

MARCH/2023

Biz2Credit Small Business Lending Index™

Small Business Bank Loan Approvals Dropped Dramatically in March Finds funding requests at banks declined after Silicon Valley Bank's collapse; borrowers had more success with non-bank lenders

Small business loan approval percentages at big banks slipped again, falling from 14.2% in February to 13.8% in March, according to the latest Biz2Credit Small Business Lending Index™ released today. This marks the lowest figure for big banks since July 2021.



Big Banks

Big banks slipped again, falling from 14.2% in February to 13.8% in March, according to the latest Biz2Credit Small Business Lending Index™ released today.

Total nonfarm payroll employment rose by 236,000 in March, and the unemployment rate changed little at 3.5%, according to the Jobs Report released by the Bureau of Labor

Statistics on Friday, April 7. Job gains continued

in leisure and hospitality, government, professional and business services, and health care. Many of these jobs are created by small businesses.

Monthly Comparison **-0.4%**

13.8%

March 2023

14.2%

February 2023

Yearly Comparison **-1.1%**

13.8%

March 2023

14.9%

March 2022

"The collapse of Silicon Valley Bank (SVB) shook the confidence of small business owners. Many of them rushed to take their deposits out of small and midsize banks. That development hurt the banks' ability to lend. Thus, it has become even harder for companies to secure capital," said Rohit Arora, CEO of Biz2Credit, one of the nation's leading experts in small business finance and fintech.

Arora noted that there was a big difference in the approval rates at banks during the first ten days before the Silicon Valley Bank (SVB) and Signature Bank collapses and the final days of March, when approvals plummeted as businesses pulled deposits from small and midsize banks."

Rohit Arora
Biz2Credit CEO



Small Banks

Small banks also dropped more than two percentage points from February's figure of 21.3% to 19.1% in March, according to the latest Biz2Credit Small Business Lending Index™ released today.

Monthly Comparison **-2.2%**

19.1%

March 2023

21.3%

February 2023

Yearly Comparison **-1.5%**

19.1%

March 2023

20.6%

March 2022

"Even though the large majority of small businesses did not lose their deposits, their faith in the banking system became shaken," Arora added. "Many SMBs moved their money out of smaller banks when they had amounts in excess of the \$250,000 FDIC insurance threshold. They put their money into bigger banks."

Rohit Arora
Biz2Credit CEO



Institutional Lenders

Institutional investors granted 26.5% of funding requests, up from 26.3% in February.

Monthly Comparison **+0.2%**

26.5%

March 2023

26.3%

February 2023

Yearly Comparison **+1.2%**

26.5%

March 2023

25.3%

March 2022

"Although small business owners won't get the level of service at big banks that they received at smaller banks, they will choose safety over service every time," he said.

"While the worst fears of small business owners may not be warranted, their confidence in the banking system has not been fully restored -- and it may not return for a while.

This hurts lending, and it is why small businesses are now experiencing a credit crunch."

Rohit Arora
Biz2Credit CEO



Alternative Lenders

Alternative lenders climbed to 28.4% in March, up from 27.9% in February.

Monthly Comparison **+0.5%**

28.4%

March 2023

27.9%

February 2023

Yearly Comparison **+1.8%**

28.4%

March 2023

26.6%

March 2022



Credit unions

Credit unions reversed a year-long decline in approval percentages by rising to 20.2% in March from 20.0% in February.

Monthly Comparison **+0.2%**

20.2%

March 2023

20.0%

February 2023

Yearly Comparison **-0.4%**

20.2%

March 2023

20.6%

March 2022

About the Biz2Credit Small Business Lending Index™

Biz2Credit analyzed loan requests from companies in operation for more than two years with credit scores above 680. The results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's platform.

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$7 billion in small business financing.

The company is expanding its industry-leading technology in custom digital platform solutions for banks and other financial institutions, investors, and service providers.

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