

# Small Business Loan Approvals at Big Banks Hit Record Highs, According to June 2019 Biz2Credit Small Business Lending Index™

Big Banks, Regional and Community Banks, and Institutional Lenders Climb, While Alternative Lending Drops and Credit Unions Sink to New Low



## Big Banks

Approval rates for small business loan applications inched up to yet another record high of 27.6% at big banks (\$10 billion+ in assets) in June.

"Small business lending is thriving this year at big banks, as well as at regional and community banks. Currently, access to capital is quite good for small business owners who are looking to grow their enterprises," said Biz2Credit CEO Rohit Arora, who oversees the monthly research derived from more than 1,000 small business credit applications on his company's online lending platform. "In a strong economy such as this one, entrepreneurs with a solid record of payment are likely to get the financing they need for working capital and future growth needs."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Small Banks

Small bank approvals of small business loan applications climbed one-tenth of a percent from 49.9% in May to 50% in June. Meanwhile, the Labor Department's Jobs Report released on July 5, reported that employment nonfarm payroll employment increased by 224,000 in June, while the unemployment rate was little changed at 3.7 percent. The U.S. Bureau of Labor Statistics noted that significant job gains occurred in professional and business services, health care, transportation, and warehousing. The NFIB Small Business Optimism Index increased in May, 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. "Optimism among small business owners has surged back to historically high levels, thanks to strong hiring, investment, and sales," said NFIB President and CEO Juanita D. Duggan. "The small business half of the economy is leading the way, taking advantage of lower taxes and fewer regulations, and reinvesting in their businesses, their employees, and the economy as a whole."

"Half of the applicants who go to small banks for funding are getting the money they need. The widespread availability of SBA loans at regional and community banks plays an important role," Arora explained.



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Institutional lenders

Institutional lenders' approval rates climbed to 65.6%, up one-tenth of a percent from May's figure of 65.5%.

"Institutional lenders are playing an increasingly important role in small business financing," Arora said.



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Alternative lenders

Small business loan approval rates among alternative lenders dropped one-tenth of a percent to 57.0% in June, down a notch from 57.1% in May.

"The resurgence of banks in small business lending has stifled alternative lenders," Arora said. "High quality borrowers get better interest rates and terms from banks. However, alternative lenders are a viable source of funding for people who need money quickly or who have a less than stellar track record of paying back their debts. Alternative lenders often provide funding to businesses that the banks reject."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Credit unions

Credit unions dropped one-tenth of a percent to a record low 40.0% loan approvals in June.

"While credit unions are increasingly partnering with the SBA on small business loans, the moves are not yet making a big impact," said Arora, who oversees the Biz2Credit research. "Credit unions are still hurt by the Member Business Lending cap, which limits their loan approvals to 12.25% of their assets, and by the fact that many of them have not digitized the small business loan application process."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison