

Biz2Credit Small Business Lending Index™ Reports a Decrease in Loan Approval Rates at Banks and Credit Unions in February 2023

Business loan approval rates rose at Institutional
Investors and Alternative Lenders.

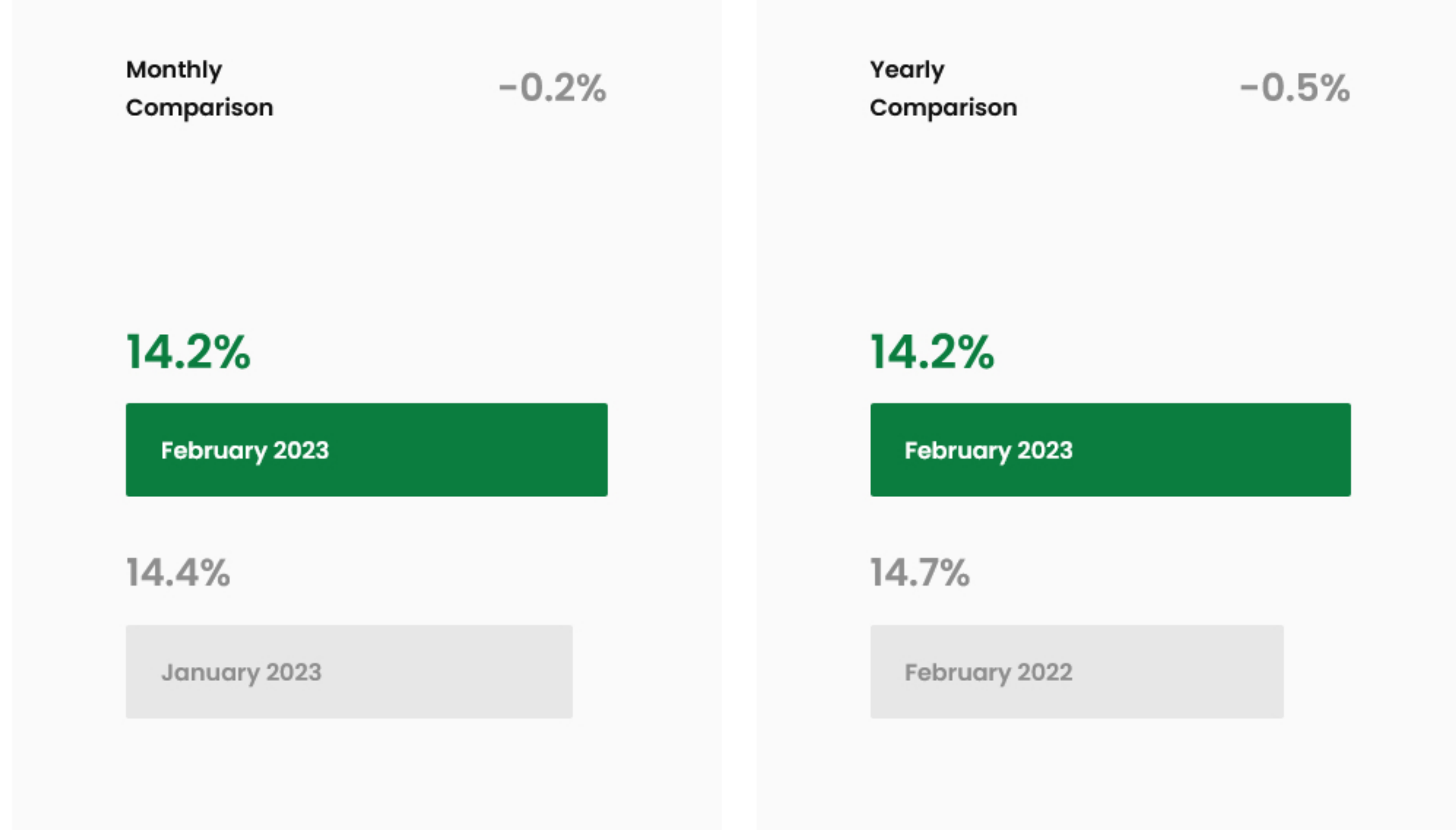


Big Banks ^②

Small business loan approval percentages at big banks slipped again, falling from 14.4% in January to 14.2% in February 2023, according to the latest Biz2Credit Small Business Lending Index™ released today. This marks the ninth consecutive month in which big bank approval percentages have declined.

