 5% of all respondents)
- But complain about:
- 1. Poor customer service
(8% of Passives / 2% of all respondents)

“I would have liked to have more communication with a representative at the lending institution.”

Tip:
Passives won’t actively refer you in the same way that Promoters will.
What would it take to convert them?

8% are Detractors : (

They want to see:

- 1. Larger loan amounts
(25% of Detractors / 3% of all respondents)
- 2. More follow ups
(18% of Detractors / 2% of all respondents)

“The loan amount was very small. Only \$10,000 which did not help.”

Tip:
Negative word of mouth is costly.
What’s fixable here?

Time Spent On Loan Application

Nearly a quarter of loan recipients report an agent from the CDFI spent less than 30 minutes on the loan application.

CDFIs were available to provide deeper support to 2 in 5 that needed more support.

The loan application process was efficient for applicants and CDFIs.

Time Spent

Q: How much time, approximately, did an agent from [CDFI] spend with you on your loan application?
(n = 312) *Open-ended, coded by 60 Decibels.*



CDFI Experience

Nearly all recipients agree that loans were disbursed quickly and easy to understand.

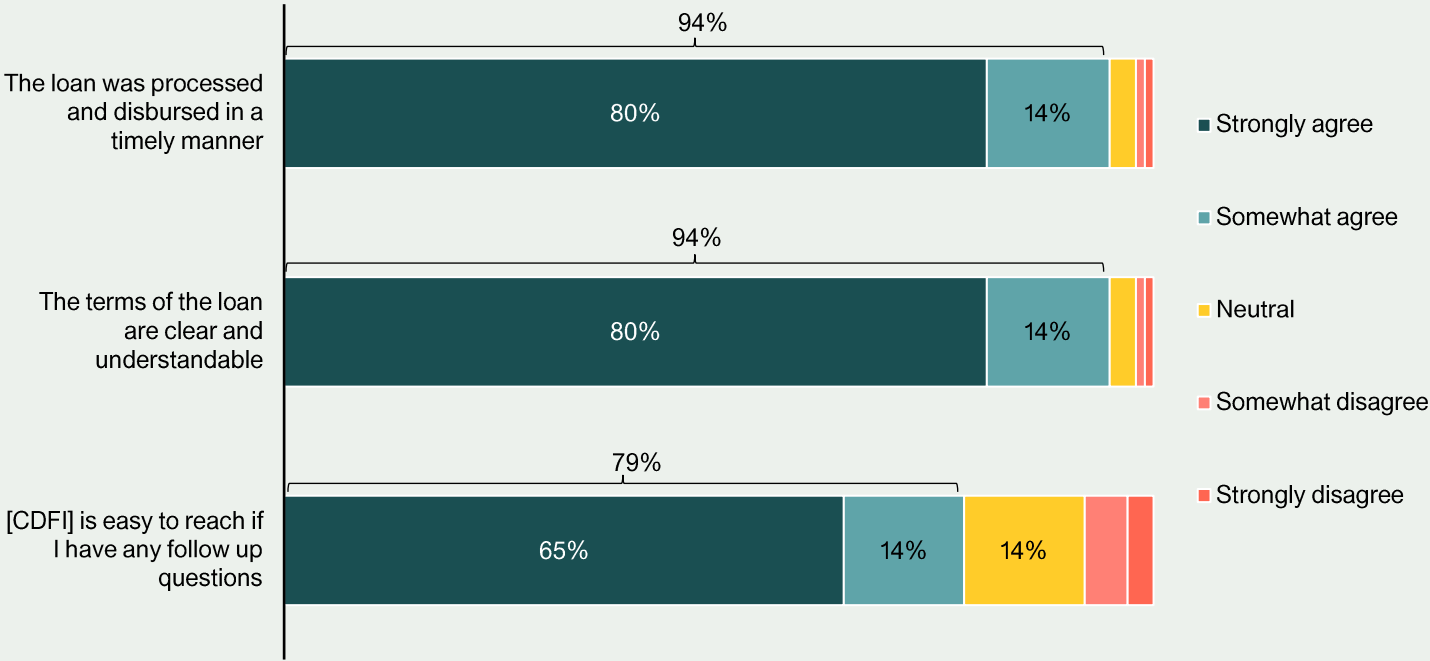
The majority of recipients had positive experiences with the lending organizations. More than 9 in 10 agree that loans were processed in a timely manner and that the terms are clear and understandable.

The only area which could use improvement moving forward is related to the human interaction; recipients would like an easier follow up experience.

We found no differences between genders or race.

CDFI Experience

Q: To what extent do you agree or disagree with the following statements: (n = 312)



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“If I didn't have access to the loan, my employees would have gone through hardships. I expect to be able to pay their salaries with cashflow, however that has been inconsistent.”

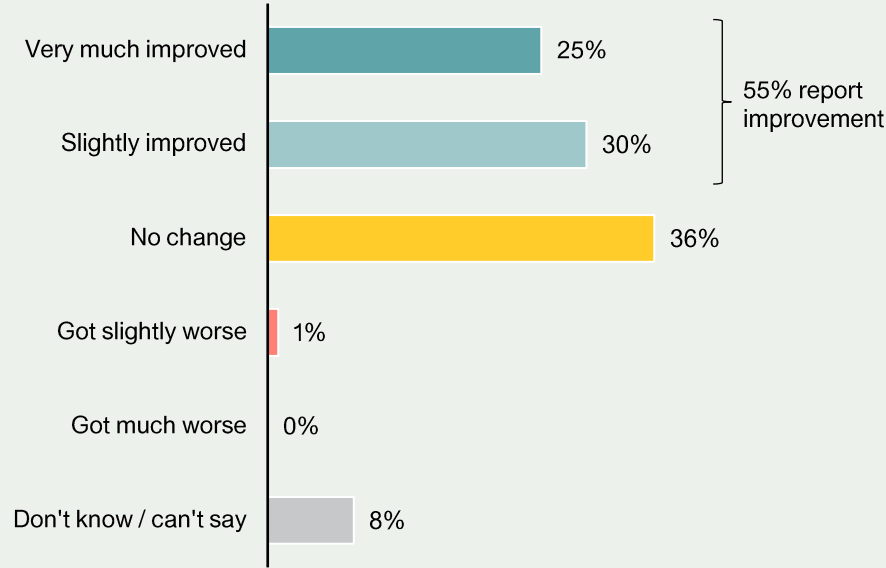
Employee Quality of Life

To gauge depth of impact, we asked recipients to reflect on whether their employee’s quality of life has changed because of the New York Forward loan.

55% of recipients indicate their employee’s quality of life has improved as a result of receiving the New York Forward loan.

Perceived Quality of Life Change

Q: Have your employee’s quality of life changed because of the loan? Has it: (n = 287)



Very Much Improved

“We are now in a position of expanding and improving and so it's giving them more opportunity for longevity and growth.”

Slightly Improved

“Being able to stay afloat. I was able to pay the people that were working for me.”

No Change

“We were able to keep things the way they were.”

Employee Quality of Life: Top Outcomes

Recipients were asked to describe – in their own words – the positive changes their employee’s were experiencing because of the New York loan.

The top outcomes are shown on the right.

Others included:

- Stability (9%)
- Improved working conditions (7%)
- Not being late on payments (7%)
- Better supplies and equipment (7%)

Recipients talk about their employees keeping their job, maintaining peace of mind and increasing salaries because of the New York Forward Loan Fund.

Top Three Self-Reported Outcomes for 55% of Recipients Who Say Employee Quality of Life Improved

Q: Please explain how your quality of life has improved. (n = 158, multiple responses allowed). Open-ended, coded by 60 Decibels.

27%	spoke about keeping their job (13% of all respondents)	“I was able to keep their hours instead of just cutting them to one or two days a week.”
17%	talked of general peace of mind (9% of all respondents)	“Not having to stress about bills and payroll. I’ve noticed their mood is better than in previous months.”
9%	indicated increased salaries (4% of all respondents)	“Due to staying open and needing staffing, we increased their salaries.”

Perceived Impact

6 in 10 respondents report an improved ability to maintain jobs and manage their finances because of the loan.

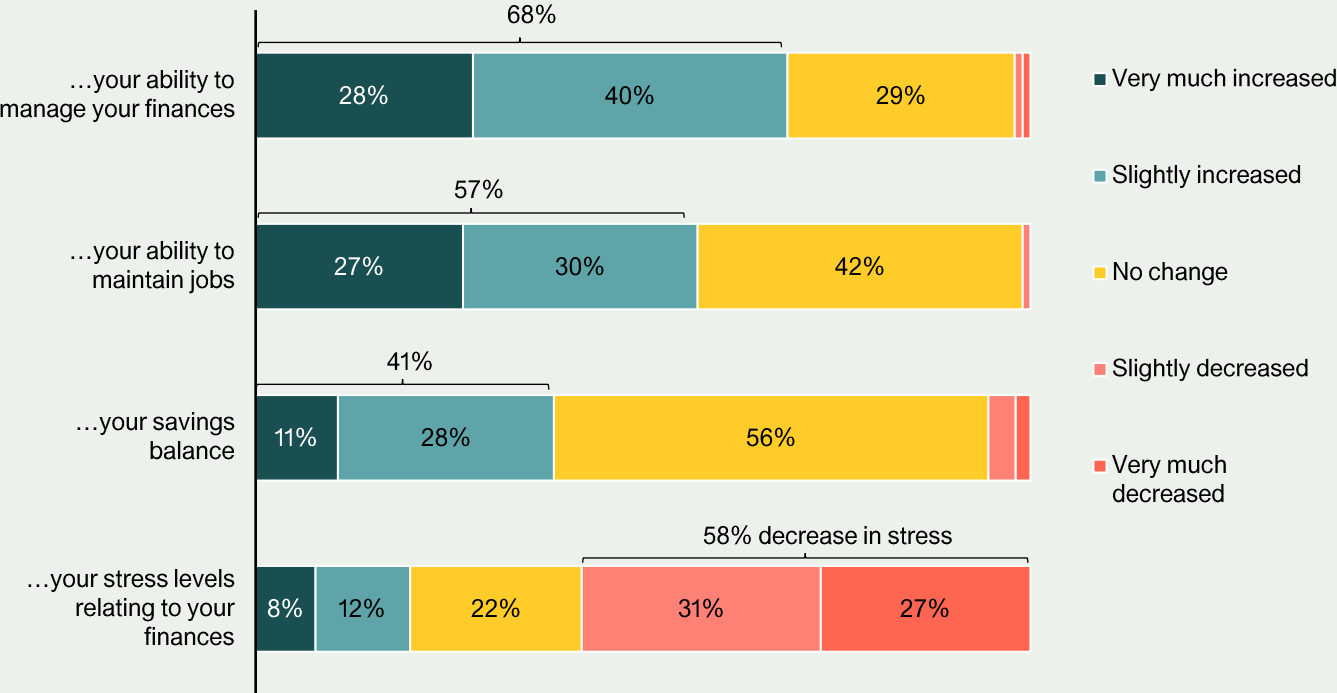
We also asked business owners to reflect on the impact of the New York Forward Loan on business operations.

