

Biz2Credit Small Business Lending Index™ Reports Growth in Business Loan Approval Rates at Non-Bank Lenders in January 2023

Business loan approval rates rose at Institutional Investors, Alternative Lenders and Small Banks, while Big Banks and Credit Unions slipped again.



Big Banks [?]

Small business loan approval percentages at big banks slipped again, falling from 14.5% in December to 14.4% in January 2023, according to the latest Biz2Credit Small Business Lending Index™ released today.

Total nonfarm payroll employment rose by a surprising 517,000 in January 2023. Meanwhile, the unemployment rate is currently at 3.4%, according to the [Jobs Report](#) released by the U.S. Bureau of Labor Statistics on Friday, Feb. 3. Job growth was widespread, led by gains in leisure and hospitality, professional and business services, and health care. Many of these jobs are created by small businesses.

Biz2Credit analyzed loan requests from companies in business more than two years with credit scores above 680. The results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's platform. To view the report for January 2023 [click here](#).

Monthly
Comparison

–0.1%

14.4%

January 2023

14.5%

December 2022

Yearly
Comparison

–0.1%

14.4%

January 2023

14.5%

January 2022

“The inflation rate has dropped quite a bit compared to what it was three or four months back, but with the latest Jobs Report showing such strong hiring numbers, the Fed may again raise interest rates. Thus, the cost of capital for small business will continue to climb,” said Rohit Arora, CEO of [Biz2Credit](#), one of the nation's leading experts in small business finance and fintech. “Business owners were hoping to see an end to interest rate hikes in early 2023, but it doesn't appear that will happen soon.”

Rohit Arora
Biz2Credit CEO



Small Banks [?]

Small banks rose from 21.2% in December to 21.4% in January.

Monthly
Comparison

+0.2%

21.4%

January 2023

21.2%

December 2022

Yearly
Comparison

+1.1%

21.4%

January 2023

20.3%

January 2022



Institutional Lenders [?]

Institutional lenders rose to 26.1% last month, up from 25.9% in December.

Monthly
Comparison

+0.2%

26.1%

January 2023

25.9%

December 2022

Yearly
Comparison

+1.0%

26.1%

January 2023

25.1%

January 2022



Alternative Lenders [?]

Alternative lenders increased from 27.6% in December to 27.8% in January.

Monthly
Comparison

+0.2%

27.8%

January 2023

27.6%

December 2022

Yearly
Comparison

+1.5%

27.8%

January 2023

26.3%

January 2022

“Alternative lenders and institutional lenders are seeing an uptick. With SBA loan and traditional term loan interest rates climbing, the cost of capital from non-bank lenders is not that much higher now,” Arora added. “Companies that need working capital are opting to get funding from non-bank lenders because even though the rates are a little higher, the money comes much quicker and it's more of a sure thing.” “The latest job figures are a mixed blessing for small business owners. While people are working and spending, it also means that inflation likely will linger for a longer period of time, and the Fed may continue to raise rates, which obviously makes it more expensive to borrow money,” Arora said.

Rohit Arora
Biz2Credit CEO



Credit Unions [?]

Credit unions continue to drop. In January, credit unions approved 20.1% of loan requests, down one-tenth of a percentage from December.

Monthly
Comparison

–0.1%

20.1%

January 2023

20.2%

December 2022

Yearly
Comparison

–0.6%

20.1%

January 2023

20.7%

January 2022