Empirical Economics Letters, 25 (2): (February 2026), pp. 1-12 *ISSN 1681 8997*
https://doi.org/10.5281/zenodo.18551462

Does Bank Small Business Lending Contribute to an Increase In GDP?

Boris D. Higgins*
Department of Economics & Finance
University of Texas at El Paso
Email: bhiggins@utep.edu

Abstract: This paper seeks to determine if bank lending to small businesses has an impact on GDP and if so does it contribute to an increase in GDP. The study encompasses the fifty U.S. states and Washington D.C. for a regression analysis using panel least squares to estimate the model. The results of the study showed that the two key variables: one measuring small business lending and the other measuring the number of firms were positively related to output. The variable measuring small business lending was statistically significant for its impact on GDP which showed that small business lending is a very important factor in determining a nation's output.

Keywords: Lending, Bank, Small Business, Output

JEL Classification Number: R11, R12

* Helpful comments and suggestions were provided by Tom Fullerton.