68% say they can better manage their finances but only 58% report decreased stress, suggesting there is still a gap in financial pressure being felt by these small businesses.

We see no differences across the four areas with gender or race.

Perceived Impact

Q: Has ... changed because of the loan? (n = 312)



Additionality of Loans

The New York Forward Loan Fund had a significant effect in increasing owners’ resiliency, maintaining staff hours and employment.

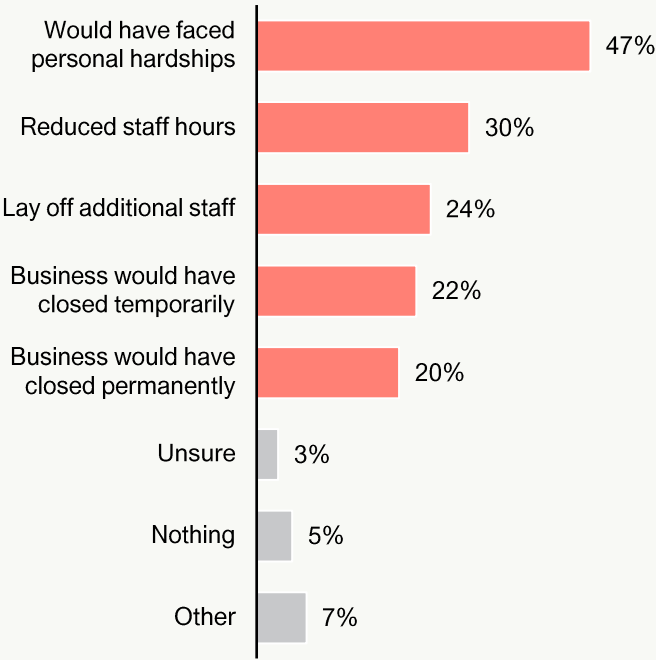
As a way to gauge how effective the loan was at increasing small-business resilience, respondents were asked what would have happened to their business if they never gained access.

1 in 5 would have closed permanently, 1 in 3 likely would have reduced staff hours and a quarter would have laid off additional staff.

We found little to no differences between genders and BIPOC vs Non-BIPOC owned businesses.

Business Outcomes Without Loan

Q: If you did not have access to the loan from the New York Forward Loan Fund, what do you think would have happened to your business? (n = 312) *Open-ended, coded by 60 Decibels.*



Loan Repayment

Despite the fact that 2 in 5 recipients consider their loan repayment a burden, 8 in 10 are 'very confident' they will be able to repay their loan.

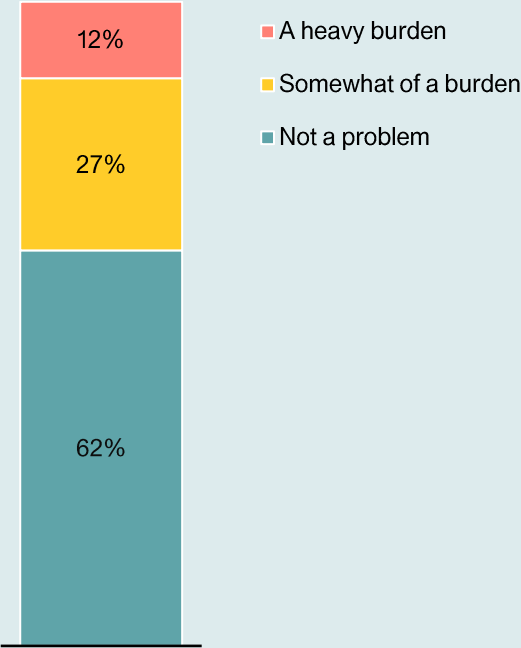
We use these two metrics to gauge recipients' potential risk of being overindebted with their New York Forward loans.

As expected, recipients who say their loans are 'not a problem' are more likely to be 'very confident' in repaying their loan.

There were no meaningful correlations between genders or race.

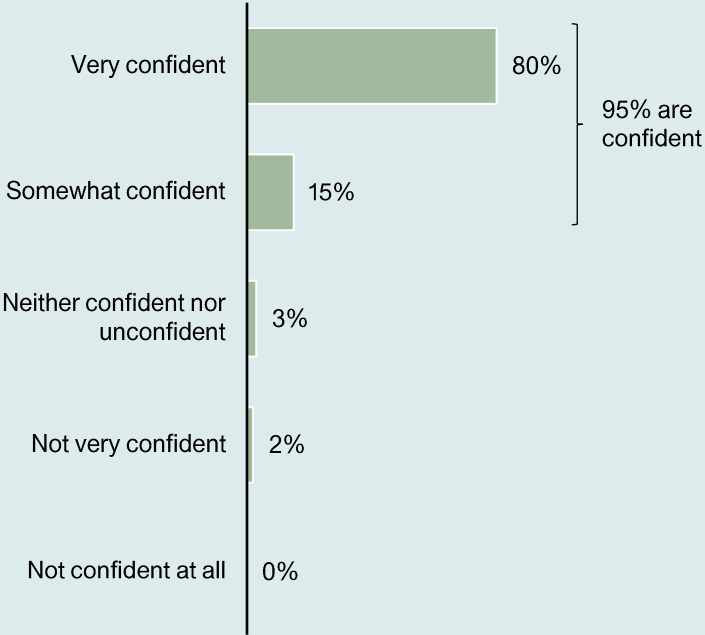
Repayment Burden

Q: Thinking about the loan borrowing repayment, are they a heavy burden, somewhat of a burden, or not a problem?
(n = 312)



