

Biz2Credit Small Business Lending Index™

Small Business Loan Approval Rates Rebounded in May 2020:

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Improvement in Approvals for Companies Applying for Non-CARES Act Loans

The approval percentage for small business loan applications at big banks (\$10 billion+ in assets) rebounded from just 8.9% in April to 11.5% in May, according to the Biz2Credit Small Business Lending Index™ released today.

Loan Approval in Big Banks

Big banks (\$10 billion+ in assets) rebounded from just 8.9% in April to 11.5% in May

Yearly Comparison

27.5% ↓ 11.5%

May 2019 May 2020



Monthly Comparison

8.9% ↑ 11.5%

April 2020 May 2020



"Big banks, small banks, and all other categories of lenders saw their approval percentages rise in May – after a horrendous April," said Biz2Credit CEO Rohit Arora, who oversees the monthly research. "Now that coronavirus cases are going down, the economy is beginning to reopen. I hope things get back to a 'new normal' quickly. Otherwise, many small businesses could fail."

Rohit Arora, Biz2Credit CEO



According to the Jobs Report issued by the U.S. Bureau of Labor Statistics on Friday, June 5, 2020, non-farm employment rose by 2.5 million in May. Additionally, the unemployment rate declined to 13.3%, reported. These improvements in the labor market reflected a limited resumption of economic activity that was curtailed in March and April due to the coronavirus pandemic. In May, employment rose sharply in leisure and hospitality, construction, education and health services, and retail trade. However, government employment continued to decline sharply.

"Small businesses drive much of the economy's growth and new job creation. It's a positive sign to see employment figures rise so sharply in May," Arora said.

Loan Approval in Small Banks

Small banks climbed to 16.9% in May from the disappointing 11.8% in April.

Yearly Comparison

49.9% ↓ 16.9%

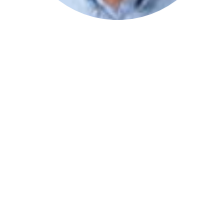
May 2019 May 2020



Monthly Comparison

11.8% ↑ 16.9%

April 2020 May 2020



"While smaller banks process many PPP loan requests, they still receive non-PPP applications," Arora said. "Regional and community banks are playing an important role in the recovery of small businesses."

Rohit Arora, Biz2Credit CEO

Institutional lenders

Institutional lenders' approval percentages bounce back to 21.4% in May, after posting a disappointing 18.1% in April.

Yearly Comparison

65.5% ↓ 21.4%

May 2019 May 2020



Monthly Comparison

18.1% ↑ 21.4%

April 2020 May 2020

"Institutional lenders hit a record high of 66.5% in February, but they are remaining in the game even after poor approval rates in March and April," Arora said. "Once the economy fully emerges from the coronavirus lockdown, institutional lenders will again become important players in the small business lending marketplace."



Rohit Arora, Biz2Credit CEO

Alternative lenders

Loan approval rates among alternative lenders jumped up to 20.5% after falling to just 15.2% in April.

Yearly Comparison

57.1% ↓ 20.5%

May 2019 May 2020



Monthly Comparison

15.2% ↑ 20.5%

April 2020 May 2020

"Some borrowers are seeking funding from alternative lenders because the turnaround time is so quick, and small business owners were desperate for cash," Arora said. "Although they may not again reach pre-coronavirus levels, alternative lenders certainly play a role in small business lending."



Rohit Arora, Biz2Credit CEO

Credit unions

Credit unions approved 21.2% of loan requests in May, up from just 18.1% in April 2020.

Yearly Comparison

40.1% ↓ 21.2%

May 2019 May 2020



Monthly Comparison

18.1% ↑ 21.2%

April 2020 May 2020

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Rohit Arora, Biz2Credit CEO

About the Biz2Credit Small Business Lending Index

Biz2Credit analyzed loan requests from companies in business more than \$3 billion in assets 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.

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$3 billion in small business financing. The company is expanding its industry-leading technology in custom digital platform solutions for banks and other financial institutions, investors, and service providers. Visit www.biz2credit.com or Twitter @Biz2Credit, Facebook, and LinkedIn.