

Lending Approval Rates Rebound at Big Banks in April 2017, According to Biz2Credit Small Business Lending Index™

Lending at Small Banks and Institutional Lenders Also Experience Uptick as Loan Approval Rates at Credit Unions and Alternative Lenders Continues to Falter

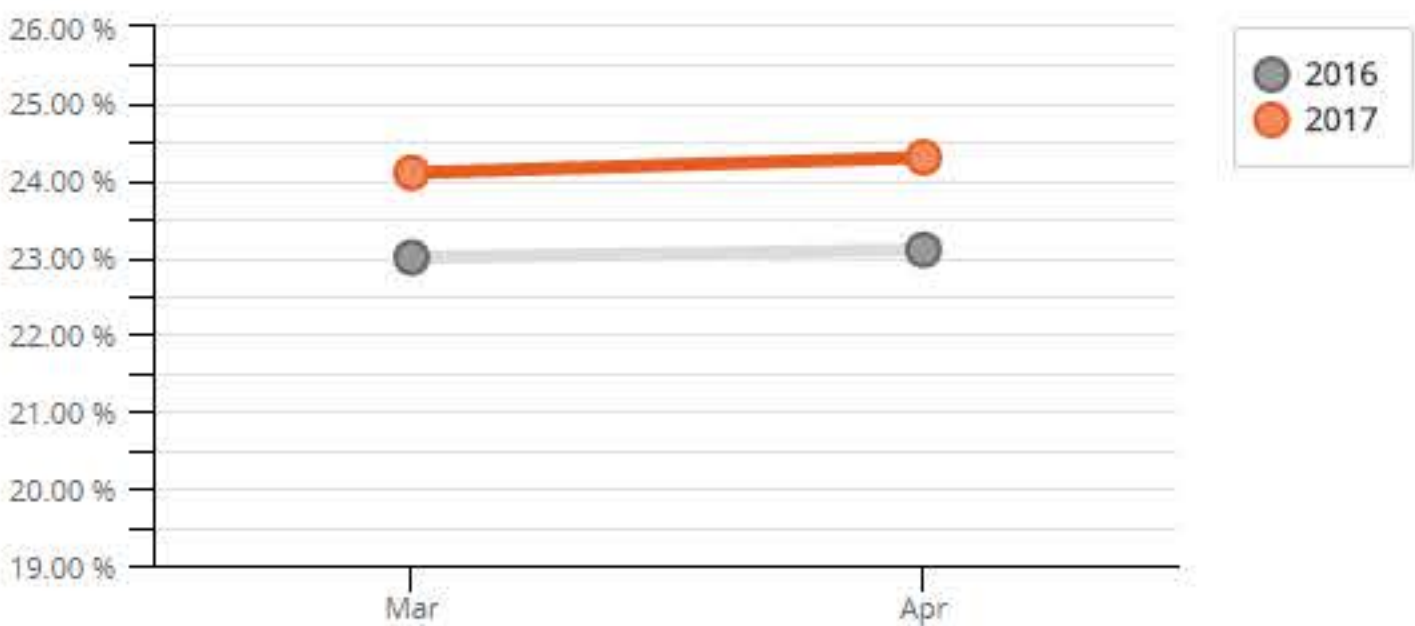
Loan approval rates at big banks (\$10 billion-plus in assets) rebounded in April 2017 after a setback month, according to the latest Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com.



Big Banks

Small business loan approval rates at **big banks** increased by two-tenths of a percent to a new all-time Index high of **24.3%** in April 2017, bouncing back from last month's stagnant percentage, which ended a seven-month streak of increases. However, the outlook for lending at big banks is still strong, coinciding with the confidence in the economy and looming interest rate hikes that the Federal Reserve is expected to implement this year.

