

Strong Economy Leads to Record High Small Business Loan Approval Percentages at Big Banks in July, According to The Biz2Credit Small Business Lending Index™

All categories of lenders to small businesses performed well in July 2018

Small business loan approval rates for big banks reached another high point in July 2018, according to the Biz2Credit Small Business Lending Index™ released today.



Big Banks

The July approval percentage for **big banks** (assets of \$10 billion+) rose two-tenths of a percent from June's figure of 26.1% to **26.3%**, according to Biz2Credit's monthly report, which examines more than 1,000 credit applications made by small businesses via the company's online lending platform.

On August 1, the Federal Reserve issued a statement that economic activity has risen at a strong rate. The Fed expects to continue gradual increases in the federal funds interest rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the central bank's 2 percent target.

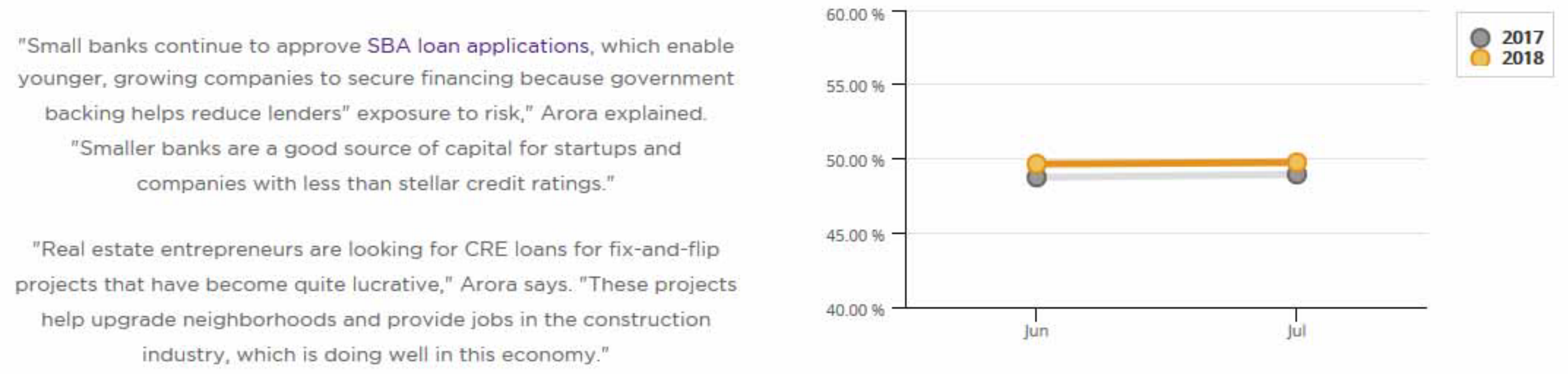
Further, according to the August 3rd [Jobs Report](#), unemployment for people who do not have [a high school diploma](#) dropped to 5.1 percent in July, the lowest figure since the Labor Department began reporting on this group of workers in 1992. The Jobs Report also stated that nonfarm employment increased by 157,000 in July and that professional and business services, manufacturing, healthcare and social assistance, added jobs during the month. Figures also rose for the food & beverage, hospitality, construction and healthcare services industries.



Small Banks

Business loan approval rates rose at regional and community banks. Small banks granted **49.7%** of the funding requests they received in July, up one-tenth from June. It represents the highest figure for small banks since December 2014.

Banks reportedly eased important lending terms, including maximum loan size and the spread of loan rates over their cost of funds, for commercial real estate (CRE) loans, according to the Fed's latest updated [Senior Loan Officer Opinion Survey](#) on Bank Lending Practices. Almost all banks that reportedly eased CRE credit policies pointed to aggressive competitors, including nonbank lenders, as a major reason for easing, according to the survey.



Institutional lenders

**Institutional lenders** remained unchanged at an Index record **64.8%**, the same as June's figure.



Alternative Lenders

Loan approval rates among **alternative lenders** remained at **56.5 %**, the same as the month prior.



Credit Unions

**Credit unions** approved **40.3%** of loan applications in July, the same as in June, according to the Biz2Credit Index.

