

Biz2Credit Small Business Lending Index™

Small Business Financing at Big Banks and at Institutional Investors Hit New Post-Recession Highs, Credit Unions Dip to Historic Low

January 2015

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



Big bank approvals

In a year to year comparison, big bank approval rates have increased by more than 19% in January from 17.8% approval rates in January 2014

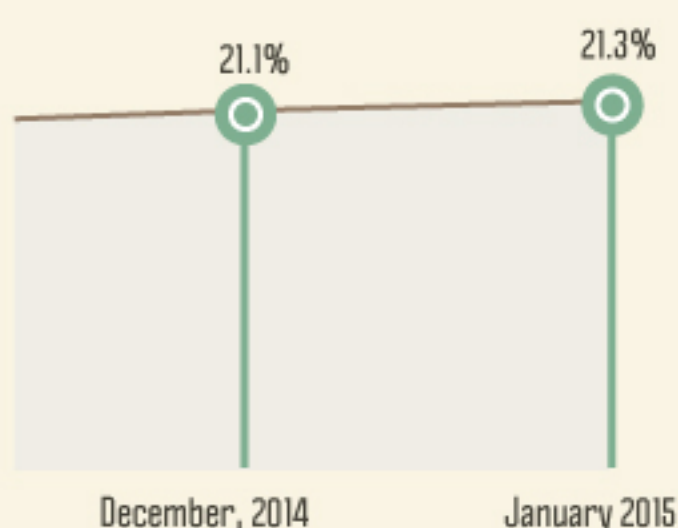


Institutional Lenders,

Institutional lenders granted 60.5% of funding requests by small business owners in January, an increase from 60.1% in December. Approval rates by institutional lenders have increased each month since Biz2Credit began monitoring this category of lenders one year ago.

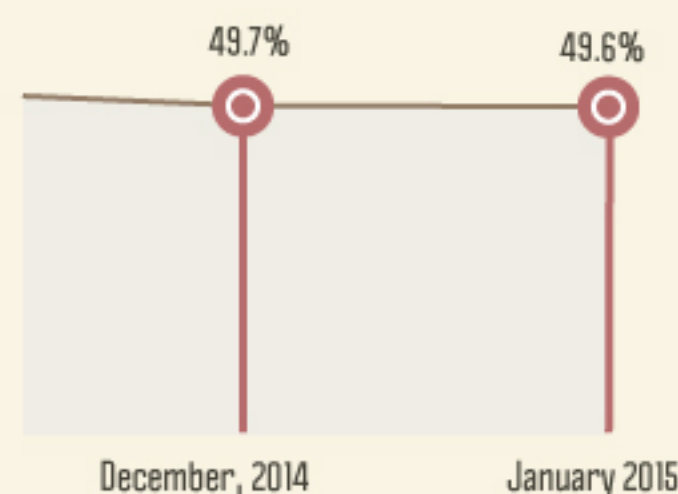
"Institutional lenders are making longer term (5-year) loans and giving them larger amounts up to \$1 million. Their approval rates are higher because the investments they have made in technology enables them to act quickly and minimize risk. Small banks and credit unions are lagging in technological updates."

"The result of all this is convergence in interest rates, Big banks and institutional lenders are lowering their interest rates and competitors have to follow suit. There is no reason that small businesses should still be paying alternative lenders and cash advance companies 30-50 percent interest at a time when most rates are very low." – Biz2Credit CEO Rohit Arora,



Loan approvals at Big banks

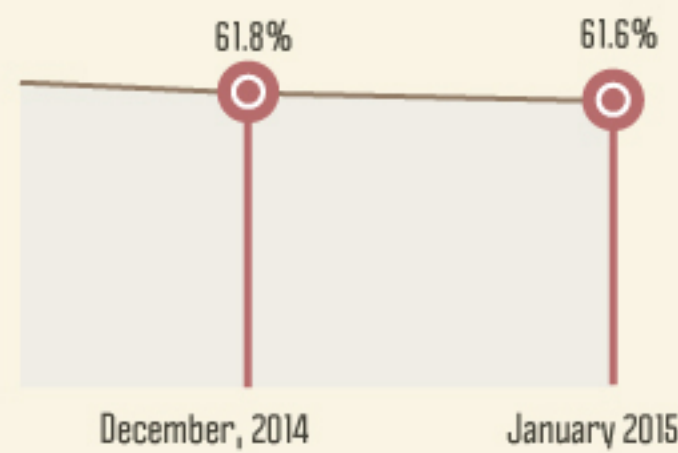
Big banks (\$10 billion+ in assets) approved 21.3% of small business loan requests in January 2015, up from 21.1% in December 2014.



Loan approvals at Small banks

For the third consecutive month, small banks are denying more than half of their loan requests. Further, lending approval rates by small banks dropped for the eighth month in a row as they approved 49.6% of loan requests from small business owners in January, which is slightly below December's mark of 49.7%.

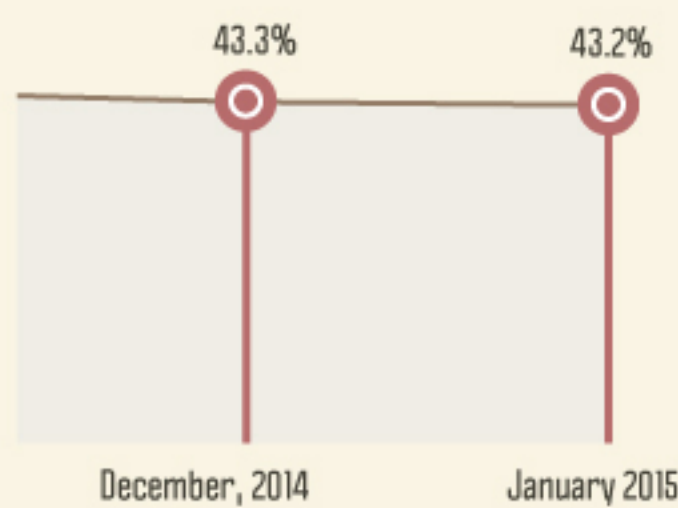
Small banks are in a crunch; they cannot compete with the brand name advantages and low rates of big banks. Meanwhile, they haven't kept pace with online and mobile loan applications when institutional lenders are investing heavily in it. Small banks can't make decisions as quickly, and borrowers are going elsewhere," – Biz2Credit CEO Rohit Arora,



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 12th straight month to 61.6% in January, from 61.8% in December.

"Like small banks, alternative lenders have been hurt by the emergence of institutional players. With a growing economy, healthy small businesses do not need to borrow money at the high interest rates they paid during the credit crunch when they were desperate for money," – Biz2Credit CEO Rohit Arora,



Credit union approvals of small business loans

Credit unions granted 43.2% of loan applications in January, a slight drop in the approval rate of 43.3% from the previous month. They continue to struggle in the small business finance marketplace.

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 and lenders.