

# Loan Approvals at Banks and Institutional Lenders Increase Slightly, While Small Banks and Credit Unions Dip, According to Biz2Credit Small Business Lending Index™ for February 2016

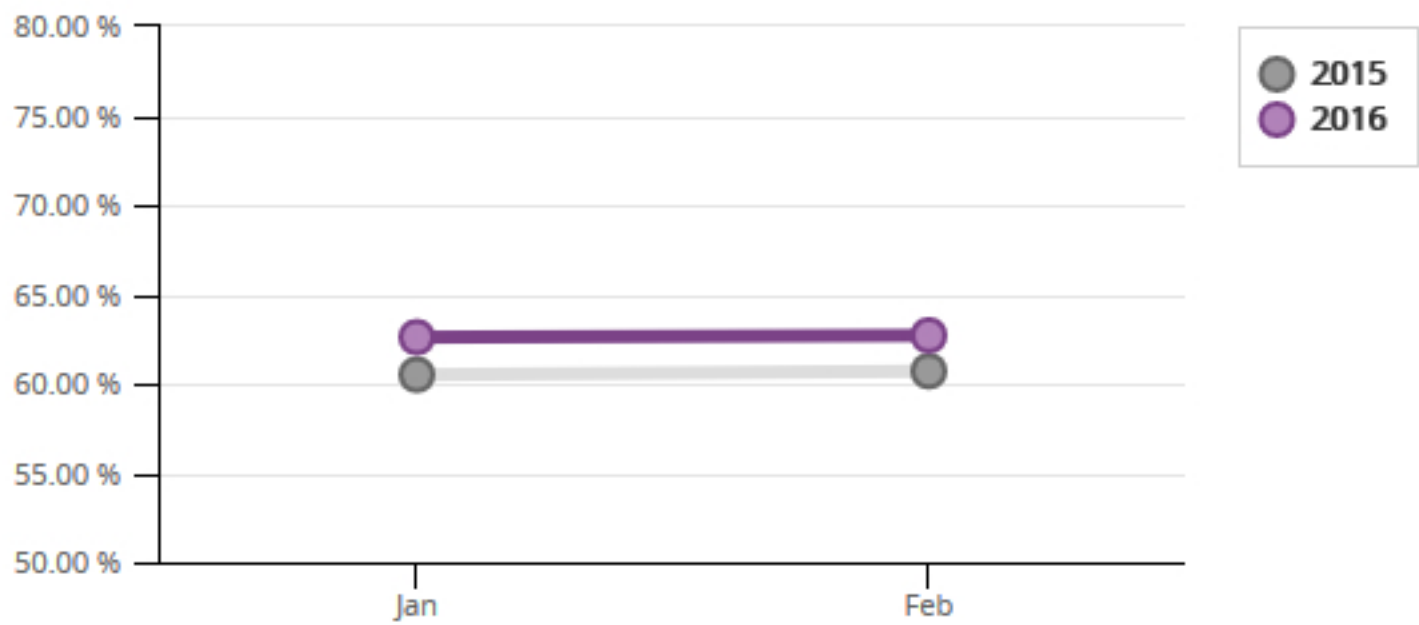
Loan approval rates at both big banks and institutional lenders improved slightly in February 2016, according to the Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com. Once again, loan approval percentages at small banks dipped slightly, while credit unions fell to an all-time Index low.



## Institutional lenders

Lending approval rates at **institutional lenders** saw a slight uptick in February, improving to **62.7%** from 62.6% in January. Since Biz2Credit started following this category of lenders in 2014, institutional lenders have yet to experience a setback month.