Nonfarm payroll employment rose by 311,000 in February, and the unemployment rate edged up to 3.6%, according to the [Jobs Report](#) released by the Bureau of Labor Statistics on Friday, March 10. Notable job gains occurred in leisure and hospitality, retail trade, government, and health care. Many of these jobs are created by small businesses.

Biz2Credit analyzed loan requests from companies in business 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. To view the February 2023 Index [click here](#).



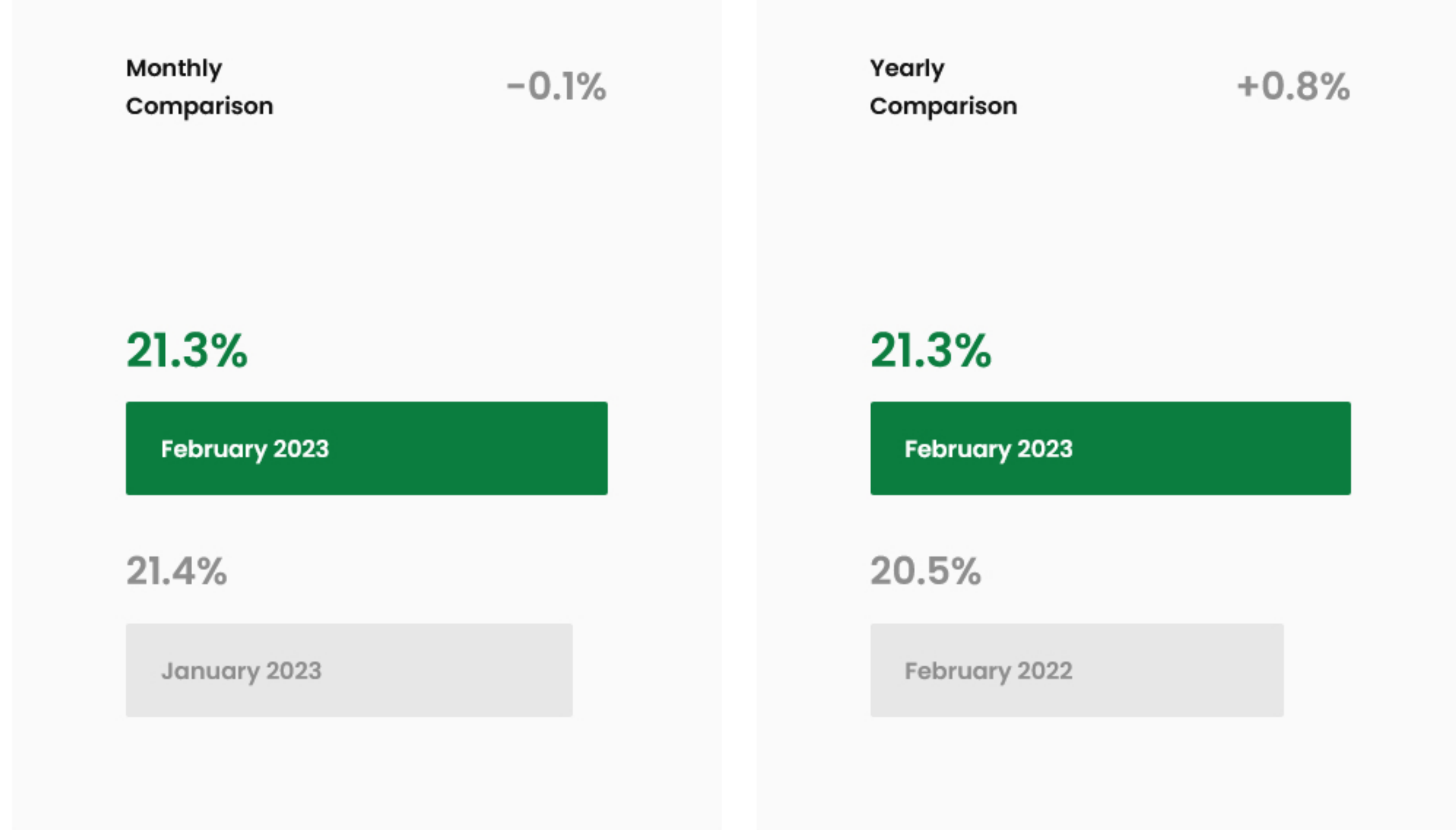
"February was not a great month for small business borrowers, and given the fallout from the [collapse of Silicon Valley Bank](#) (SVB), my fear is that it will be even harder for companies to secure capital," said Rohit Arora, CEO of [Biz2Credit](#), one of the nation's leading experts in small business finance and fintech. "Lending at big banks, which are the most financially stable institutions, has stalled for months. Given what has happened of late, small banks are going to be cautious in lending. There is a real danger that small businesses are about to experience a credit crunch."

