

Small Business Loan Approval Rates at Banks Declined in October 2020: Biz2Credit Small Business Lending Index™


Small Businesses Capital Is Hard to Secure



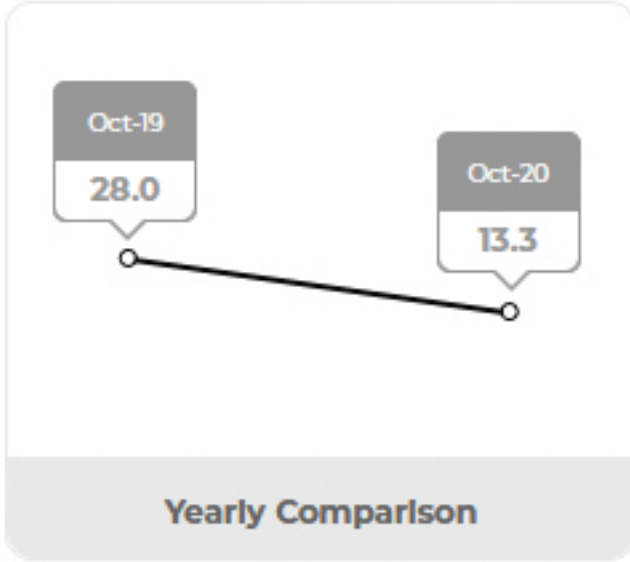
Big Banks

Small business loan approval percentages at big banks (\$10 billion+ in assets) dropped slightly from 13.5% in September to 13.3% in October, demonstrating the challenges of small business owners searching for capital, according to the latest Biz2Credit Small Business Lending Index™ released today. “This is a time of great uncertainty for companies from sole proprietors to firms with millions in gross sales,” added Arora, one of the nation’s leading experts in small business finance. “I’ve spoken with numerous business owners who are struggling just to hang on and are likely to go under if they don’t receive a financial lifeline to survive until the pandemic ends.” The U.S. Bureau of Labor Statistics’ Jobs Report on Friday, November 6, found that nonfarm payroll employment rose by 638,000 in October, and the unemployment rate declined to 6.9%. These improvements in the labor market reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it, according to the Labor Department. In October, notable job gains occurred in leisure and hospitality, professional and business services, retail trade, and construction. Many of those jobs are created by small businesses. “Despite these figures, small business owners are still very worried. States like New Jersey and Connecticut are looking at putting greater restrictions on the operations of restaurants and other businesses,” Arora said. “Until the virus is under control, small businesses will continue remain in a state of limbo.”

“Securing small business funding remains challenging at the moment,” said Biz2Credit CEO Rohit Arora, who oversees the monthly research. “Many business owners are refraining from applying for credit because they are unsure if their ‘forgivable’ Paycheck Protection Program (PPP) loans are forgiven.”

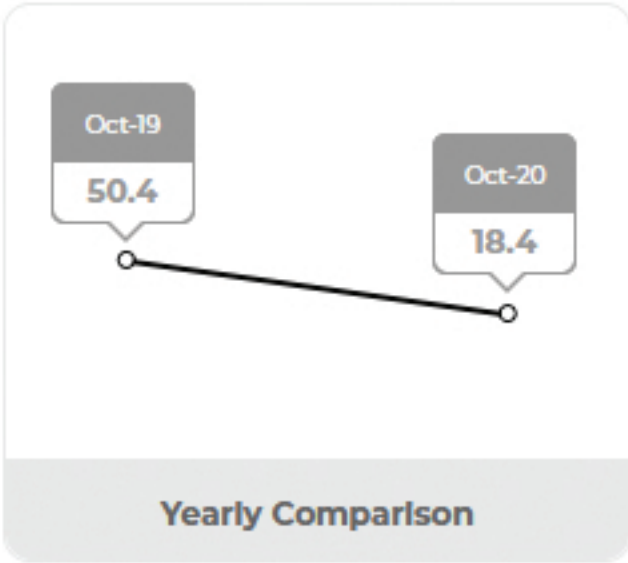
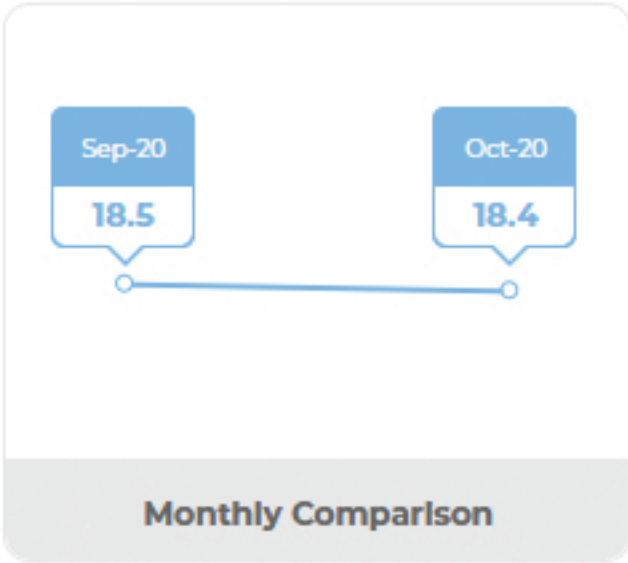


Rohit Arora, Biz2Credit CEO



Small Banks


Small banks approved 18.4% of funding requests, down one-tenth of a percent September's figure of 18.5%.