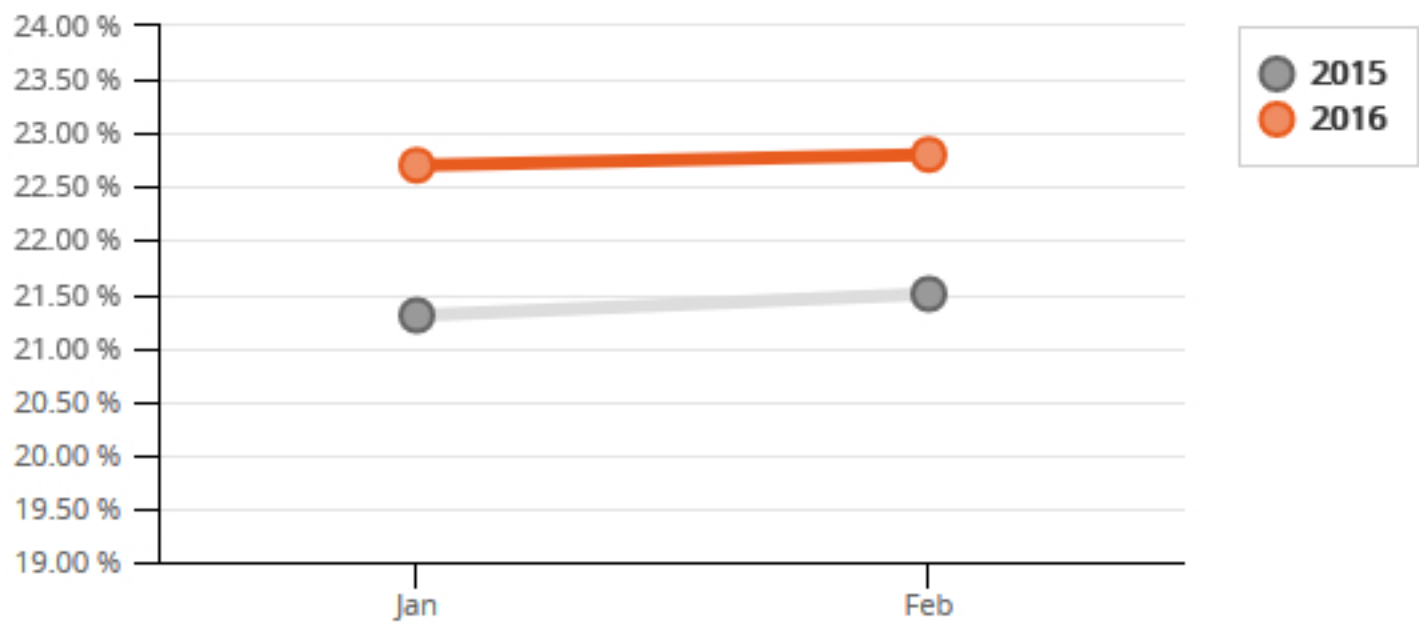
"Institutional lenders continue to make an impact in small business lending," said Arora. "We expect to see more international funds enter the marketplace in search of higher yields -- especially with growing uncertainty in global emerging markets."



## Big Banks

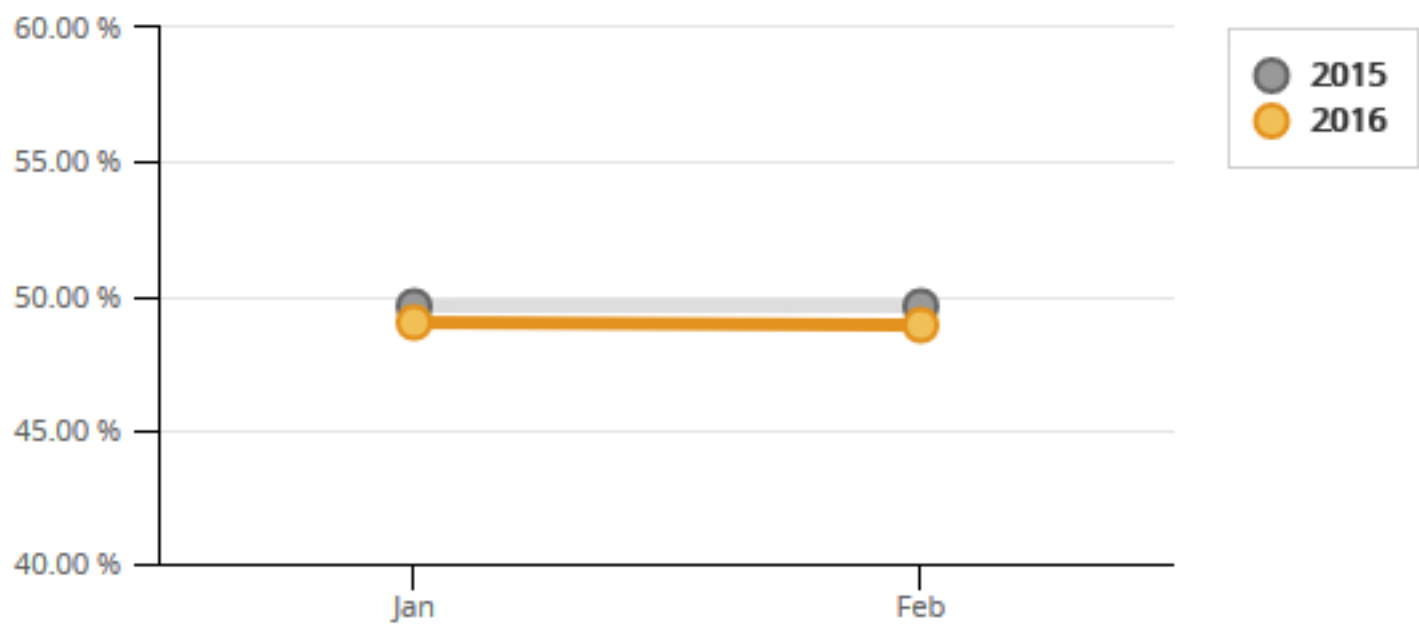
Lending approval rates at **big banks** (\$10 billion+ in assets) increased slightly as they approved **22.8%** of funding requests in February, up just one tenth of a percent from January 2016.

