

# SMALL BIZ LENDING APPROVAL RATES SURGE AT BIG BANKS, INSTITUTIONAL INVESTORS

LENDING AT ALTERNATIVE LENDERS CONTINUES TO FALTER; CREDIT UNION LOAN APPROVAL RATES REMAIN STAGNANT

According to the Biz2Credit Small Business Lending Index™, a monthly analysis of more than 1,000 loan applications on Biz2Credit.com

Loan approval rates at big banks (\$10 billion+ in assets) improved to new post-recession highs in February 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. Small banks and institutional investors also experienced an uptick in their loan approval rates in an overall favorable month for small business lending.

Meanwhile, loan approval rates at credit unions remained stagnant and approval rates at alternative lenders dropped.



## LOAN APPROVALS AT BIG BANKS

Small business loan approval rates at **big banks** improved to **24.1%** in February 2017, marking the seventh consecutive month of increases and the 11th time in a calendar year that approval percentages have increased. Further, loan approval rates at big banks in a year-to-year comparison are up more than one full percentage point, as they slowly creep towards the one-quarter mark.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“There is a confidence in the economy right now, and that is translating to higher loan approval rates at mainstream lending institutions,” suggests Biz2Credit CEO Rohit Arora, who oversaw the research. “Small business owners are optimistic that there are bright days ahead and are applying for capital to invest in growing their businesses.”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT SMALL BANKS

For the first time in the last six months, loan approval rates at **small banks** dropped by one-tenth of a percent to **48.8%** in February 2017 from 48.9% in January. The approval rates at small banks dropped below 50% two and a half years ago and have struggled to reach the mark again.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Although small banks dipped slightly in their loan approval percentage last month, there is some room for optimism,” explained Arora, one of the nation’s leading experts in small business finance. “President Trump has prioritized reforming the Dodd Frank legislature to scale back regulations for community banking institutions. His administration is aggressively working towards reducing the burdensome bill to small banks, which will allow them to lend more freely.”

- Biz2Credit CEO Rohit Arora



## LOAN APPROVALS AT INSTITUTIONAL LENDERS

**Institutional lenders’** loan approval rates improved to **63.5%**, reaching a new Index high. It was the second time in the last three months that this category of lenders had an uptick in their loan approval rates.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“The stock market and U.S. dollar are very strong and this is attracting a high volume of investors from various parts of the world,” said Arora. “Small business lending is still one of the most profitable sectors to invest in and we are seeing a number of yield-hungry investors getting involved in this space of loans.”

- Biz2Credit CEO Rohit Arora



## SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates dropped at **alternative lenders** in February, as they approved **58.4%** of the loan requests they received, down one-tenth of a percent from 58.5% in January.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Alternative lenders have struggled to adjust to its industry competition, which have caught up to the one advantage they once held – speed of processing loan requests,” explained Arora. “The advancements in technology at big banks and institutional lenders have led to quicker, more efficient loan approvals. Investments in technology enable these big lending institutions to offer affordable loan products as they significantly mitigate risk.”

- Biz2Credit CEO Rohit Arora



## CREDIT UNION APPROVALS

Loan approval rates at **credit unions** remained stagnant at **40.8%**, the low mark for this category of lenders.

### ↓ YEARLY COMPARISON



### ➡ MONTHLY COMPARISON



“Credit unions have become an afterthought for small business borrowers,” Arora says. “Competitors are taking market share away from credit unions, which are frequently left with less creditworthy borrowers.”

- 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.