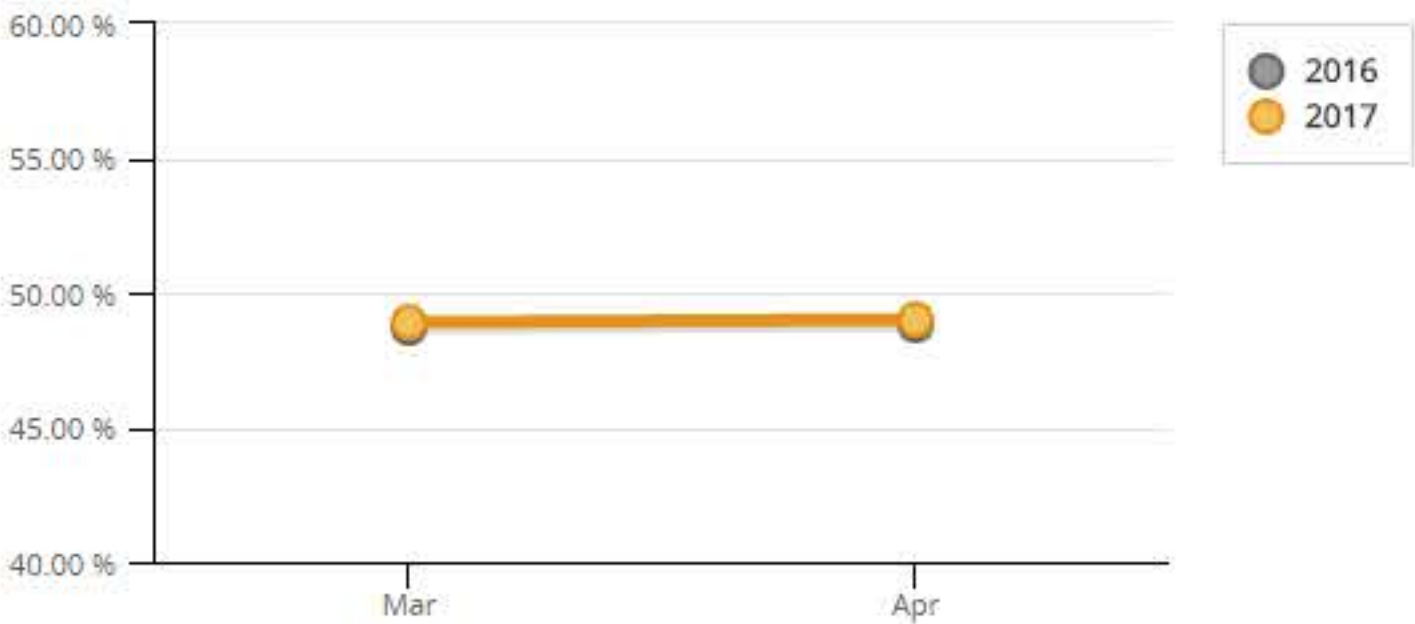
"The Federal Reserve has been setting the groundwork to create a strong lending environment, especially for mainstream lending institutions," said Biz2Credit CEO Rohit Arora, who oversaw the research. "Recent interest rate hikes and the Fed's announcement that it will start unwinding the \$4.5 trillion in bonds on its balance sheets signals a strong economy. Since most small business loans are tied to U.S. prime interest rates, there will be more incentives for banks to approve loan requests as lending in this sector will be more profitable."



Small Banks

Loan approval rates at **small banks** increased for the second consecutive month in April, improving by one-tenth of a percent to 49% as the category of lenders continues to approach the 50% mark, which small banks have not hit since October 2014.

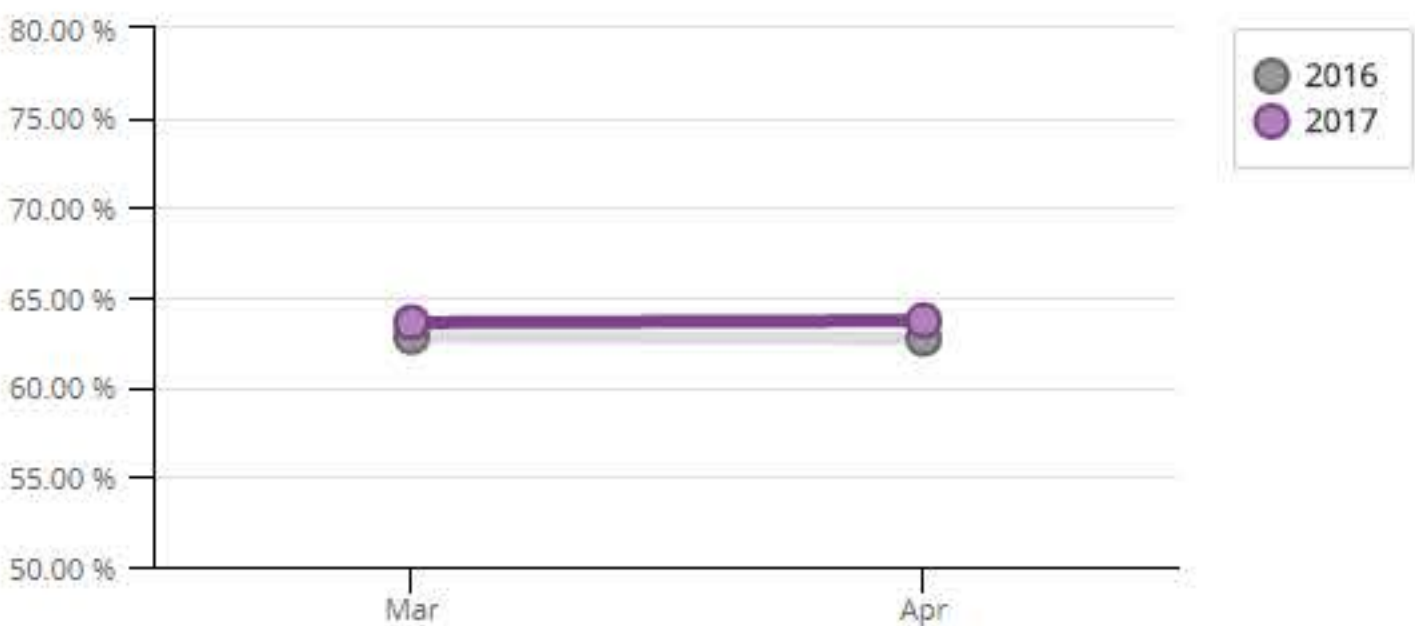
"Small business owners are increasingly opting for SBA-backed loans, which any small banks offer. SBA loans come with reduced risks for borrowers and lenders," explained Arora, one of the nation's leading experts in small business finance. "This is turning out to be a win-win situation for lenders and qualifying borrowers and this has resulted in the upsurge in loan approval rates over the last few months."



