



FEDERAL RESERVE BANK OF RICHMOND

## Discussing the Micro Business Lending Landscape

In February, the Richmond Fed hosted a [conference on micro business lending](#). Micro businesses are the smallest of small businesses: those that employ five or less people. The conference was designed around improving lending opportunities to micro businesses, helping organizations that support micro business growth and sharing local investment tactics that can impact micro businesses. The event provided an opportunity to hear about the challenges facing lending and loan serving to this segment of small business as well as the capacity needs of the nonprofit organizations that support micro business. The program featured learning tracks on sustainability, funding and technical assistance skills for organizations managing micro loan funds. The conference also featured national keynote speakers who shared insights into crowd funding and locally targeted investment options. A showcase of women-owned micro businesses who obtained entrepreneurial support from Empowered Women International served as a reception venue.



*Entrepreneurs from Empowered Women International?*

## Focusing on Major Financial Decisions

April is National Financial Literacy Month, and the Richmond Fed is engaged in a number of [financial education activities](#) across the Fifth Federal Reserve District during the month. These activities, along with recently introduced resources such as our new [SE Navigator](#) publication, represent a snapshot of the Bank's financial education efforts throughout the year.

These ongoing efforts focus on providing reliable economics-based information and tools to help people make informed decisions about their personal finances, especially key financial decisions that can have large and long-lasting impacts on their well-being. Richmond Fed President Jeff Lacker discussed the Bank's perspective on financial education in a recent [blog post](#) on the Council for Economic Education website.

One of the resources he highlighted is a new website: [majorfinancialdecisions.org](#). The site covers three big financial decisions—how to pay for college, whether to buy or rent a home, and how to plan for retirement—and provides information and tools to help individuals and families make informed choices that meet their needs.

## Creating Funding Partnerships for Rural Appalachia

Our Community Development staff focuses on revitalizing communities and expanding community investment opportunities. Yet, some communities are harder to reach than others. Central Appalachia is one such area. To address this challenge, the Tri-bank initiative, a unique partnership among the Atlanta, Richmond and Cleveland Federal Reserve Banks, was formed to focus on the issue of access to capital in rural Appalachia.

The Tri-Bank Initiative convened a [program](#) in Asheville, N.C., on rural capital issues in collaboration with philanthropic and other partners. The event highlighted the innovative work being done by nonprofits, banks, community development financial institutions and equity funds. Keynote speaker, David Wilhelm, a venture capitalist who has formed equity funds specifically targeted to underserved regions, spoke about how to support wealth creation and "virtuous cycles" in Appalachia. The program shared learning ideas on strategic growth markets, entrepreneurship and sustainable community development.



## State of the District

**The Fifth District economy continued to grow slowly and inconsistently in 2012 as concerns about the effects of sequestration and federal government budget cuts loomed throughout the year. Nevertheless, Fifth District labor markets expanded for the second consecutive year and residential real estate recorded its best performance since 2006.**

In 2012, the labor market in the Fifth District continued to expand at a slightly slower pace than the U.S. as whole. Firms in the District added 209,600 workers to area payrolls as employment increased 1.5 percent by the end of 2012. This outpaced the District's previous growth of 1.2 percent in 2011 and 1.3 percent in 2010. However, it was still below the U.S. employment growth of 1.7 percent. Private service-providing industries accounted for almost all of the gain in 2012. The government sector, in contrast, continued to struggle, adding only 13,700 jobs. The mining, logging and construction industries and the information services industry fared even worse—both shed jobs over the year.

North Carolina posted the strongest overall growth among Fifth District jurisdictions in 2012 with employment in the state increasing 2.3 percent. South Carolina followed closely behind with growth of 2 percent. In both states, the rise in employment was driven by the leisure and hospitality industry. Conversely, the labor market expanded only 0.4 percent in Washington and 0.2 percent in West Virginia. Job losses in the government sector were to blame for Washington's modest performance while the mining and logging industries and the manufacturing industry were the primary drags on West Virginia's growth.

In both the U.S. and the Fifth District, more workers joined the labor force and the number of unemployed workers fell compared to last year. As

a result, the unemployment rate in the District dropped from 8.1 percent to 7.6 percent in 2012, and the U.S. unemployment rate decreased from 8.5 percent to 7.8 percent.

A bright spot in the Fifth District economy came from the slow but steady housing market recovery that started in 2012. Home values in the District appreciated 4.7 percent in 2012 with year-over-year prices rising for 10 straight months. Moreover, in December every jurisdiction posted the strongest year-over-year house price growth since 2006. It was also promising that the inventory of both mortgages with payments more than 90 days past due and loans in foreclosure declined from the fourth quarter of 2011 to the fourth quarter of 2012. In addition, only 0.65 percent of mortgages in the District entered foreclosure in the fourth quarter, the lowest foreclosure start rate in the District since the end of 2007.

District households also reported some encouraging news: Real personal income rose 3.1 percent in 2012, slightly below the U.S. rate of 3.3 percent. In addition, incomes increased in every District jurisdiction over the year.

Business activity generally improved in 2012, although some months were better than others. Banks in the Fifth District continued to face a challenging and competitive environment; nevertheless, banking conditions showed signs of stabilization over the year.

## Upcoming Events & Activities

- **May 16** — [Financing Small Business Exports: A Workshop for Financial Institutions](#), Baltimore, Md.
- **June 25** — [BSA Coalition Anti-Money Laundering Conference](#), Richmond, Va.
- **July 1–August 8** — [Summer Camp Challenge](#), Richmond, Va.

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## Research Resources

- [Community Data Resources](#)
- [Economic Snapshot](#) (includes labor market, household and housing market conditions)
- [National Economic Indicators](#)
- [Data and Mapping](#)
- [Surveys of Business Activity](#)
- [Supervision, Regulation and Credit](#)

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