

# Biz2Credit's July Small Business Lending Index™ Shows Institutional Investors Dominating Market

## Big Banks Gain Market Share While Small Banks and Credit Unions See Dip

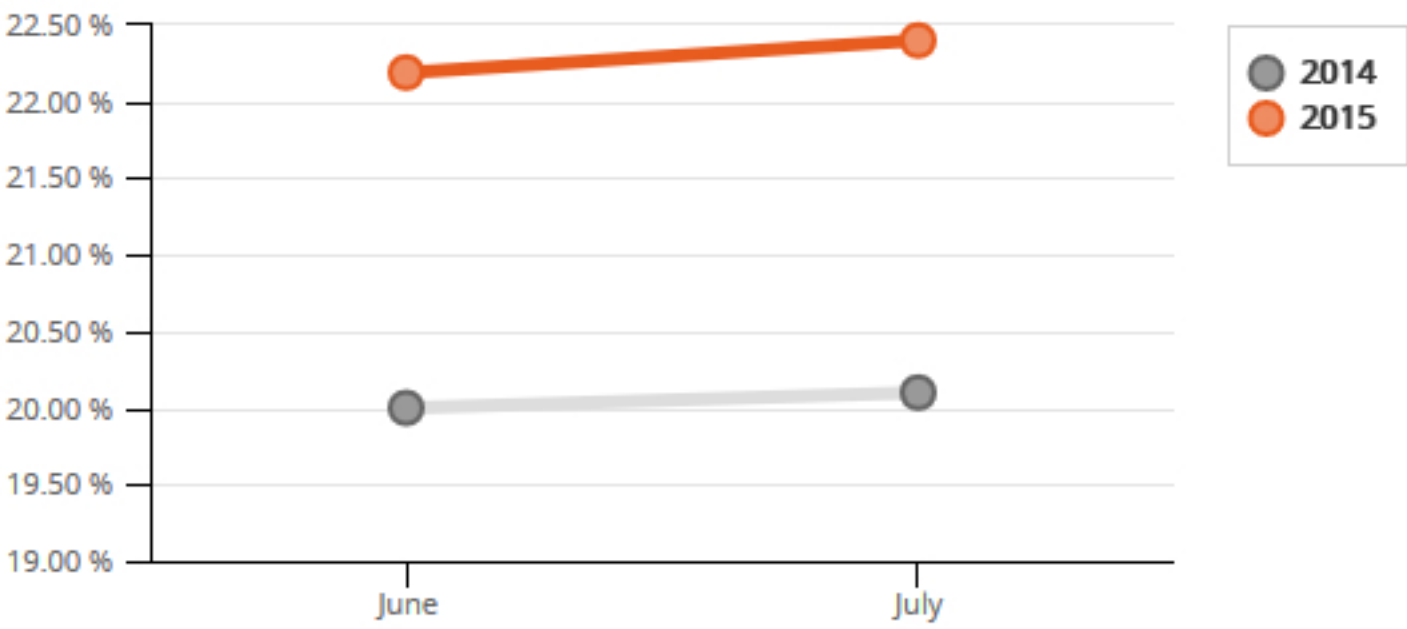
Small business loan approval rates through institutional investors and alternative lenders remained higher than any other category in July 2015, according to the Biz2Credit Small Business Lending Index, the monthly analysis of 1,000 loan applications on [Biz2Credit.com](#). Both categories approved approximately 61% of Biz2Credit's total loan requests, surpassing the loans approved through Big Banks, small banks and credit unions.



### Big Banks

Big Banks (\$10 billion+ in assets) increased slightly from June, approving **22.4%** of small business loan requests in July, up from **22.19%**, marking the ninth consecutive month that approval rates have increased for the largest banks.