Rohit Arora
Biz2Credit CEO



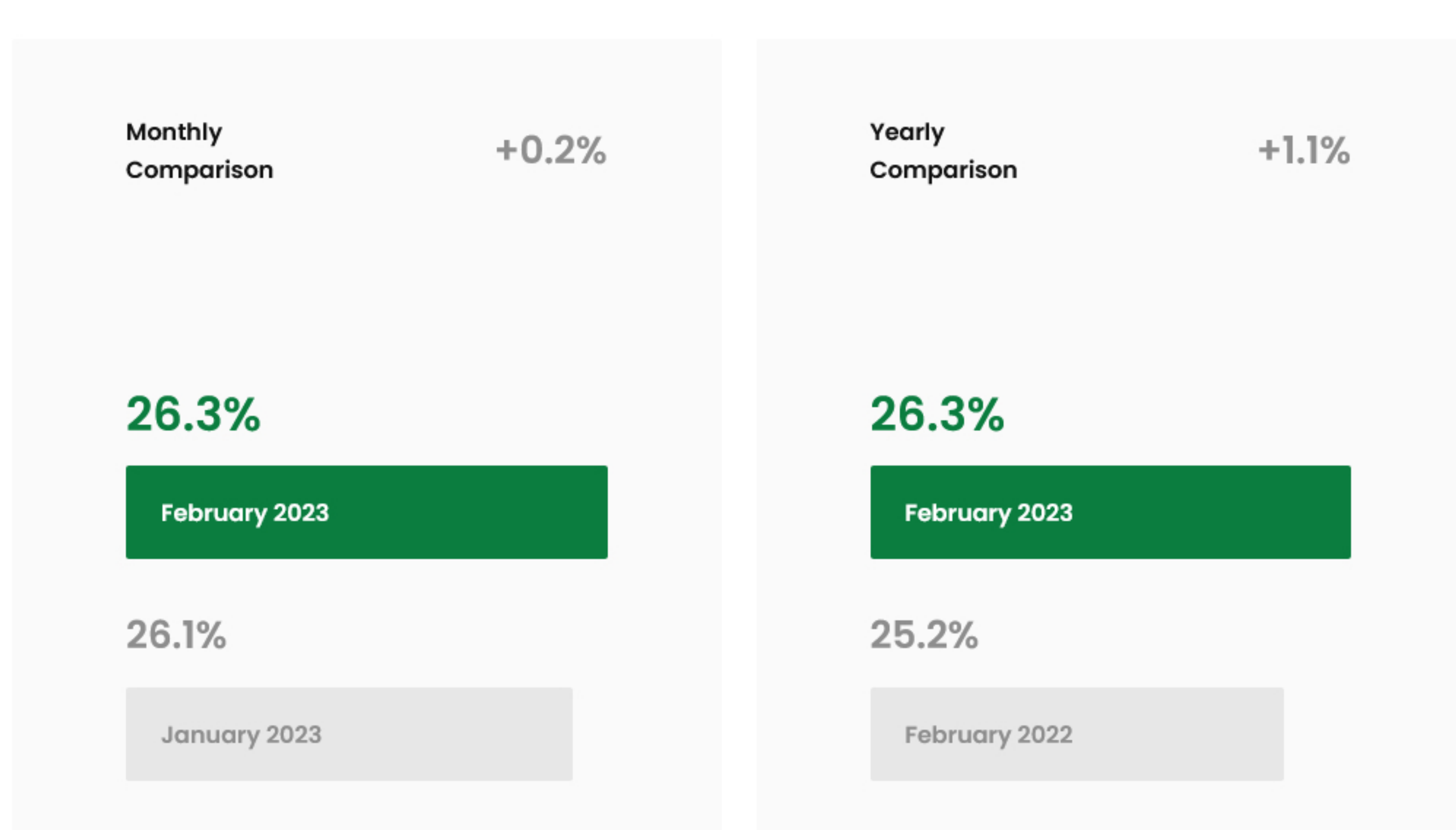
Small Banks ^②

Meanwhile, approval rates of business loan applications at small banks also dropped in February to 21.3%, down one-tenth of a percent from 21.4% the month prior.



