

Bank Loan Approval Rates Continued to Climb in August 2017, According to Biz2Credit Small Business Lending Index™

Big banks grant nearly one-in-four funding requests, while small banks approve almost half of applications they receive from small business borrowers

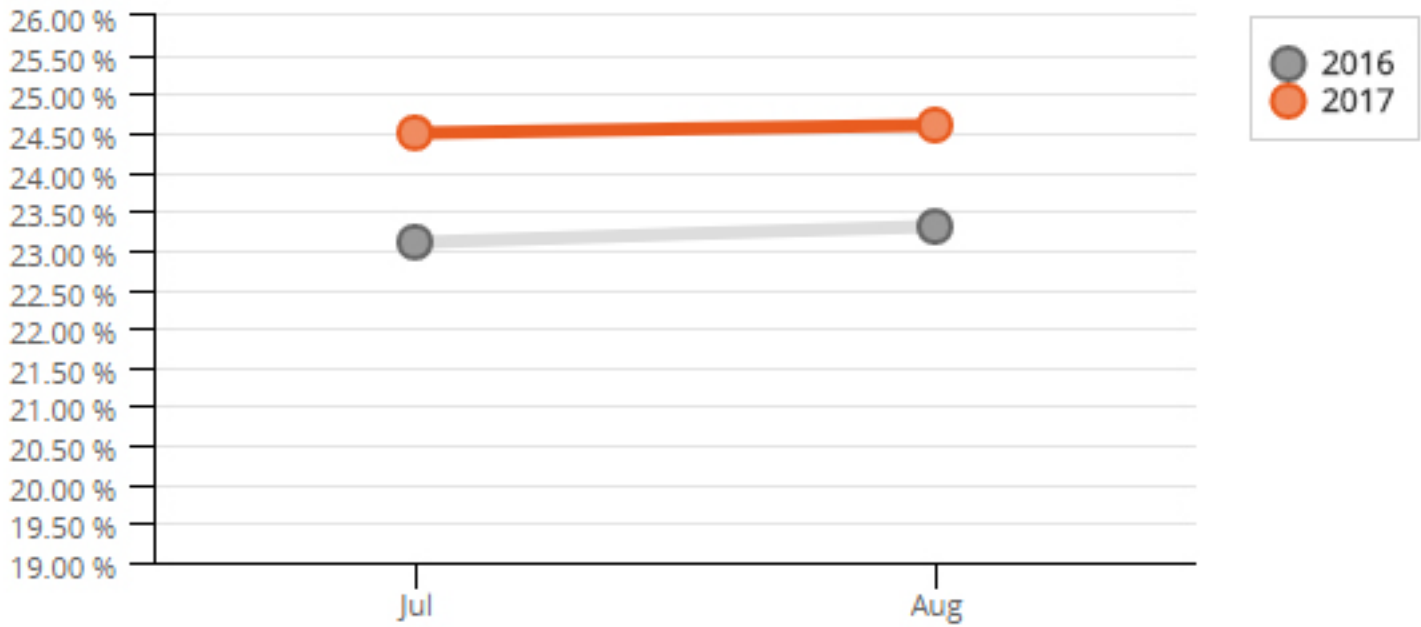
Loan approval rates at big banks (\$10 billion-plus in assets) hit another post-recession high in August 2017, according to the latest Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on [Biz2Credit.com](#). Loan approval percentages of institutional investors also set a new record.



Big Banks

Small business loan approval rates at **big banks** improved one-tenth of a percent to **24.6%** in August, setting a new high for the Biz2Credit Index.

