

Biz2Credit Small Business Lending Index™

Small Business Loan Approvals at Banks Again Hit Record Highs, According to July 2019 Biz2Credit Small Business Lending Index™



Alternative Lending Drops and Credit Unions Sink to a Record Low

Approval rates for small business loan applications rose to another post-recession record (27.7%) at big banks (\$10 billion+ in assets), while also climbing above 50% at small banks in July, according to the Biz2Credit Small Business Lending Index™ released today.

Loan Approval in Big Banks

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Small business lending remains strong and is growing at big banks and at regional and community banks. Entrepreneurs who have a good credit history are having success in securing capital in 2019," who oversees the monthly research derived from more than 1,000 small business credit applications on his company's online lending platform

Rohit Arora, Biz2Credit CEO

Meanwhile, the Labor Department's Jobs Report released on August 5, reported that employment nonfarm payroll increased by 164,000 in July, while the unemployment rate remains at 3.7 percent. The U.S. Bureau of Labor Statistics noted that significant job gains occurred in professional and business services, health care, and social services.

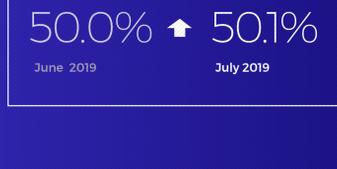
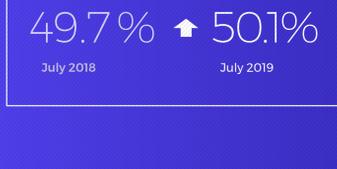
"While the Jobs Report numbers slightly exceeded expectations, small businesses owners are expressing concerns about a tariff war with China, which could cause them to reconsider holiday season hiring and expansion plans," Arora said. "On the other hand, the Federal Reserve cut interest rates for the first time in 11 years last week, which lowers the cost of capital for borrowers. Overall, rates are attractive right now."

The NFIB Small Business Optimism Index increased in June, the most recent month reported by the NFIB, to a new record high. Capital spending plans increased along with actual outlays. Small business owners' expectations for sales, business conditions, and expansion all rose



Loan Approval in Small Banks

Small bank approvals of small business loan applications inched up one-tenth of a percent to 50.1% from 50% in June.



More than half of the applicants who apply at small banks for funding, usually SBA loans, are getting the funding. SBA loans are certainly an important part of the mix.

Rohit Arora, Biz2Credit CEO

Institutional lenders

Institutional lenders' approval rates rose one-tenth of a percent to 65.7% from June's figure of 65.6%.



Institutional lenders are playing an increasingly important role in small business financing



Rohit Arora, Biz2Credit CEO

Alternative lenders

Small business loan approval rates among alternative lenders dropped three-tenths of a percent to 56.8% from 57.1% in June.



The renewed strength of bank lending to small businesses has negatively impacted alternative lenders," Arora said. "High quality borrowers can get cheaper money at banks, but those with mediocre credit histories may still find that alternative lenders are the only ones who will fund them. Alternative lenders help business owners that the banks reject.



Rohit Arora, Biz2Credit CEO

Credit unions

Credit unions are approving 39.9% of loan applications, which represents a record low point.



Credit unions are still hurt by the Member Business Lending cap (12.25% of their assets), the aggressiveness of other categories of lenders, and by a lack of digitization," said Arora, who oversees the Biz2Credit research. "Right now, there is not a lot of momentum in credit unions' small business lending.



Rohit Arora, Biz2Credit CEO

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.

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$2 billion in small business financing and has several times been named to Crain's New York's Fast 50 and was recently ranked among the top 200 fast-growing companies on Deloitte's 2018 Technology Fast 500. Biz2Credit is expanding its industry-leading technology in custom digital platform solutions for leading banks and other financial institutions, investors and service providers in the U.S. Visit www.biz2credit.com or follow Biz2Credit on Twitter: @Biz2Credit, Facebook, and LinkedIn.