Repayment Confidence

Q: How confident are you that you will be able to repay the loan? (n = 312)



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“The way I see it, if we have another lock down it will be really hard. Especially with my working capital because I have less then what I currently need.”

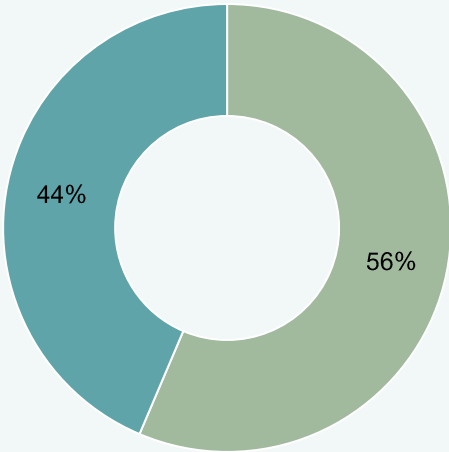
Cash Reserves

56% of businesses we spoke with have cash reserves to cover their normal operating expenses for an average of 5 months.

We found no differences between genders and races.

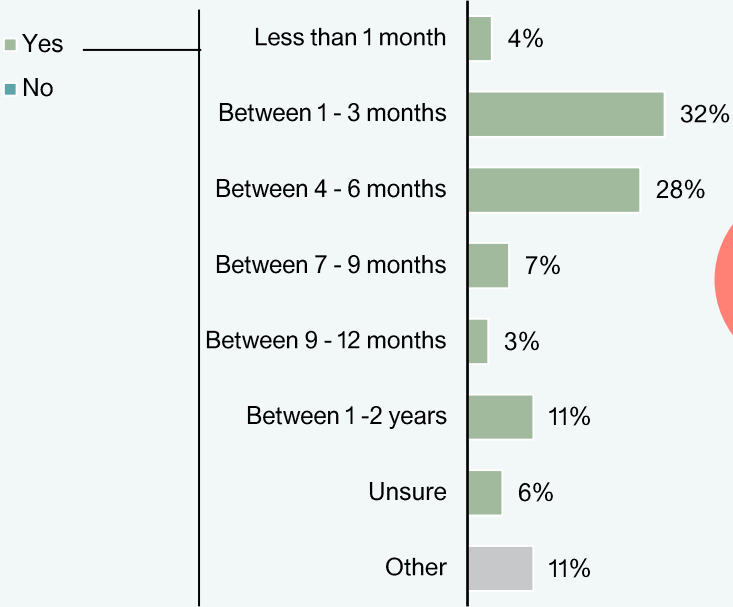
Cash Reserves

Q: Does your business currently have any savings/reserves? (n = 312)



Months Worth of Cash Reserves

Q: Imagine your business stopped generating revenue. How long could you cover normal operating expenses with the savings / reserves you have? (n = 176) *Open-ended, coded by 60 Decibels.*



5 months
Average

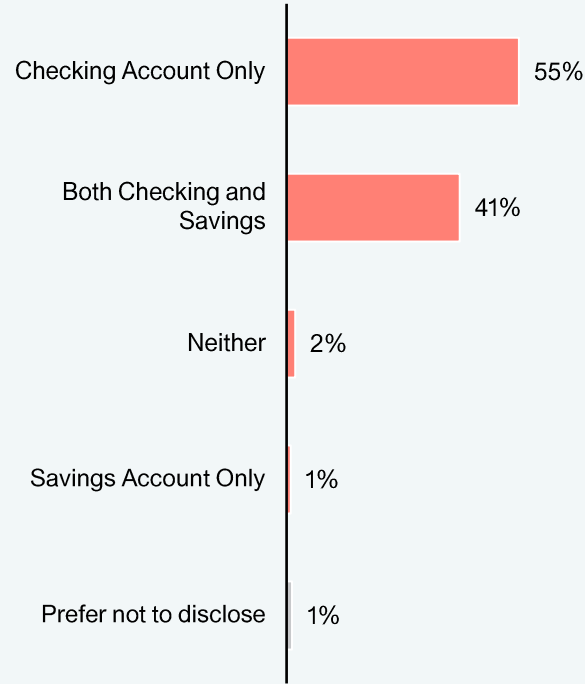
Financial Inclusion and Sources of Capital

Only 4 in 10 respondents have both a checking account and savings account for their business. SBA loans were the most common source of capital to help their business in the past 18 months.

In the past 18 months, 39% of respondents received a Small Business Administration loan as a source of capital for their business. 25% did not rely on any source of capital; 28% received a government grant, and 24% sought a loan from a non-profit small business lender.