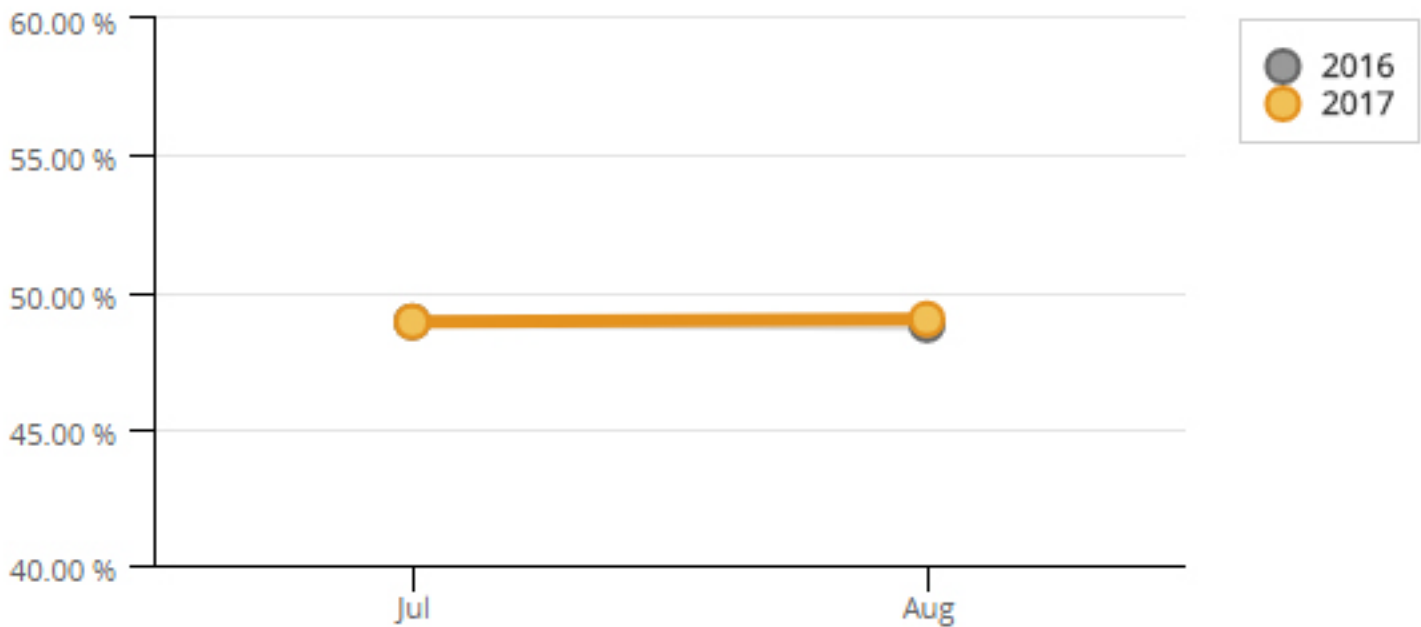
"It's a good time for bank lending; the big banks are approving nearly a quarter of the loan requests they receive from small businesses while the smaller banks are granting almost half of the funding applications they receive."



Small Banks

Loan approval percentages at **small banks** also rose one-tenth of a percent in August to **49.0%** from July's 48.9% figure.

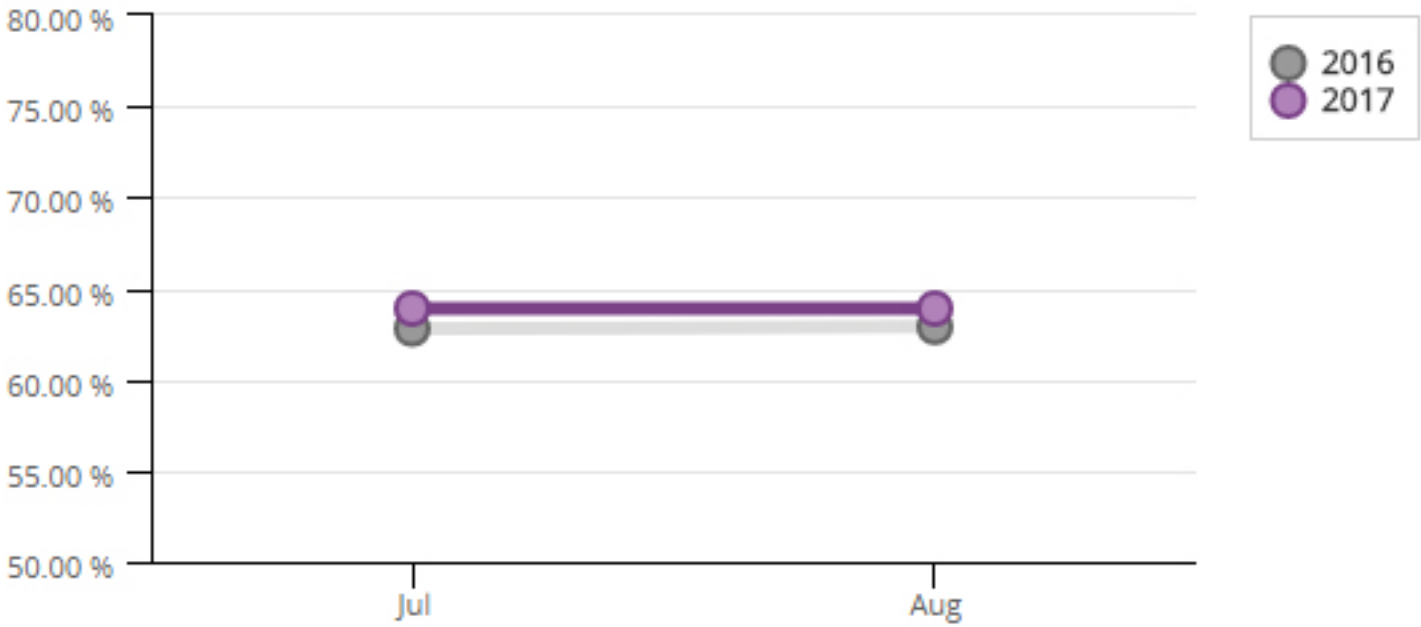
"The economy is holding up well: the job market is strong, oil prices are still relatively low, and home values have gone up, which makes entrepreneurs feel more secure and confident."



