

Small Business Loan Approval Rates End Year on High Note at Big Banks and Institutional Lenders, According to Biz2Credit's December Small Business Lending Index™

Optimism for Continued Growth in Loan Approval Percentages as New Year Begins

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.

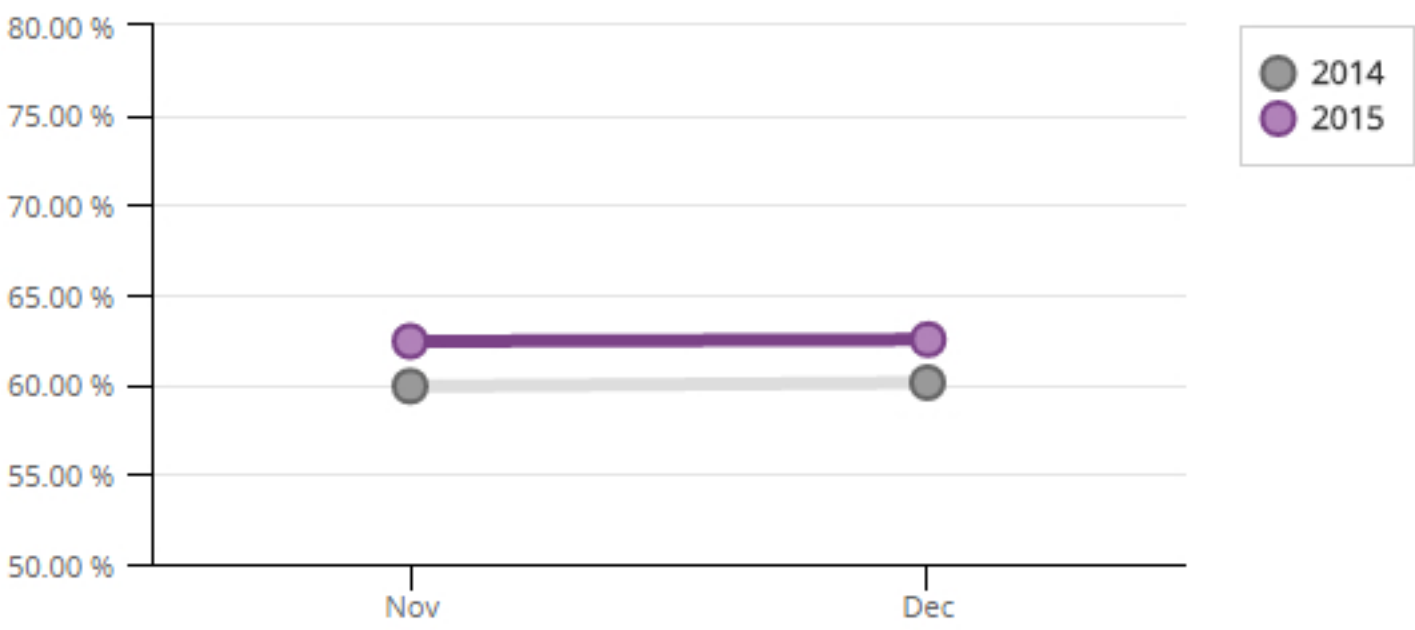
As the U.S. economy has steadily improved, big banks and institutional lenders are more frequently granting loan requests. Additionally, small banks saw an increase in December loan approval rates in what has been an up-and-down year. Meanwhile, loan approvals at credit unions and alternative lenders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



