

# Small Biz Loan Approval Rates at Banks Continue to Improve in June 2016, According to Biz2Credit Small Business Lending Index

## Brexit Does Little to Hurt the U.S. Small Business Lending Marketplace

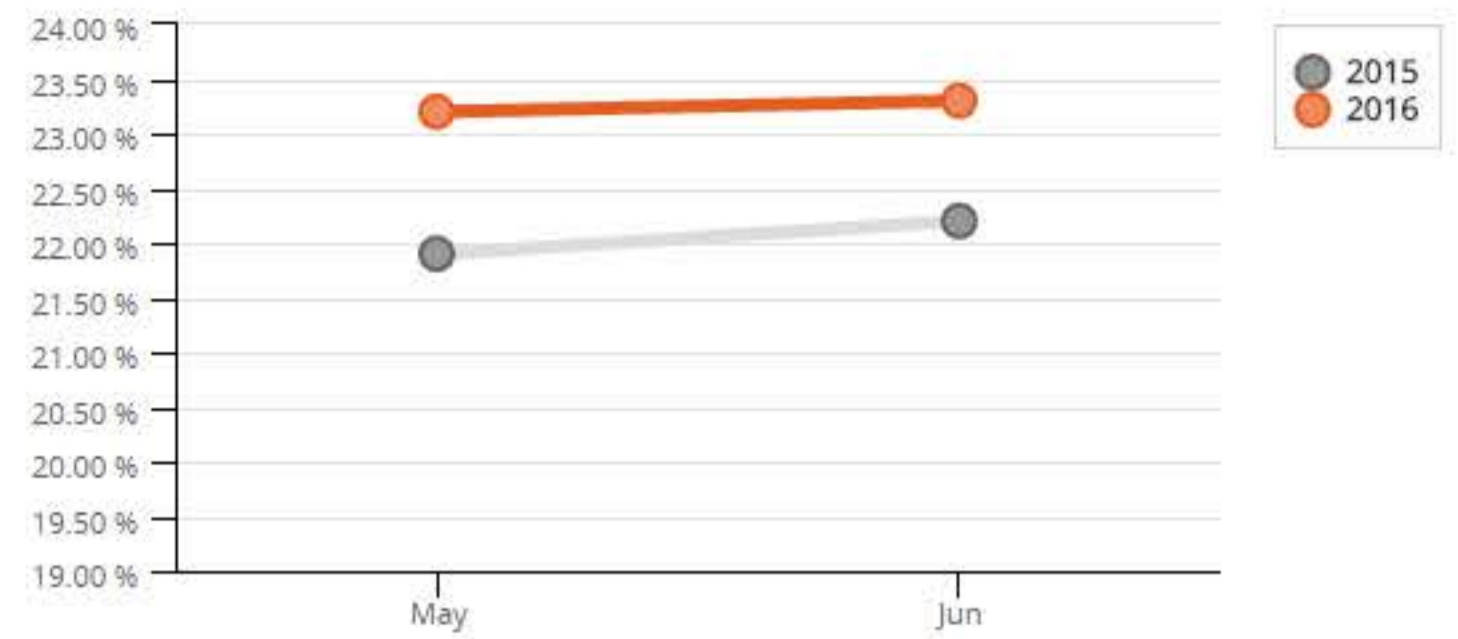
Loan approval rates at big banks (\$10 billion+ in assets) and small banks increased slightly in June 2016, according to the most recent Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com. Meanwhile, institutional lenders, alternative lenders and credit unions experienced a small dip in loan approval rates last month.



### Big Banks

**Big banks** Small business loan approval rates at **big banks** (\$10 billion+ in assets) improved to a new all-time Index high of **23.3%**, up one-tenth of a percent in June.