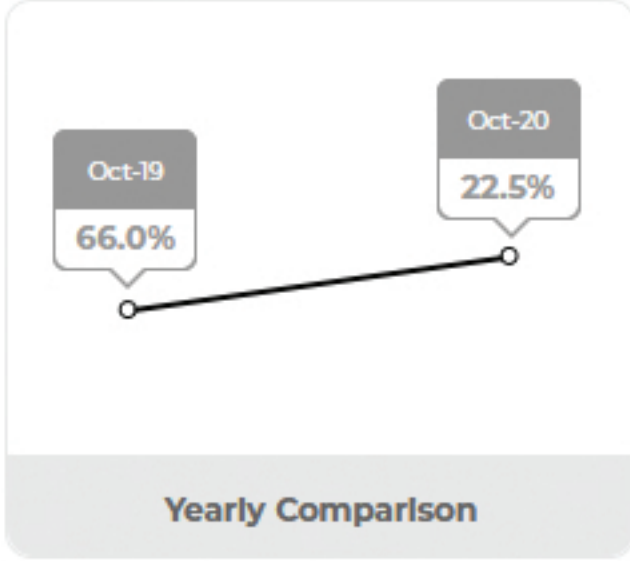
Institutional lenders

Institutional lenders, which approved 22.2% in September jumped to 22.5% in October

“Loan activity is starting to come back. Since banks have been cautious, borrowers looked to other sources,” Arora said. “Institutional lenders and looking for yields, so they are willing to provide funding, as are the alternative lenders.”

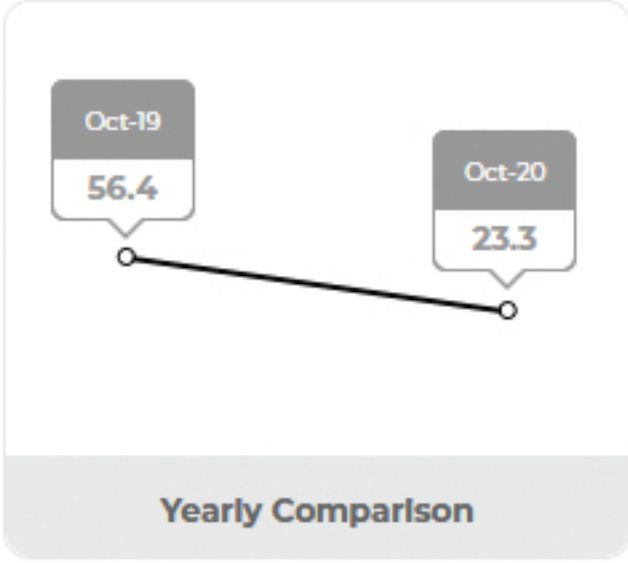
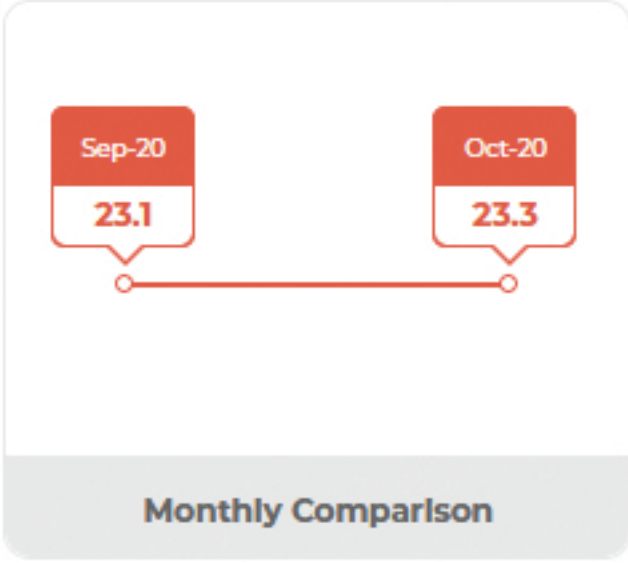


Rohit Arora, Biz2Credit CEO



Alternative lenders

Alternative lenders, improved from 23.1% in September to 23.3% last month



Credit unions

Credit unions slipped two-tenths of a percent from 21.0% in September to 20.9% in October.