Institutional lenders

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

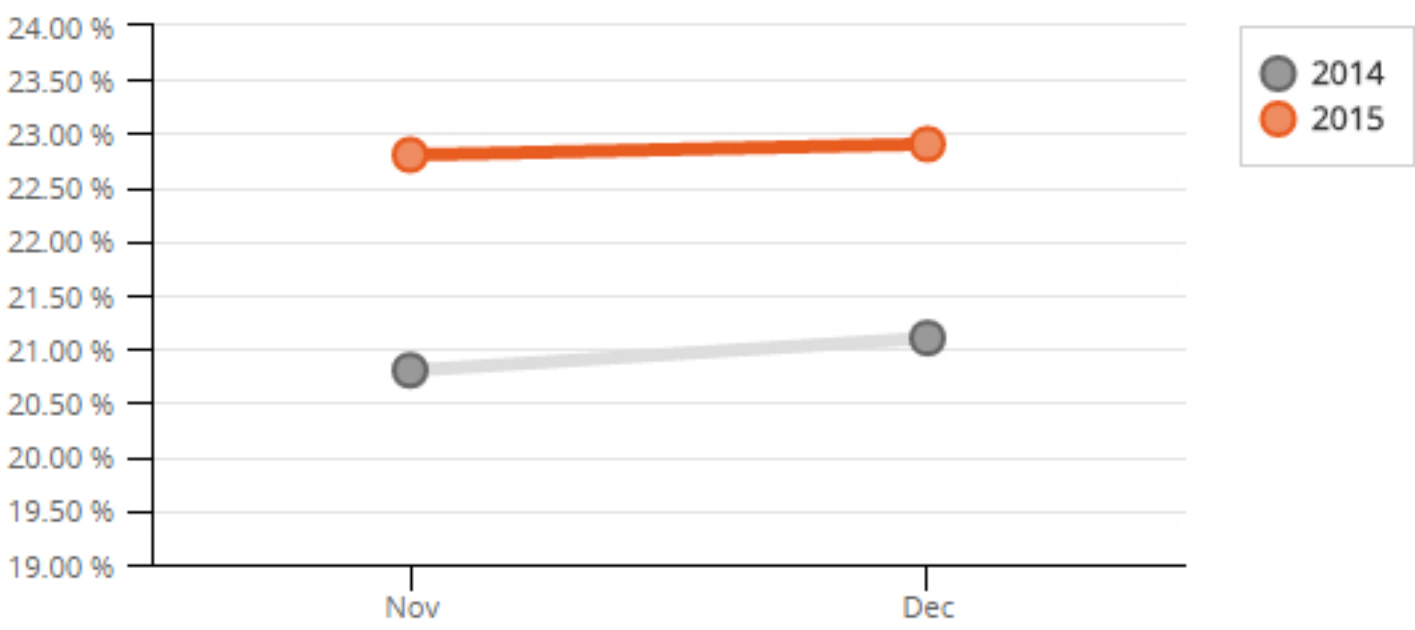
"We are seeing increasing interest from international funds seeking higher yield investments," said Biz2Credit CEO Rohit Arora, who oversaw the research. "Institutional lenders have reduced the risks on these types of investments through digital algorithms that have automated the loan approval process 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."



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.

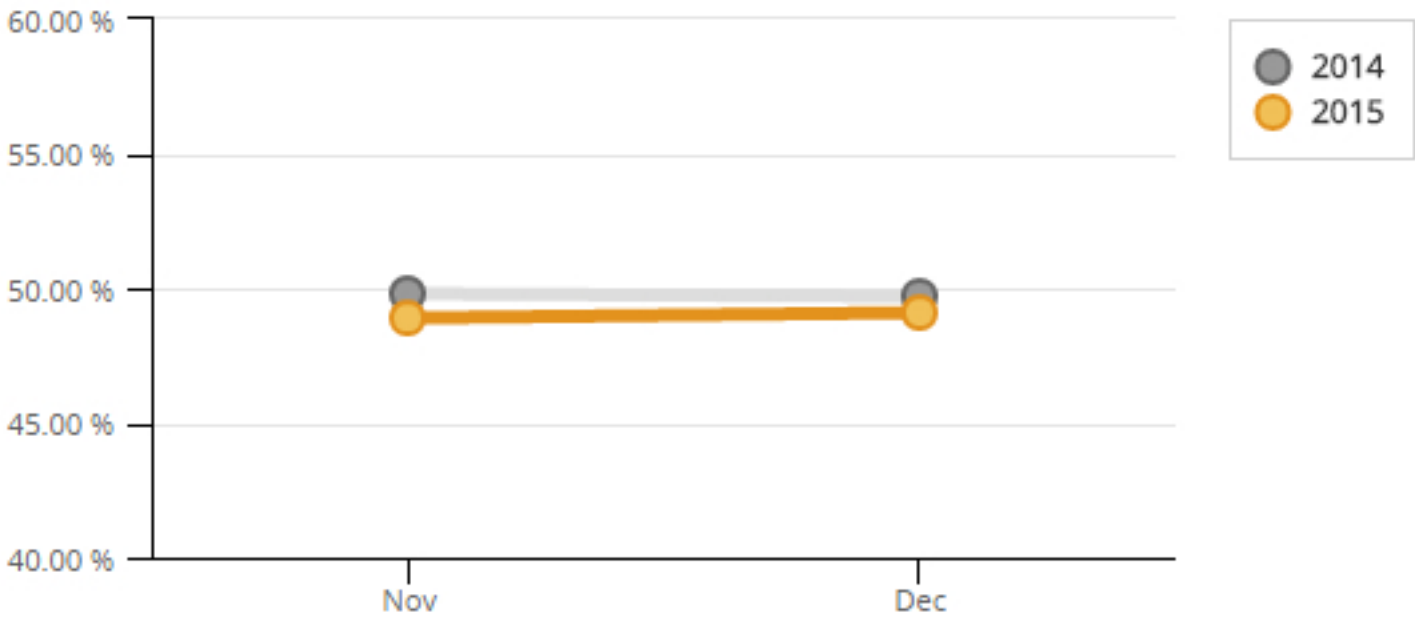
"The big banks have maintained their aggressive approach to lending to small businesses and with the adoption of the Federal Reserve's interest rate hike, I expect they will be even hungrier to grant loan requests," explained Arora, one of the nation's leading experts in small business finance. "The 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."