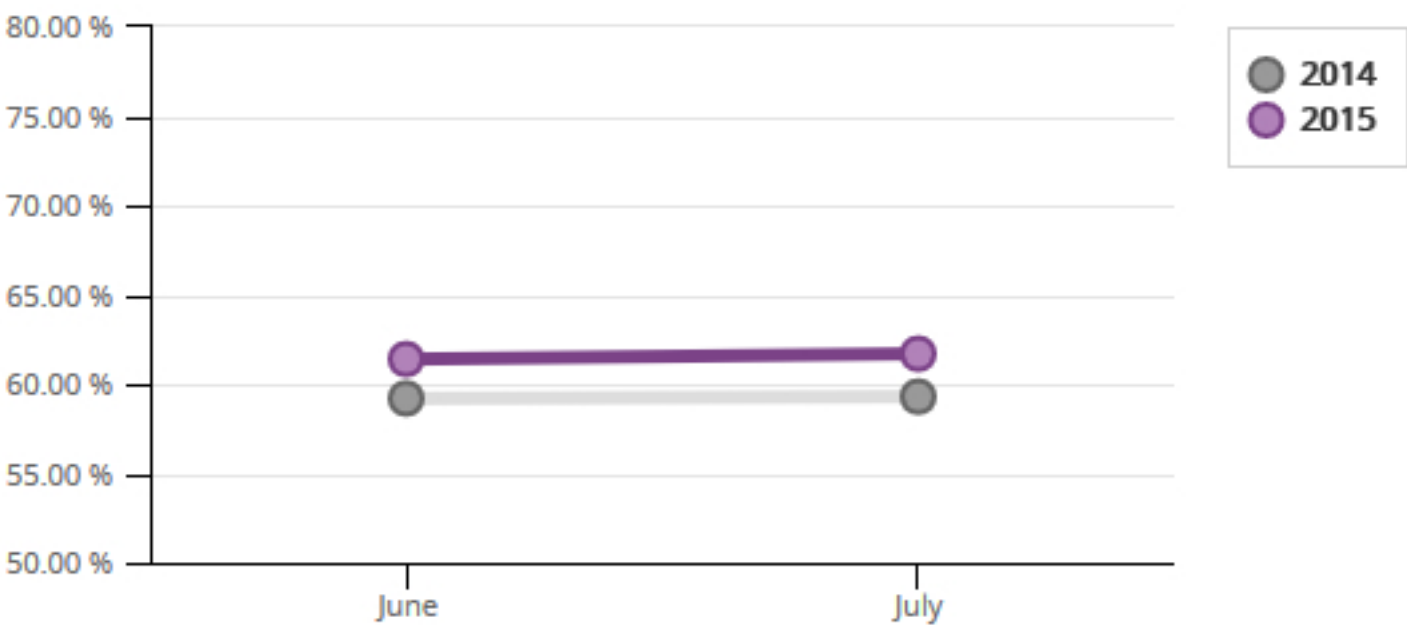
“The trend clearly shows that Big Banks are getting more aggressive in the small business lending space and are starting to invest money in digitizing their loan offerings. We have seen more instances of banks coming back in asset backed lending as well as commercial real estate lending markets and less so in working capital as of now,” said Rohit Arora, chief executive officer, Biz2Credit.



### Institutional lenders

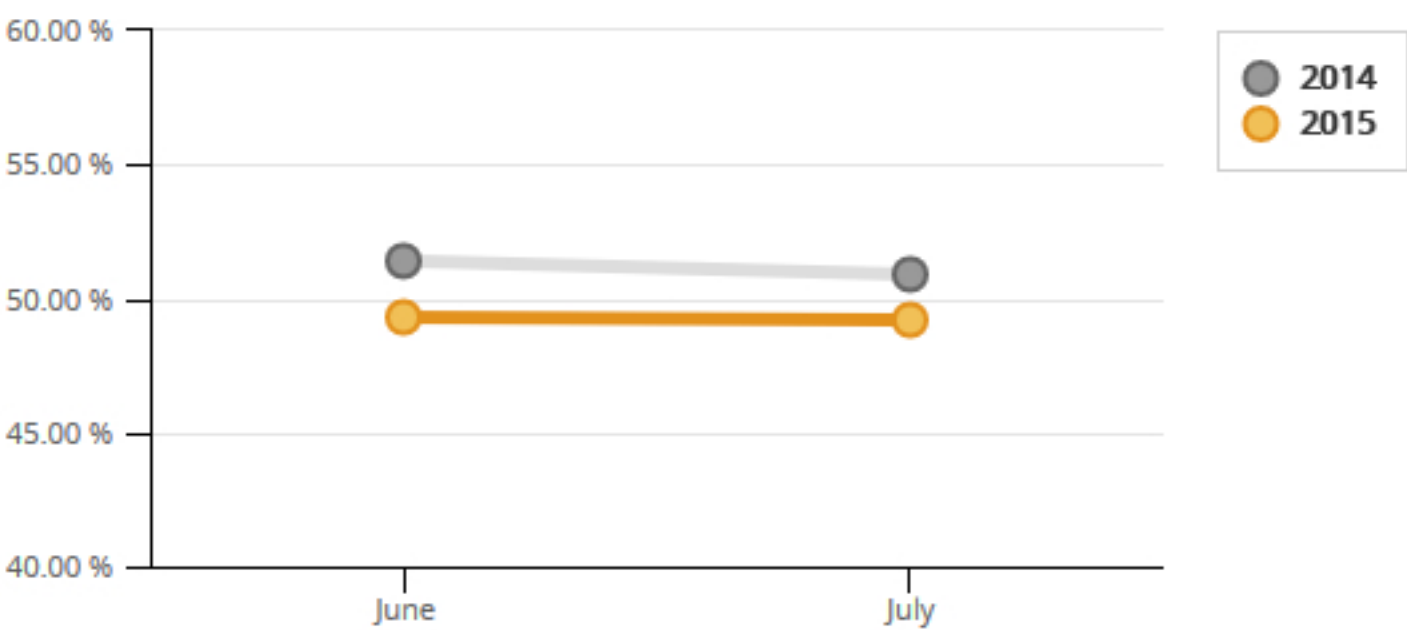
Institutional lenders approved the most loans out of all the categories: **61.7%** in July, up from **61.4%** in June. Lending approval rates at institutional lenders have exceeded those of alternative lenders, such as merchant cash advance companies, factors and other non-bank lenders. Approval rates by institutional lenders have increased every month since January 2014 when Biz2Credit began monitoring this category, a year-over-year growth percentage of **8.67%**.

