

Biz2Credit Small Business Lending Index Reports Record High Loan Approval Rates at Banks

February 2014

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

 **16.75%**

Small business loan approvals

In a year-to-year comparison, big bank approval rates have increased by more than 16.75 percent from the 13.2% approval rate in February 2013.

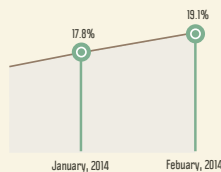
56.5%

Institutional Lenders,

Institutional Lenders approved 56.6% of the funding requests they received in February, a slight increase from 56.5% in January, the first month that this category of the Biz2Credit Small Business Lending Index was measured. This category of lenders includes credit funds, insurance companies, family funds, and other yield-hungry, non-bank financial institutions that typically offer more competitively priced loan options than alternative lenders in amounts up to \$1 million.

"Institutional investors aggressively pursuing small business lending deals. They offer interest rates generally between the rates offered by banks (in the 6-8% range) and alternative lenders, which can charge 20-50%. Pricing pressure on alternative lending has increased and fewer businesses are inclined to take high cost cash advances."

– Biz2Credit CEO Rohit Arora,

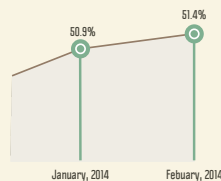


Loan approvals at Big banks

Small business loan approval rates at big banks (\$10 billion+ in assets) jumped to 19.1% in February 2014, up from 17.8% in January, according to the Biz2Credit Small Business Lending Index, a monthly analysis of 1,000 loan applications on Biz2Credit.com. In a year-to-year comparison, lending approval rates at big banks have increased more than 20 percent.

"We continue to see that big banks are increasing their approvals of both SBA and non-SBA loans. Confidence in the economy and winter-stressed financials have encouraged businesses to be more bullish on applying for funds to invest in their companies."

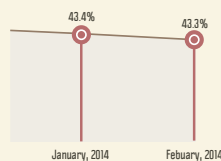
– Biz2Credit CEO Rohit Arora,



Loan approvals at Small banks

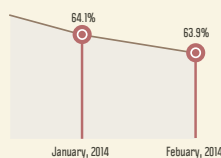
Small business loan approvals at small banks increased to 51.4% in February 2014, up from 50.9% in the previous month.

"Banks are starting to recognize the value of technology, especially with the online adoption of loan seekers. They closed a lot of SBA loans in February." – Biz2Credit CEO Rohit Arora,



Credit union approvals of small business loans

Meanwhile, credit unions continue their slide in lending approvals. In February, small business loan approval rates at credit unions dipped from 43.4% in January to 43.3%, the lowest figure in since the Biz2Credit Index began at the start of 2011. Additionally, lending approval rates by credit unions has declined in 17 of the last 21 months and is down by nearly 25 percent during that period.



Small business loan approvals by Alternative lenders

Alternative lenders had a slight decrease in approval rates to 63.9% in February from 64.1% in January 2014. Alternative lenders, which had been the biggest benefactors of the government shutdown last October, are starting to feel some competition from institutional lenders.

"Pricing pressure on alternative lending has increased, and fewer businesses are inclined to take high cost cash advances. Some business owners don't realize how high the interest rates are from alternative lenders when they first secure the funding. If and when they can, small business owners pursue traditional bank loans at lower rates. This leaves the alternative lenders with poorer quality loan applicants, which is why their approval rates have declined."

– 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 with more than 1,100 lenders nationwide.