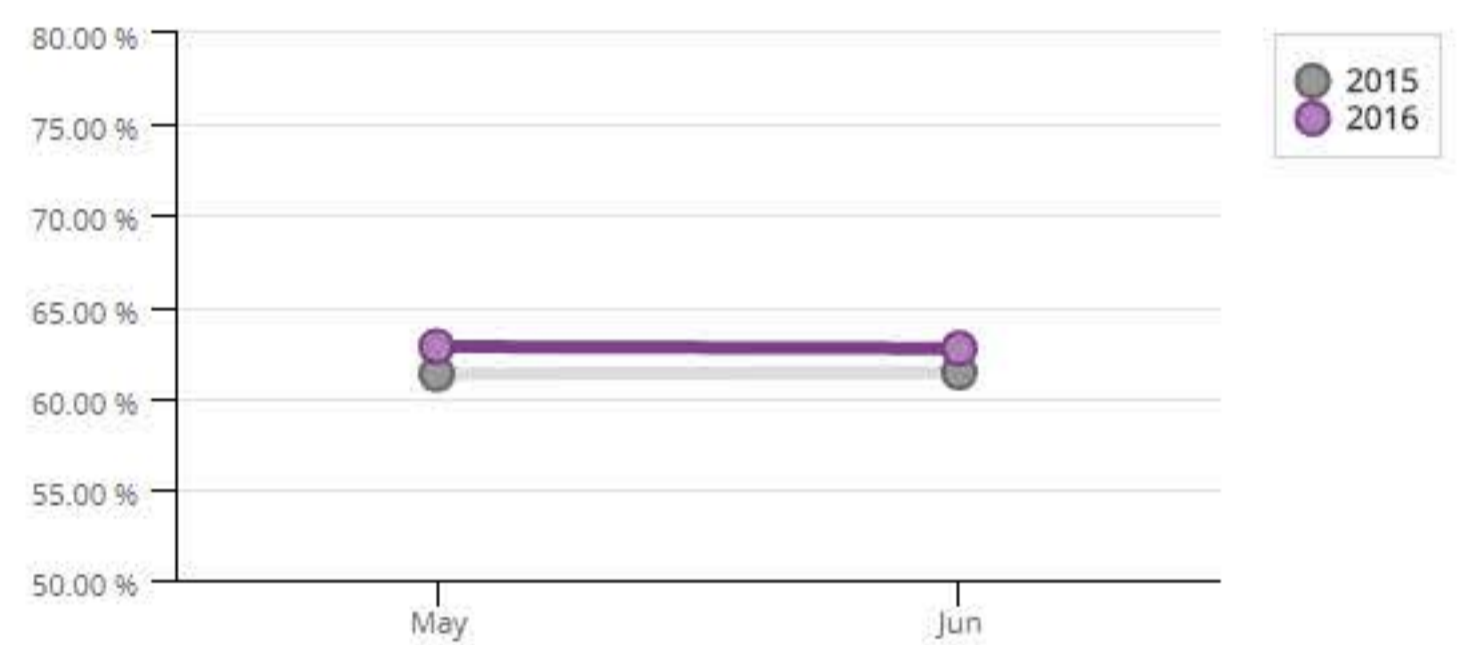
"Big banks continue their commitment to small business lending. Oil prices are still very low, and people are spending money, which helps the prospects of small business owners looking to grow," said Biz2Credit CEO Rohit Arora, who oversaw the research. "We have yet to see any economic fallout from Britain's decision to leave the European Union. So far, the U.S. markets seem to have rebounded well from the initial shock of the so-called Brexit."



### Institutional Lenders

**Institutional lenders'** loan approval rates dipped slightly to **62.7%** in June, down one-tenth of a percent from 62.8% in May.

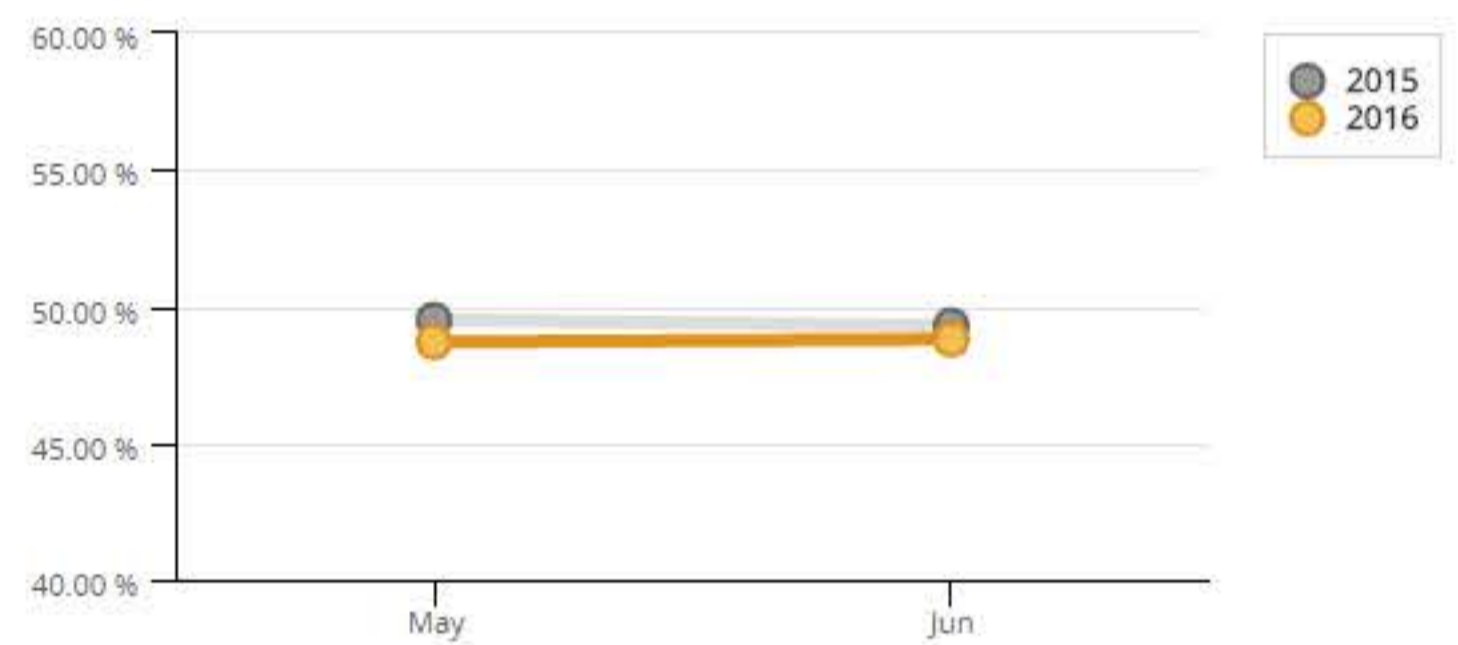
"Despite this slight drop, look for institutional lenders to grow. With the uncertainty in Europe right now, I expect to see more money coming into the small business lending marketplace from outside the U.S.," Arora said. "Domestic investors are looking inward, and the U.S. economy is a safe haven right now. This is good news for small businesses seeking capital for growth. Industries including travel and restaurants are doing quite well at this point. Some food businesses have grown 10 percent in a year. These are solid growth figures."