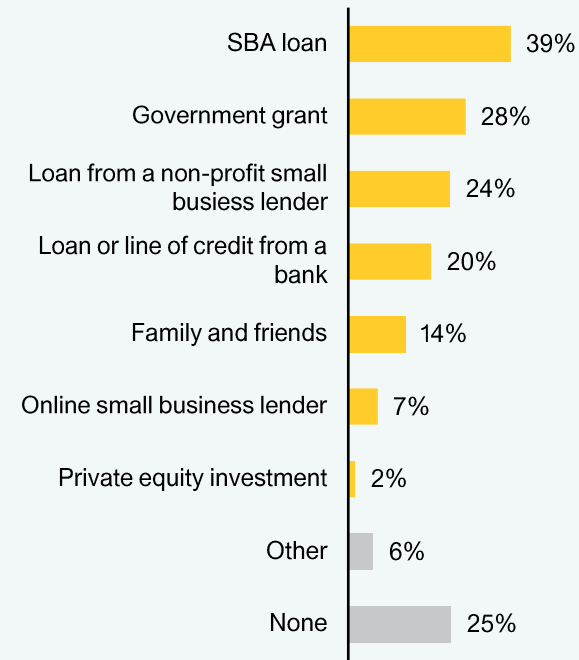
Business Banking Profile

Q: Do you have a checking/savings account for your business? (n = 312)



Sources of Capital

Q: In the past 18 months, have you used any of the following sources of capital for your business? Please check all that apply: (n = 312), Multiple select

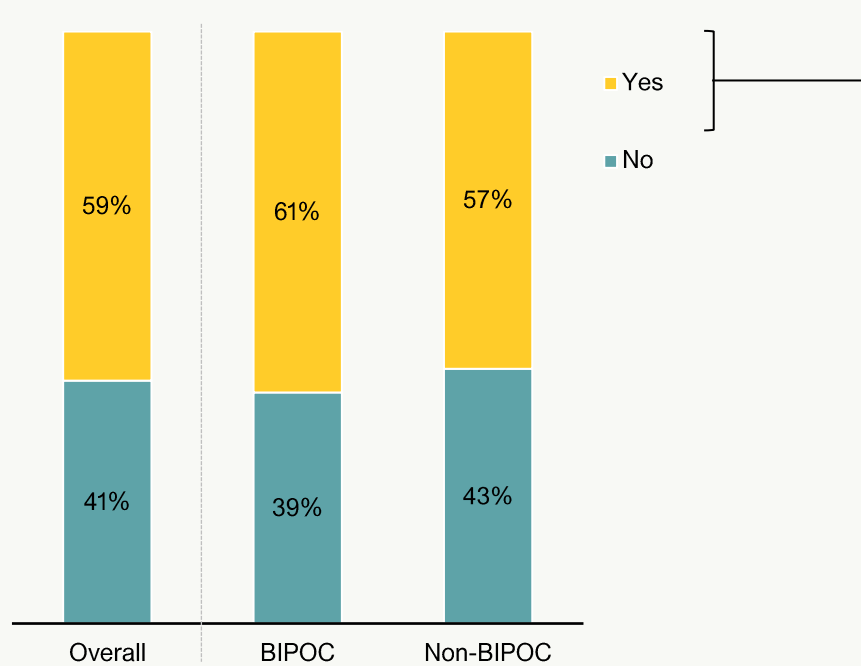


Additional Capital

59% of businesses report they need additional capital over the next 12 months; 62% would use it towards working capital and seek an SBA or bank loan.

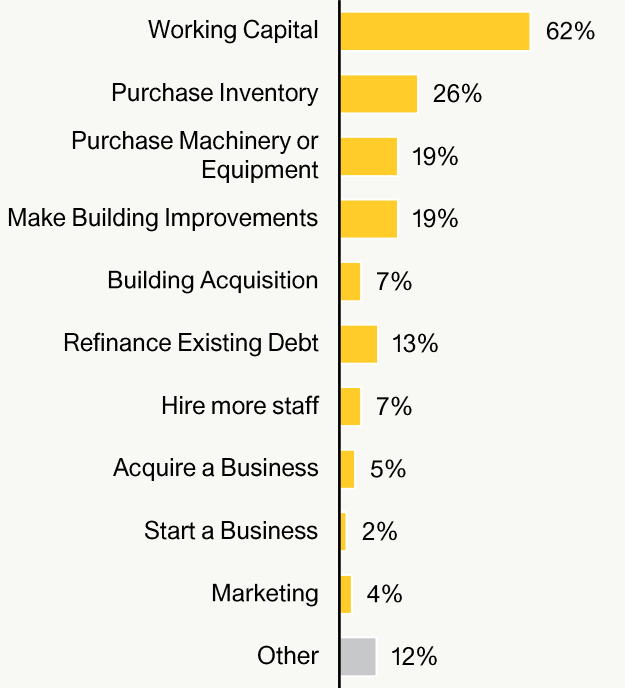
Additional Capital

Q: In the next 12 months, will your business require additional capital? (n = 312)



