

Biz2Credit Small Business Lending Index Government Shutdown Halts Small Business Lending: Reports Significant Drop in Loan Approval Rates at Banks

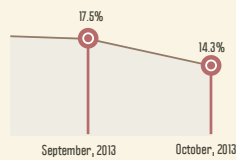
October 2013

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



Small business loan approvals

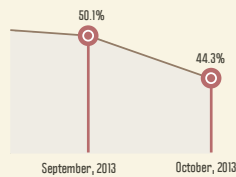
In a year-to-year comparison, big bank approval rates have decreased by more than 3 percent from the 14.8% approval rate in October 2012.



Loan approvals at Big banks

Small business loan approvals at big banks (\$10 billion+ in assets) dropped to 14.3% in October 2013, which is nearly 20 percent lower than its loan approval rates of 17.5% in September 2013.

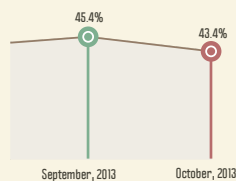
"SBA loan approvals stalled because the agency was not working for three weeks. Similarly, non-SBA could not be processed during the government shutdown because the IRS was shut down," – Biz2Credit CEO Rohit Arora,



Loan approvals at Small banks

Loan approval rates at small banks dropped from 50.1% in September to 44.3%, which marks the lowest approval rate since August 2011.

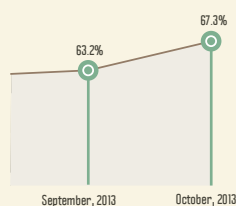
"Banks could not acquire income verification from the IRS during the shutdown, which is needed to approve many loan requests," – Biz2Credit CEO Rohit Arora,



Credit union approvals of small business loans

Further, credit unions, which had been on the lending rebound prior to the government shutdown, experienced a 4% decrease in approval rates in October 2013. Lending approval rates at credit unions fell to an all-time Index low of 43.4% in October from 45.40% in September.

"A major backlog of SBA loans from the shutdown will take months to process, and the debt ceiling debate could negatively impact small business lending even further in the coming months." – Biz2Credit CEO Rohit Arora,



Small business loan approvals by Alternative lenders

Meanwhile, alternative lenders seized the opportunity and picked up the slack in small business lending. Approval rates by alternative lenders increased to an Index high 67.3% in October 2013, up from 63.2% the previous month.

"Small business owners were desperate for capital during the shutdown and turned to alternative lenders, who were willing and able to provide money, but at a much higher interest rate than a bank or credit union would charge. The stop in the flow of capital came at a time of year when small businesses traditionally search for funding. The economy, which is still in the weak recovery phase, simply cannot sustain this kind of disruption." – 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.