"The stock market is still relatively volatile, and there is uncertainty in the marketplace for lenders," said Biz2Credit CEO Rohit Arora, who oversaw the research.



## Small Banks

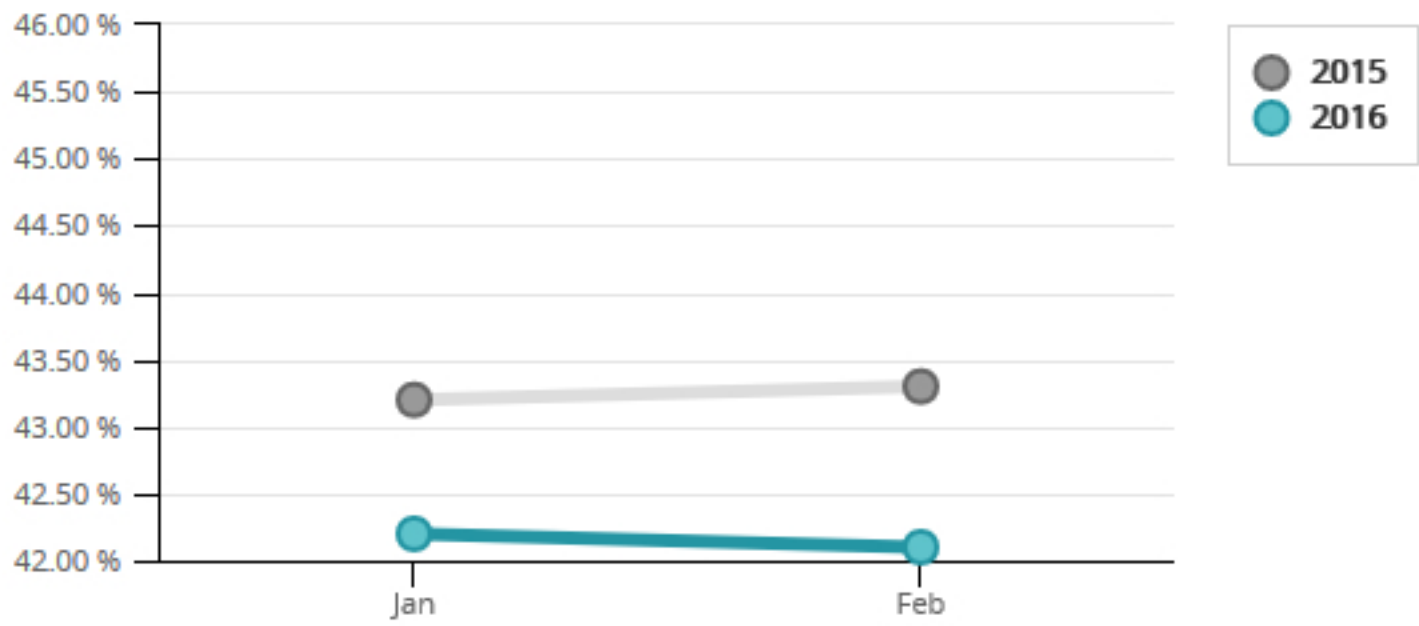
Approval percentages at **small banks** dropped slightly to **48.9%** in February from 49% the previous month.



## Credit Unions

**Credit unions** approved **42.1%** of loan applications in February, down slightly from 42.2% in January. February's figure is yet another Index low for credit union approval.

"Credit unions are not doing much to improve their small business lending, namely investing in technology," said Arora. "Credit unions face challenges in competing for credit-worthy borrowers."



## Alternative Lenders

Loan approval rates at **alternative lenders** remained at **60.8%** in February, tying the all-time low set in January. Approval percentages for alternative lenders have gradually declined since January 2014. This trend coincides with the emergence of institutional lenders in the small business lending marketplace.

"Alternative lenders typically offer loan products at high interest rates. The businesses that resort to borrowing money from them often have low credit scores and thus have fewer options," Arora suggested.