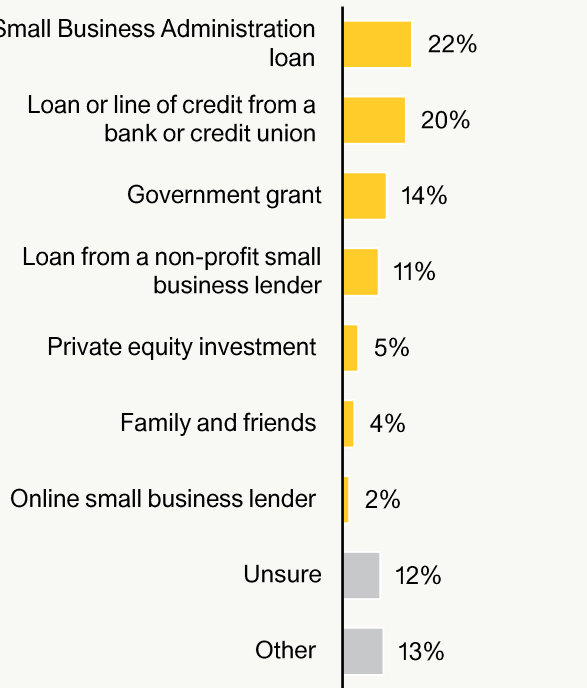
Additional Capital Usage

Q: How would you use the additional capital? Select all that apply. (n = 184)



Funding Source

Q: Where would you be most likely to look for additional capital? (n = 185)



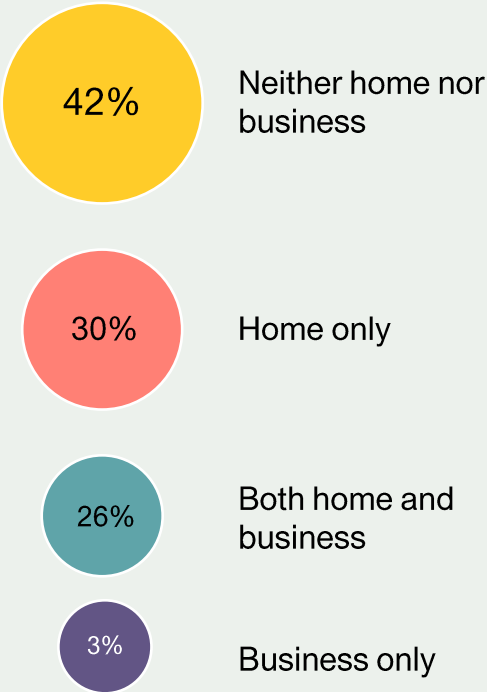
Property Ownership

2 in 5 respondents own neither their home nor business property; more than half are interested in purchasing property for their business.

There are differences in property ownership by race. 23% of BIPOC-owned businesses own both their home and business compared to 28% of non-BIPOC businesses.

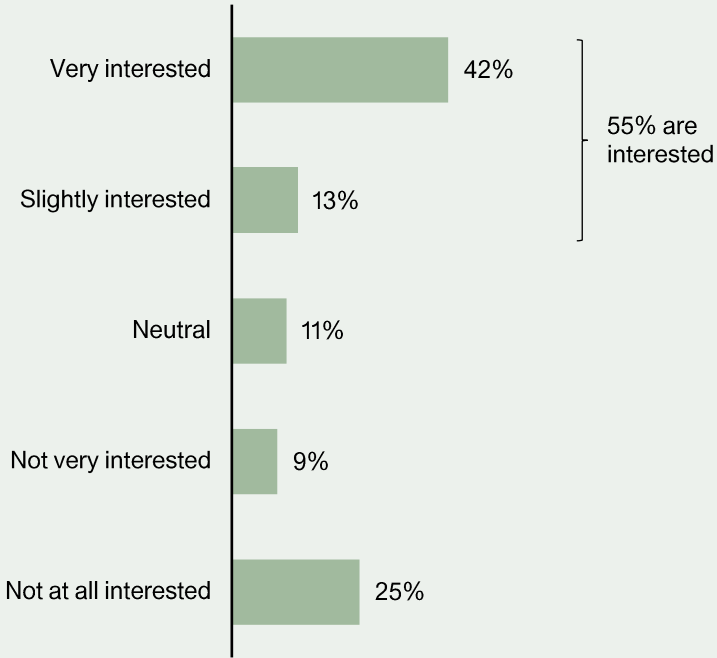
Property Ownership

Q: Do you own your home or business property? (n = 312)



Interest In Property Ownership

Q: What is your level of interest in buying a property for your business in the next 5 years? (n = 224)



Appendix

- Additional Information on:
 - > Acquisition Channels
 - > Application Process
 - > Impact of COVID-19
 - > Biggest Obstacles
- Summary of Data Collected
 - > Methodology

Acquisition Channels

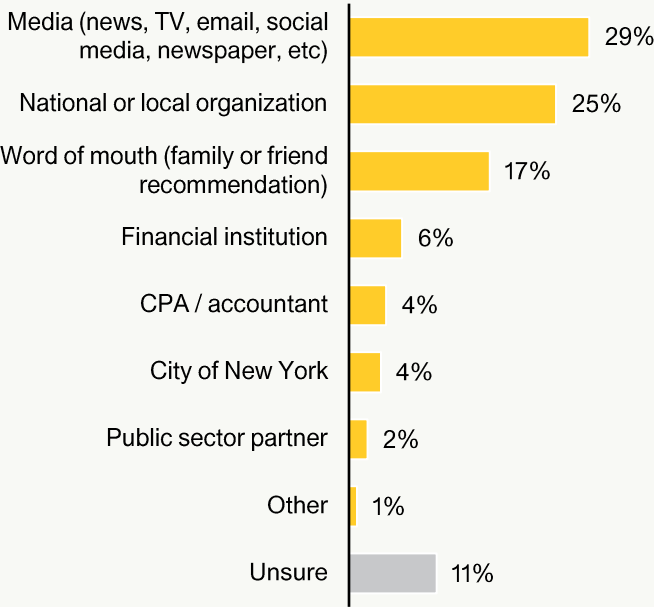
3 in 10 respondents first heard of the New York Forward Loan Fund via the media.

