

SMALL BUSINESS LOAN APPROVAL PERCENTAGES HIT NEW HEIGHTS AT BIG BANKS AND INSTITUTIONAL LENDERS

THE CALENDAR YEAR 2017 WAS A STRONG ONE OVERALL FOR SMALL BUSINESS LENDING

Business loan approval rates for big banks (25.2%) and institutional lenders (64.3%) hit new heights last month, according to the latest Biz2Credit Small Business Lending Index™ (December 2017 figures). The monthly analysis examined more than 1,000 small business loan applications on Biz2Credit.com.



LOAN APPROVALS AT BIG BANKS

Small business loan approval rates at big banks (25.2%) hit new heights last month.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“The economy is performing well on many different levels. Holiday retail sales were up, unemployment remain low, and salaries have gone up a notch”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT SMALL BANKS

Small business loan approval rates climbed at larger institutions, such as banks and institutional lenders. Small banks approved 49% of the funding requests they received in December, the same percentage as in the month prior. For more than three years, regional and community banks have hovered at or around 49 percent, having last crossed over the half-way point in October 2014, when approvals were at 50.2 percent.

↑ YEARLY COMPARISON



➡ MONTHLY COMPARISON



“SBA lending was strong throughout 2017, and small banks are among the most active lending partners, one of the country’s leading experts in small business finance. “This bodes well as we enter a new year. It is helpful for young entrepreneurs, who might not have credit scores high enough for a traditional bank loan, that SBA-backed loans are available through big banks and smaller ones.”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT INSTITUTIONAL LENDERS

Loan approval rates in institutional lenders (64.3%) hit new heights last month.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“Businesses are anticipating that the tax form bill could help them, which gives potential borrowers more confidence to take risks. Meanwhile, lenders are closing deals and interest rates continue to trend upwards, which makes lending more profitable for them.”

- Biz2Credit CEO Rohit Arora



SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates among alternative lenders in December dropped two-tenths of a percent to 56.7% after a small uptick in November. Approvals for the category declined every month except November.

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



“With many traditional lenders willing to fund small businesses, alternative lenders are getting requests from lower quality borrowers. The solid economy makes consumers willing to spend and results in business optimism – especially for companies looking to expand.”

- Biz2Credit CEO Rohit Arora



CREDIT UNION APPROVALS

Loan approval rates at credit unions climbed one-tenth of a percent in December as they approved 40.4% of loan applications last month. Just two months ago, in October, credit unions had hit a record low point for the category.

↓ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“Credit unions have a place in small business lending, but they have lost ground to banks both large and small and institutional lenders, who are have become aggressive in the small business lending marketplace. Banks and institutional lenders are reaping the benefits of incorporating financial technology (FinTech) into their operations. Credit unions lagged behind in technological upgrades, and it has hurt them over the past few years.”

- 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.