

# SMALL BUSINESS LOAN APPROVAL RATES END YEAR ON HIGH NOTE AT BIG BANKS AND INSTITUTIONAL LENDERS

OPTIMISM FOR CONTINUED GROWTH IN LOAN APPROVAL PERCENTAGES AS NEW YEAR BEGINS

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

Approval rates at institutional lenders and big banks improved to new post-recession highs in December 2015, according to today's Biz2Credit's December Small Business Lending Index™, an analysis of more than 1,000 small business loan applications on Biz2Credit.com.

As the U.S. economy has steadily improved, big banks and institutional lenders are more frequently granting loan requests. Additionally, small banks saw an increase in December loan approval rates in what has been an up-and-down year. Meanwhile, loan approvals at credit unions and alternative lenders continued to slow despite encouraging developments in the economy.

## LOAN APPROVALS AT INSTITUTIONAL LENDERS

Lending approval rates at institutional lenders experienced a slight uptick in December, improving 62.5% from 62.4% in November.

### YEARLY COMPARISON



### MONTHLY COMPARISON



"We are seeing increasing interest from international funds seeking higher yield investments, Institutional lenders have reduced the risks on these types of investments through digital algorithms that have automated the loan approval process and global investments are becoming more mainstream. With the weakening of emerging markets and strong value of the U.S. dollar, we are anticipating more international funds to enter the small business finance mix." - Biz2Credit CEO Rohit Arora

## LOAN APPROVALS AT BIG BANKS

Big banks (\$10 billion+ in assets) approved 22.9% of small business loan approvals in December, an increase by one-tenth of a percent in November.

### YEARLY COMPARISON



### MONTHLY COMPARISON



"The big banks have maintained their aggressive approach to lending to small businesses and with the adoption of the Federal Reserve's interest rate hike, I expect they will be even hungrier to grant loan requests, The adoption of technological advancements on the digital platforms of big banks has streamlined the loan application process and has resulted in lower chances of loans defaulting, thus increasing profitability and a higher volume of loan approvals." - Biz2Credit CEO Rohit Arora

## LOAN APPROVALS AT SMALL BANKS

Lending approval rates at small banks improved to 49.1% in December, from 48.9% in November.

### YEARLY COMPARISON



### MONTHLY COMPARISON



"Small banks are approving more small business loans under the SBA loan program, which reduces the risk assumed by lenders, These are low-risk, low-reward types of loans and have resulted in the increase in loan approvals over the last month." - Biz2Credit CEO Rohit Arora

## CREDIT UNION APPROVALS

Credit unions approved 42.3% of loan applications in December – an all-time Index low – down from 42.4% in November.

### YEARLY COMPARISON



### MONTHLY COMPARISON



"Credit unions are losing market share and higher credit-quality borrowers due to their failure to adequately adapt to the technological advancements in the industry, Borrowers seek speed and convenience; many credit unions are lacking in the digital department and this has resulted in their decline in popularity." - Biz2Credit CEO Rohit Arora

## SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Loan approval rates at alternative lenders remained unchanged in December, sitting at 60.7%, their lowest rate since August 2011. Alternative lenders' approval percentages have steadily declined since January 2014, coinciding with the emergence of institutional lenders in the small business lending marketplace.

### YEARLY COMPARISON



### MONTHLY COMPARISON



"Alternative lenders are under increased pressure to offer financial products at lower prices, They've struggled to adapt and this has translated to the gradual decline in loan approval rates." - 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.