To better understand the acquisition channels, we asked respondents where they first heard of the loan fund.

Of the national and local organizations mentioned, the majority of respondents mentioned several of the lending partner organizations including Pursuit, TruFund and Ascendus.

Acquisition Channels

Q: How did you first hear about the New York Forward Loan Fund? (n = 312)



Application Process

Nearly all recipients agree that loan terms were favorable and paperwork requirements were easy to follow.

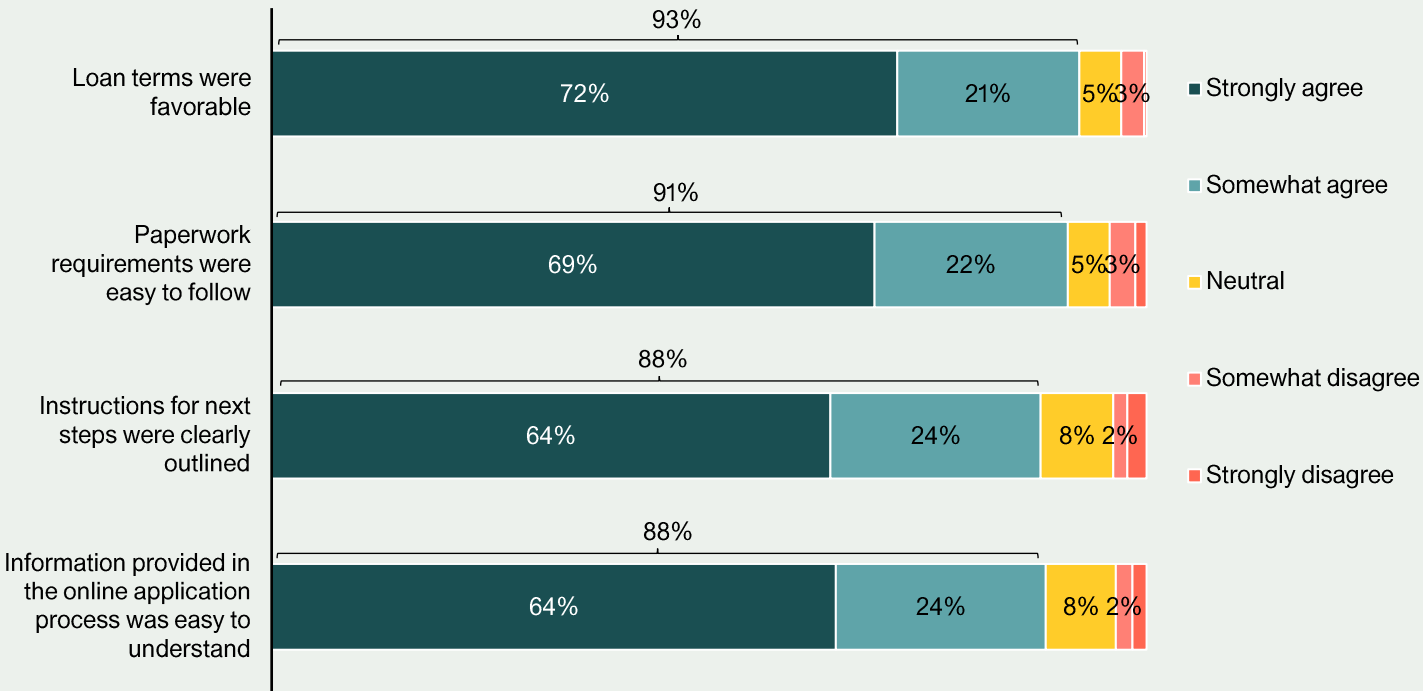
In order to see how future loan funds can improve, we asked respondents about their experience with the application process.

The majority of recipients had positive experiences with the application process.

9 in 10 agreed that information provided in the application process was easy to understand and that instructions for next steps were clearly outlined.

Application Process

Q: To what extent do you agree or disagree with the following statements: (n = 312)



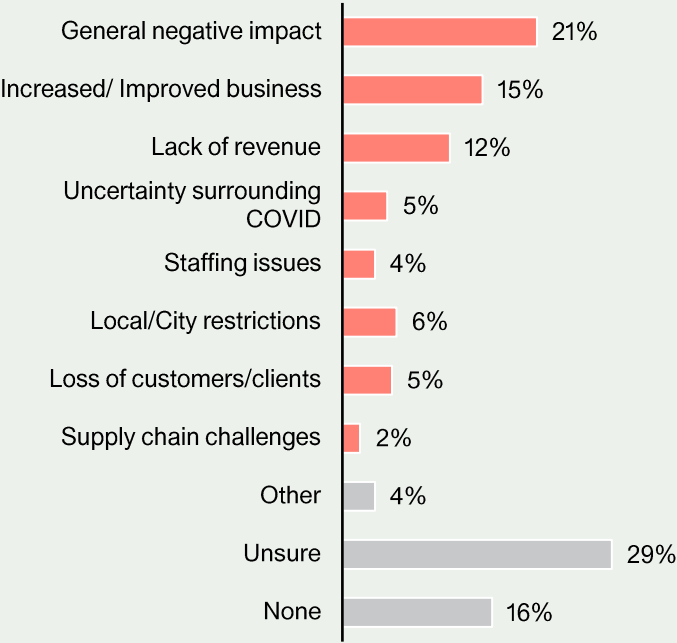
Impact of COVID-19

We found no significant correlation between expected impact with race or gender.