Institutional lenders

Institutional lenders' loan approval rates improved to **63.7%**, reaching a new high on Biz2Credit's analysis in April. It marked the fourth time in the last five months that this category of lenders experienced an increase in their funding approval percentages.

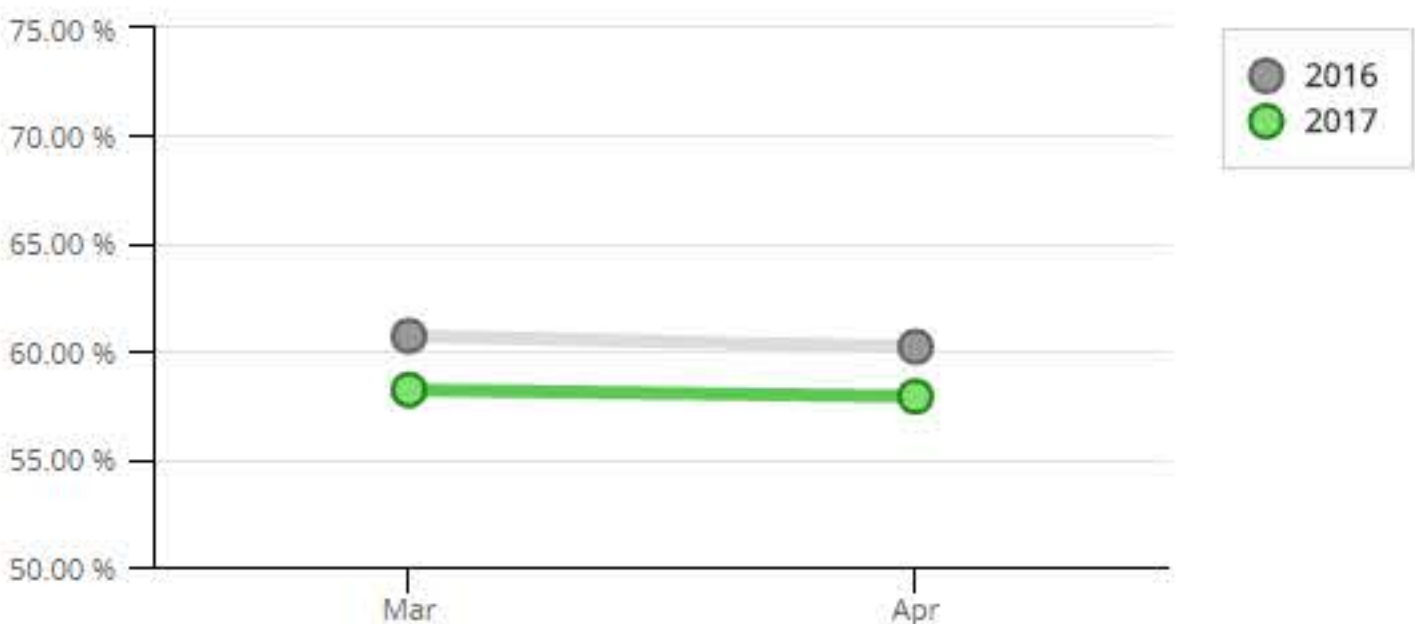
"A strong U.S. dollar continues to attract a high volume of foreign investors from all areas of the world," said Arora. "However, there is some looming anxiety that some of President Trump's proposed plans for tax reform and infrastructure spending could result in inflation. This would devalue the dollar and could ultimately have a negative impact on this category of lenders."



Alternative Lenders

Loan approval rates dropped at **alternative lenders** by three-tenths of a percent in April, as they granted **57.9%** of the loan requests. This marks the tenth consecutive month of decreases in this category of lenders. Further, over the last two months there has been a decrease of half a percentage point. In a year-to-year comparison, loan approval rates at this category of lenders has dropped approximately 2.5%.

"Alternative lending is losing its luster because competing lending institutions are improving their speed of processing loan requests and do so at lower interest rates," explained Arora. "Credit-worthy borrowers no longer have to borrow at any cost, and thanks to technology, small business owners can receive funding just as quick somewhere else."



Credit Unions

Loan approval rates at **credit unions** dropped one-tenth of a percent in April to **40.6%**, the lowest mark to date in this category of lenders as it continues to trend downwards.

"Credit unions are dropping in small business finance," Arora says. "Their competitors have a leg up on them as credit unions cannot compete in the dollar amount or speed of loan processing that borrowers are now demanding."

