

# SMALL BIZ LENDING APPROVAL RATES IMPROVE AT INSTITUTIONAL INVESTORS AND SMALL BANKS, STALL AT BIG BANKS

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 APPROVALS AT 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.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“The Federal Reserve has been setting the groundwork to create a strong lending environment, especially for mainstream lending institutions. 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.”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT 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.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“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. 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.”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT 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.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“A strong U.S. dollar continues to attract a high volume of foreign investors from all areas of the world. 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.”

- Biz2Credit CEO Rohit Arora



## SMALL BUSINESS LOAN APPROVALS BY 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%.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“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. 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.”

- Biz2Credit CEO Rohit Arora



## CREDIT UNION APPROVALS

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.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Credit unions are dropping in small business finance. 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.”

- Biz2Credit CEO Rohit Arora

### 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.