1 in 5 indicate they expect COVID to continue negatively impacting their business in the next 12-18 months.

Impact of COVID-19

Q: What impact do you expect COVID to have on your business in the next 12-18 months? (n = 312)



“I wish I knew. I’d say it had a very negative impact on me previously. We’re still not at full capacity but if another variant or strain comes out, my business cannot not stand another closure.”

“I hope it doesn't impact our business. The biggest challenges has been shipping delays and raw materials sitting in ports not able to ship.”

Biggest Obstacles

Respondents reported a variety of obstacles they face at the moment with many being attributed to the pandemic.

Business owners report lack of capital and general uncertainty surrounding COVID as the biggest obstacles holding their business back from reaching its full potential.

Biggest Obstacles

Q: What are the biggest obstacles holding your business back from reaching its full potential? (n = 312)



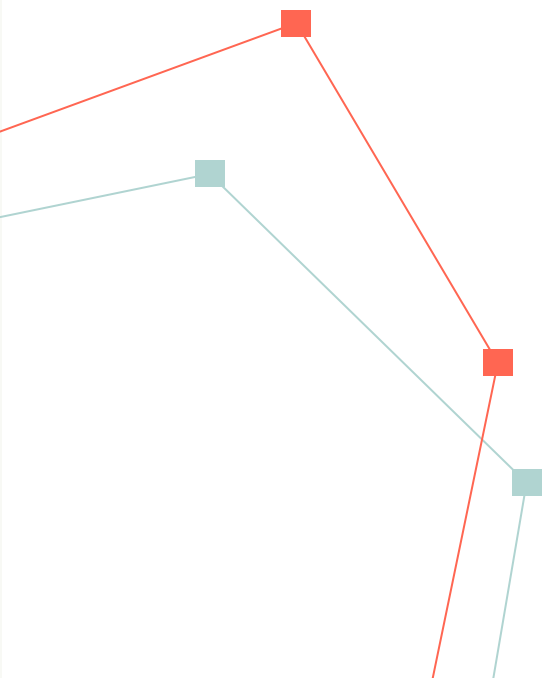
“Working capital because I'm trying to move into a physical store. That'll help as I can hire more people. I wasn't able to secure a loan from the SBA...only from the New York fund.”

“The loss of customers. They're not able to come to my anymore. That and supply chain issues with parts and materials being delayed.”

Appendix

- Additional Information on:
 - > Acquisition Channels
 - > Application Process
 - > Impact of COVID-19
 - > Biggest Obstacles
- Summary of Data Collected
 - > Methodology

Summary Of Data Collected



312 phone surveys completed in October – November 2021

Methodology

Survey mode	Phone
Country	United States
Language	English
Dates	October – November 2021
Sampling	Random sample from list of 1539 loan recipients.
Response rate	19%

Accuracy

Confidence Level	c. 90%
Margin of error	c. 5%

Responses Collected

Respondents	312
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Thank You For Working With Us!


Let's do it again sometime.

About 60 Decibels

60 Decibels makes it easy to listen to the people who matter most. 60 Decibels is an impact measurement company that helps organizations around the world better understand their clients, suppliers, and beneficiaries. Its proprietary approach, Lean Data, brings customer-centricity, speed and responsiveness to impact measurement.

60 Decibels has a network of 750+ trained Lean Data researchers in 50+ countries who speak directly to clients to understand their lived experience. By combining voice, SMS, and other technologies to collect data remotely with proprietary survey tools, 60 Decibels helps clients listen more effectively and benchmark their social performance against their peers.

60 Decibels has offices in London, Nairobi, New York, and Bengaluru. To learn more, visit 60decibels.com.

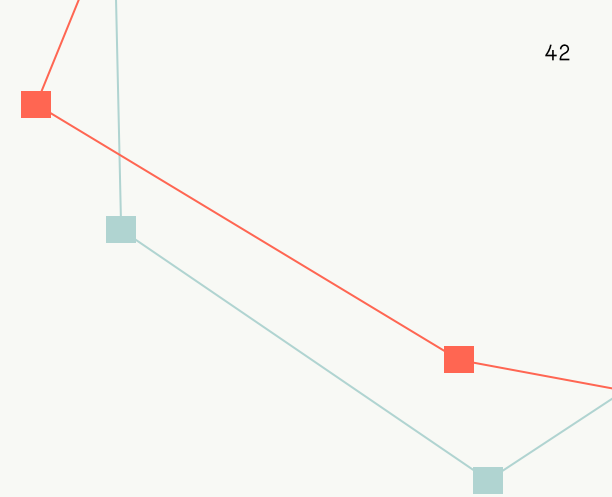
We are proud to be a Climate Positive company. 

Your Feedback

We'd love to hear your feedback on the 60dB process; take 5 minutes to fill out our feedback survey [here](#)!

Acknowledgements

Thank you to Patrick Davis, Beth Bafford and Chris Caines for their support throughout the project.



We might not have made it.
I would have had to evict
my tenant

They
were

>open to
>doing
>business

with someone like me.

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