

## Biz2Credit Small Business Lending Index Approval Rates at Banks and Institutional Lenders Soared

May 2014

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

↑ **13.29%**

### Big bank approvals

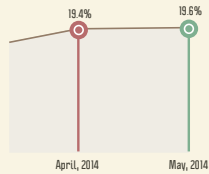
In a year to year comparison, big bank approval rates have increased by more than 13% in May from 17.30% approval rates in May 2013.

**59.1%**

### Institutional Lenders,

Institutional Lenders granted 59.1% of the funding requests they received in May, a nearly one-point jump from 58.3% in April. These institutions include insurance companies, credit funds, family funds, and other yield-hungry, non-bank financial institutions. They typically offer more competitively priced loan options than alternative lenders in amounts up to \$1 million.

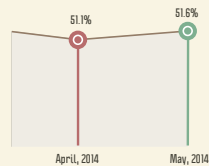
"Institutional investors are taking away market share from alternative lenders," Arora said. "They are gathering momentum as a category of small business lender as company owners to borrow larger sums of money at cheaper interest rates."  
- Biz2Credit CEO Rohit Arora,



### ↑ Loan approvals at Big banks

Small business loan approval rates at big banks (\$10 billion+ in assets) rose to 19.6% in May 2014, up from 19.4% in April, reported in the monthly analysis of 1,000 loan applications on Biz2Credit.com.

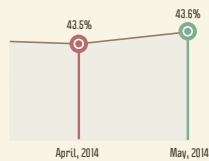
"Big banks are approving nearly one out of every five funding requests, and small banks are granting more than half. This development is a sign that the economy is improving. Lenders are getting applications from more established businesses that are showing three years of profitability. At the same time, big banks are hungry to make loans, in part because the mortgage lending remains stagnant and because lending to solidly performing small businesses is less risky than it was during the recession."  
- Biz2Credit CEO Rohit Arora,



### ↑ Loan approvals at Small banks

While approval rates at small banks jumped to 51.6% from 51.1% from last month, according to the Biz2Credit Small Business Lending Index. Both figures are record highs for bank lending to small businesses reported in the monthly analysis of 1,000 loan applications on Biz2Credit.com.

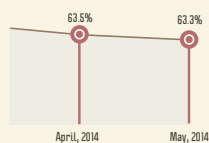
"Small business owners are confident and are investing in the expansion of their businesses. They are seeking SBA loans, as well as non-SBA loans, which take a shorter period of time to approve, have less restrictions and more flexibility, and sometimes offer better interest rates," - Biz2Credit CEO Rohit Arora,



### ↑ Credit union approvals of small business loans

Meanwhile, loan approval rate at credit unions improved to 43.6% in May, after having dropped to the lowest level ever (43.5%) in the three-year history of the Biz2Credit Index in April.

"May was the best showing for credit unions all year, but they continue to lose ground in the small business lending marketplace," - Biz2Credit CEO Rohit Arora,



### ↓ Small business loan approvals by Alternative lenders

Approvals by alternative lenders decreased for the fifth consecutive month to 63.3% in May from 63.5% in April 2014. Banks and institutional lenders, which are attracting higher quality borrowers unwilling to pay the high interest rates that alternative lenders, such as cash advance companies, are offering.

"As the economy improves, businesses are able to get funding from traditional sources, and they are less desperate. Thus, they no longer need to borrow at any cost. We are starting to see a flight away from short-term, high-cost money, such as cash advances. Many players continue to jump into this category, but they have missed the boat. Cash advance as a funding option may have indeed reached its peak," - 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 3,000 small business owners who applied for funding on Biz2Credit's online lending platform, which connects business borrowers with more than 1,100 lenders nationwide.