

# SMALL BIZ LOAN APPROVAL RATES IMPROVE TO NEW ALL-TIME HIGHS AT BIG BANKS

LENDING AT SMALL BANKS, INSTITUTIONAL INVESTORS REMAINS STAGNANT AS CREDIT UNIONS CONTINUE TO FALTER

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) picked up where they left off in 2016, improving to post-recession highs in January 2017, according to the Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com. Alternative lenders also experienced an uptick in their loan approval rates in the last month.

Additionally, loan approval rates at small banks and institutional investors remained stagnant while approval rates at credit unions dropped.

## LOAN APPROVALS AT BIG BANKS

Small business loan approval rates at **big banks** improved to **24%** in January 2017, marking the sixth consecutive month of increases for this category of lenders. Further, loan approval rates at big banks in a year-to-year comparison are up more than a full percentage point as it slowly creeps towards the one-quarter mark of approvals.

### ↑ YEARLY COMPARISON



### ↑ MONTHLY COMPARISON



“Despite political turmoil, the market has responded fairly well since Donald Trump took over the White House. He has brought a business friendly approach,” said Biz2Credit CEO Rohit Arora. “There is still a sense of optimism, especially in the banking sector, because of the prospect that Dodd Frank restrictions might be eased.”

- Biz2Credit CEO Rohit Arora

## LOAN APPROVALS AT SMALL BANKS

Loan approval rates at **small banks** remained stagnant at **48.9%** and are near mirror images of its 49% mark in a year-to-year comparison. Although the rates didn't increase, January 2017 marked the fourth consecutive month that the category of lenders avoided a decrease.

### ↓ YEARLY COMPARISON



### → MONTHLY COMPARISON



“Dodd-Frank rules had a significant impact on small banks,” explained Arora, one of the nation's leading experts in small business finance. “If the regulations are reduced, it could help spur lending by regional and community banks.”

- Biz2Credit CEO Rohit Arora

## LOAN APPROVALS AT INSTITUTIONAL LENDERS

In addition, **institutional lenders'** loan approval rates remained at **63.4%**. This ended a six-month streak of increases for this category of lenders.

### ↑ YEARLY COMPARISON



### → MONTHLY COMPARISON



“The Dow Jones crossed the milestone mark of 20,000 and optimism to invest in the U.S. is as strong as it has been for a while,” suggested Arora. “I anticipate global institutional lenders will continue to seek high yields from investments in American small business loans.”

- Biz2Credit CEO Rohit Arora

## SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates bounced back considerably at **alternative lenders** in January, as they approved **58.5%** of the funding requests they received, down one-tenth of a percent in a month-to-month comparison. In December 2016, alternative lending approval rates dropped by six-tenths of a percent.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Advancements in technology by mainstream lenders has taken away the competitive advantage of processing loans quickly that alternative lenders long held,” Arora explained. “Once-thriving alternative lenders such as CAN Capital have stopped lending, and smaller alternative lending companies are going out of business. We will see more of consolidation in this category during 2017.”

- Biz2Credit CEO Rohit Arora

## CREDIT UNION APPROVALS

Loan approval rates at **credit unions** dropped to a new Index low of **40.8%** in January.

### ↓ YEARLY COMPARISON



### ↓ MONTHLY COMPARISON



“Credit unions are hoping that the MBL lending cap could go up with a new regime in Washington,” Arora says. “Otherwise, credit union lending to small businesses will likely remain stagnant.”

- 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.