

Biz2Credit Small Business Lending Index

Big Bank Approval Rates for Small Business Loans Hit Record High for the Third Consecutive Month

August 2014

According to the Biz2Credit Small Business Lending Index, a monthly analysis of 1,000 loan applications on Biz2Credit.com

↑ 15.9%

Big bank approvals

In a year to year comparison, big bank approval rates have increased by more than 15% in August from 17.60 approval rates in August 2013

59.4%

Institutional Lenders,

Institutional lenders granted 59.4% of the funding requests they received in August, a slight increase from 59.3% in July. Approval rates have risen every month since Biz2Credit began monitoring the category in January 2014.

"Institutional investors are quickly becoming important players in small business lending, as they are taking market share from alternative lenders. Meanwhile, the interest rates charged by non-bank lenders continue to drop. This benefits entrepreneurs in search of capital." – Biz2Credit CEO Rohit Arora,



↑ Loan approvals at Big banks

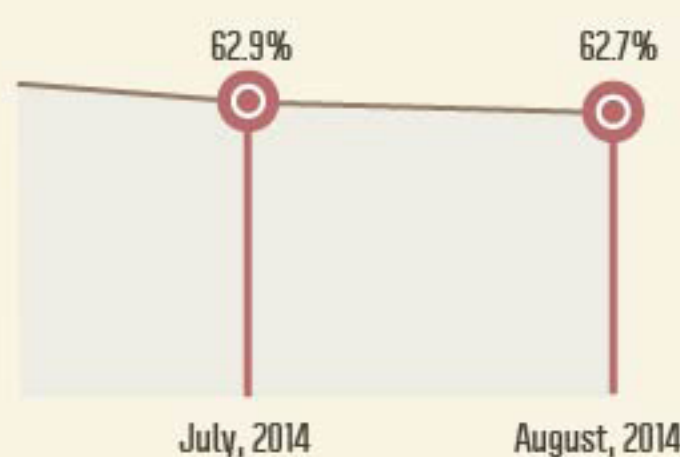
Small business loan approval rates at big banks (\$10 billion+ in assets) rose to 20.4% in August from 20.1% in July.

"Big banks are utilizing their brand recognition and their investment in technology that makes processing of non-SBA loans more swift and efficient. As the economy has improved and the optimism of small business owners seems to be strong, entrepreneurs are willing to invest in their growth potential. Big banks are aggressively inducing small business loan-making and are attracting higher quality customers from competitors." – Biz2Credit CEO Rohit Arora,



↓ Loan approvals at Small banks

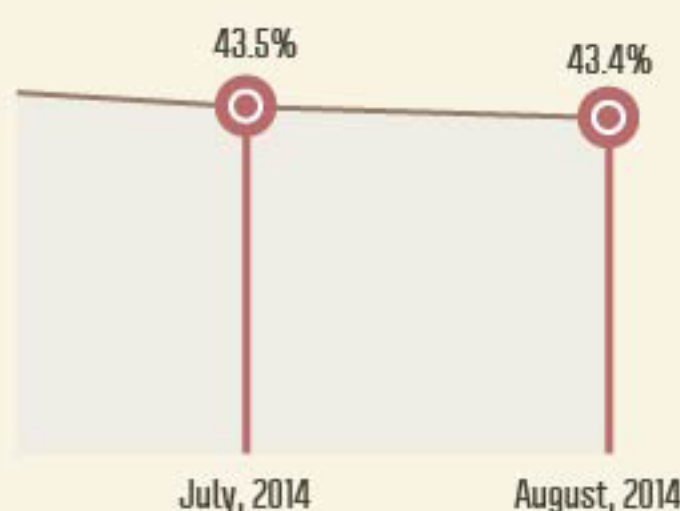
While the percentage of loans granted by small banks slipped to 50.6% from 50.9% last month.



↓ Small business loan approvals by Alternative lenders

Approval rates at alternative lenders – merchant cash advance companies, factors, and other non-bank institutions – slipped for the seventh consecutive month to 62.7% in August, from 62.9% in July.

"The financial health of small business owners has improved over last 12 months thus creating a demand for more reasonably priced, longer term products which institutional players – insurance companies, credit funds, family funds, and other yield-hungry, non-bank financial institutions – can provide," – Biz2Credit CEO Rohit Arora,



↓ Credit union approvals of small business loans

Credit unions granted 43.4% of loan applications in August, down from 43.5% the previous month.

"However, there is still room for improvement. The SBA still needs more to streamline its Small Loan Advantage program. In spite of verbal support by Maria Contreras-Sweet, the new SBA Administrator, we have still not seen much process improvement in this program with regards to acceptance of eSignatures and other technological advancements." – Biz2Credit CEO Rohit Arora,

About the Biz2Credit Small Business Lending Index

Biz2Credit analyzed loan requests ranging from \$25,000 to \$3 million from companies in business more than two years with an average credit score above 680. Unlike other surveys, the results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's online lending platform, which connects business borrowers with more than 1,100 lenders nationwide.