Small Banks

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

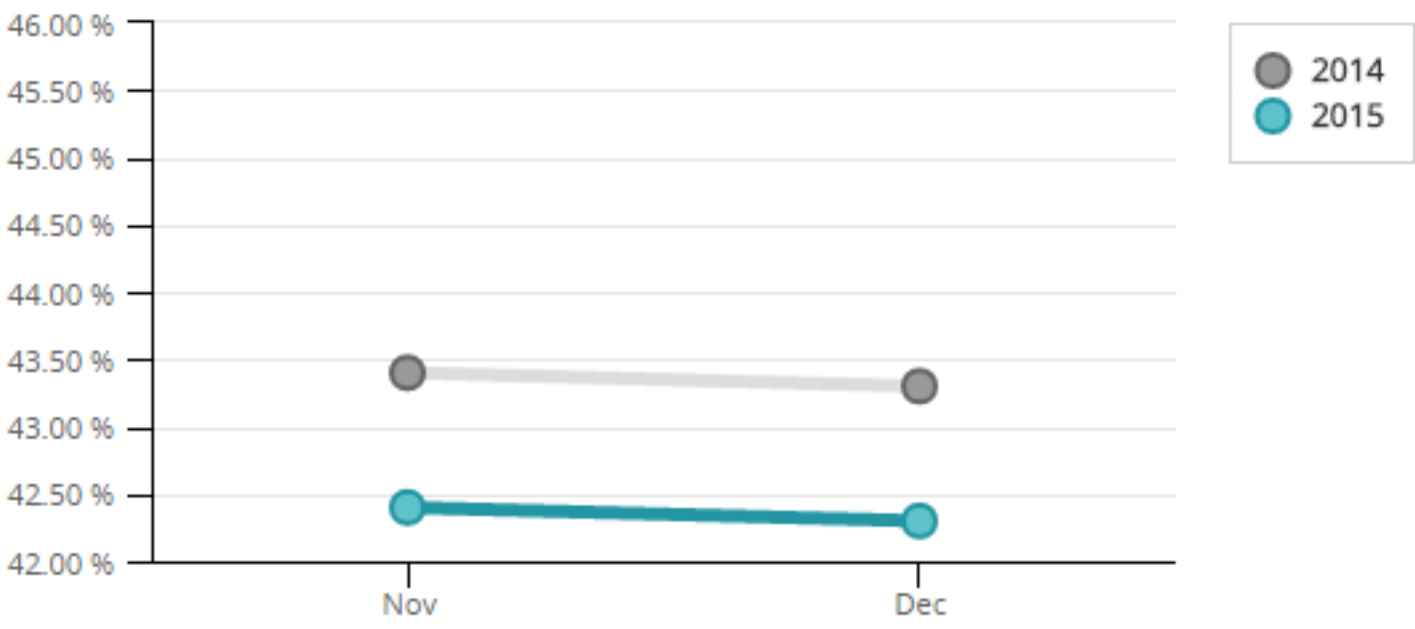
"Small banks are approving more small business loans under the SBA loan program, which reduces the risk assumed by lenders," added Arora. "These are low-risk, low-reward types of loans and have resulted in the increase in loan approvals over the last month."



Credit Unions

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

"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," said Arora. "Borrowers seek speed and convenience; many credit unions are lacking in the digital department and this has resulted in their decline in popularity."



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.

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