Institutional lenders

Institutional lenders' loan approval rates in August remained at **63.9%**, the all-time high for the Biz2Credit Small Business Lending Index.

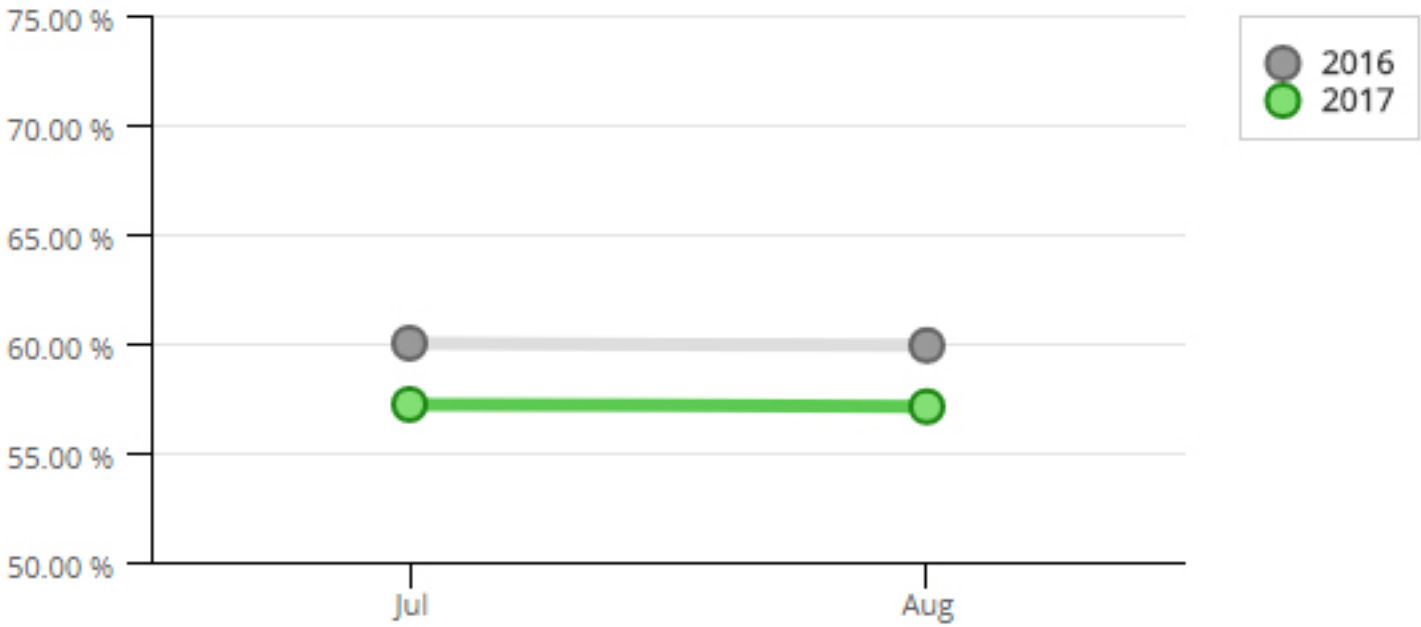
"The dollar is strong, and there is also hope that President Trump's promised tax cuts will pass and spur more economic growth," added Arora, one of the country's leading experts in small business finance. "With interest rates up a bit, it's profitable for lenders to close deals. Thus, bank lending is as strong as it has been the mid-2000s. Despite the daily drama in Washington, global growth has picked up, and the U.S. economy seems to be on solid footing."



Alternative Lenders

Loan approval rates among **alternative lenders** continue to decline; approval rates dipped one-tenth of a percent in August to **57.1%**. Approval percentages have dropped every month for more than a year.

"Alternative lenders still are players in small business lending because they are willing to provide funding for borrowers who have less than stellar credit or little credit history at all," Arora explained. "Since they accept higher risk by funding borrowers who do not have stellar credit histories, alternative lenders charge at a higher cost of capital."



Credit Unions

Loan approval rates at **credit unions** dipped a notch to **40.3%** in August, thereby reaching a new low for this category of funders on Biz2Credit's index.

"Credit unions continue to lose their relevance in small business lending because they have not invested in technology and are often slow in their deal-making," Arora explained. "Further, the credit union member business-lending (MBL) cap has not risen above 12.25% of assets. This remains an ongoing issue."