### Small Banks

Meanwhile, lending approval rates increased slightly at **small banks** up to **48.8%** in June, an increase one-tenth of a percent from May 2016.

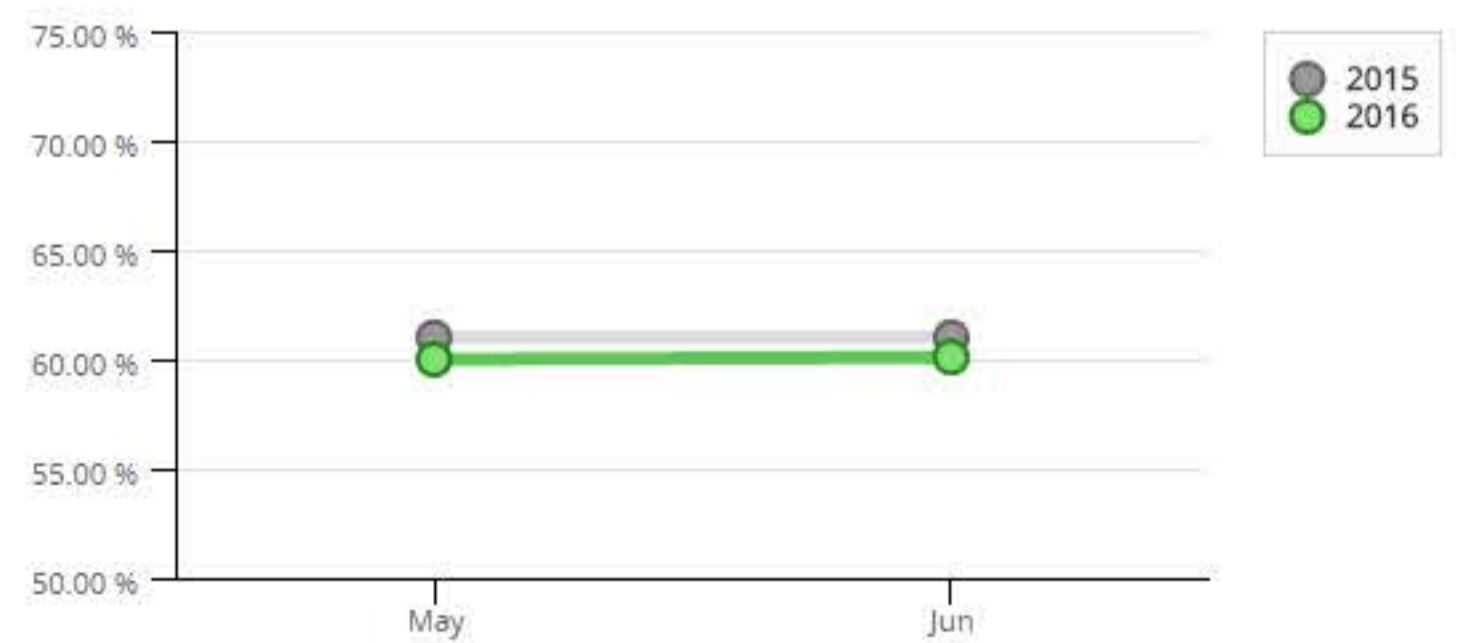
"There is confidence in the U.S. economy and it helps small business lending," said Arora. "We are seeing small companies seeking loans to buy commercial real estate and upgrade equipment. A lot of businesses have good cash flow. These are all good signs that encourage small banks -- and other financial institutions -- to lend."



### Alternative Lenders

**Alternative lenders** still are approving more than three-out-of-five loan requests on average. In June, lending approval rates inched upward by one-tenth of a percent to **60.1%**.

"The slow and steady economic recovery has been beneficial to small business owners in many ways," Arora explained. "Small business owners with solid credit ratings are able to find good rates and terms and don't have to borrow at high interest rates. However, for some borrowers, alternative lenders are an important source of capital."



### Credit Unions

**Credit unions** continued their slow decline in loan approval rates, reaching an all-time Index low of **41.6%** in June, down one-tenth of a percent from May. Loan approval percentage rates have declined at credit unions every month for more than a year.

"I don't foresee a turnaround by credit unions coming any time soon," Arora added.