“Institutional investors are becoming a bigger part of the market, which can be seen by recent changes in business models from several large online balance sheet lenders,” said Rohit Arora, chief executive officer, Biz2Credit. “For example, Biz2Credit started offering commercial real estate backed loans for institutional investors to purchase and some of our peers in the industry recently signed multimillion dollar purchase commitments or credit facilities with institutional investors.”



### Small Banks

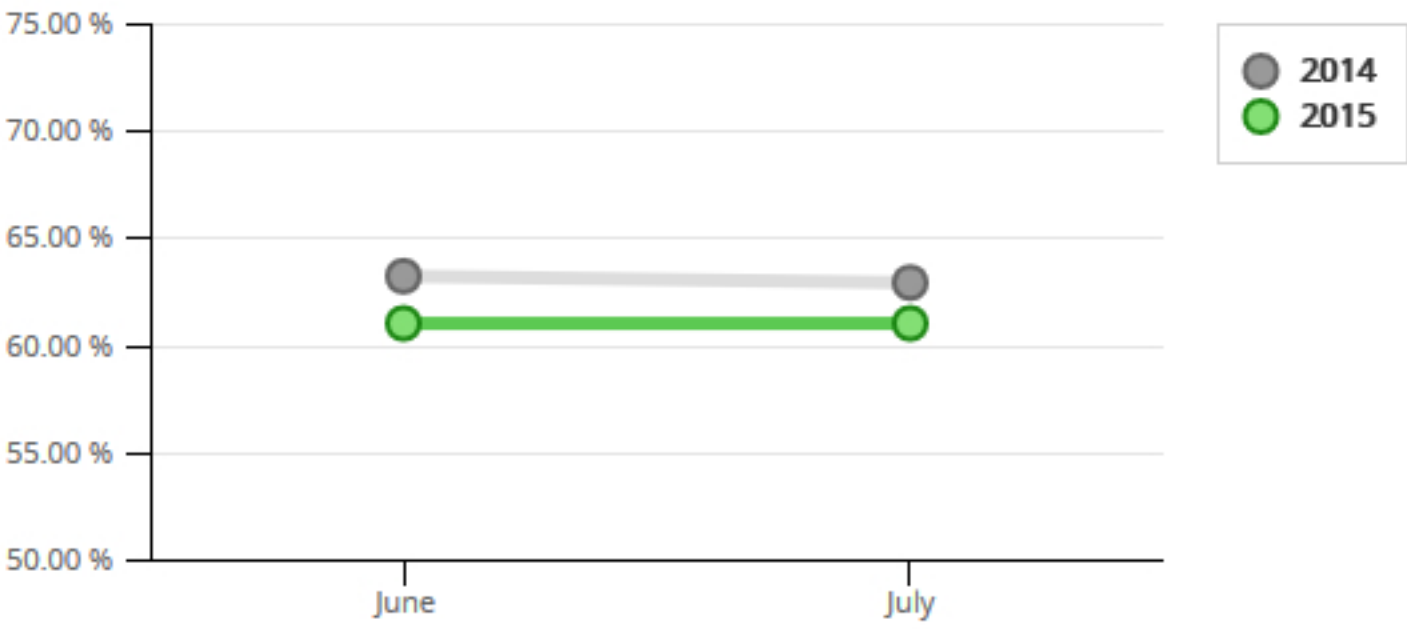
Lending approval rates at small banks dropped one-tenth of a percent in July to **49.2%** from **49.3%** last month. For the ninth consecutive month, small banks have denied more than half of their loan requests.



### Alternative Lenders

Second to the institutional investor approval rates were alternative lenders. While still a large part of the market share, alternative lenders remained flat at **61%** in July, an Index-low for the second month in a row. Alternative lenders' approval percentages have steadily declined since January 2014, coinciding with the emergence of institutional lenders in the small business lending marketplace.

“In the last few months as banks and institutional investors have gotten more aggressive in the marketplace, alternative lenders like cash advance and MCA players have become less competitive,” added Arora. “For example, these companies are charging higher rates and providing shorter terms to borrowers.”



### Credit Unions

Credit unions approved **42.9%** of loan applications in July, down one-tenth of a percent compared to June.

“Small banks and credit unions are facing increasing pressure in the marketplace as more creditworthy borrowers are moving either to Big Banks or to institutional investors through online marketplaces to receive better terms and faster access to credit,” added Arora. “To stem this tide, these smaller financial institutions must ramp up their online lending offerings and ultimately fund more borrowers.”