Institutional Lenders ^②

Institutional lenders granted 26.3% of funding requests in February month, an increase from 26.1% in January.



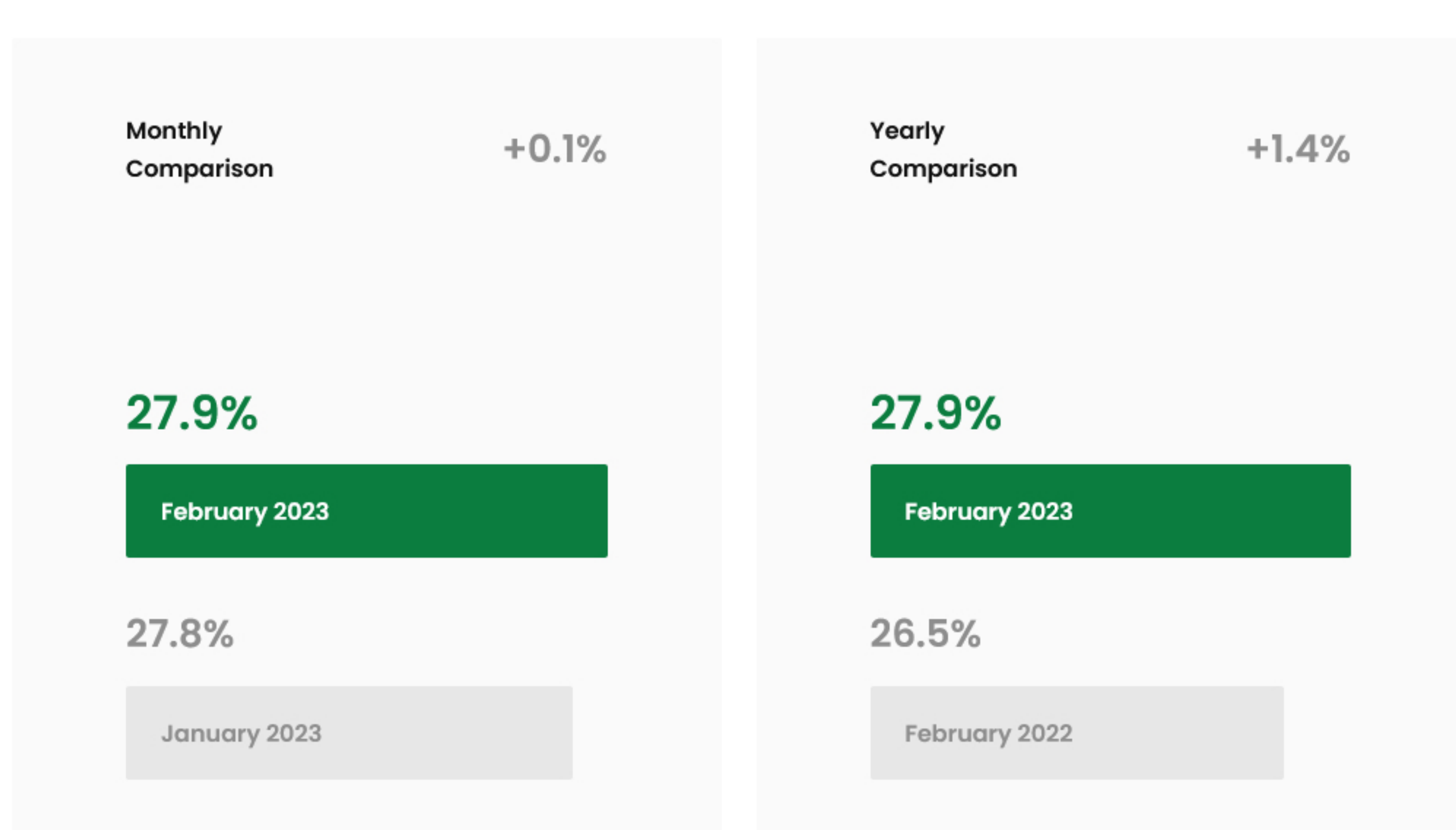
"Fed Chair Jerome Powell had signaled the likelihood of another hike in March, but that seems more difficult to do, given recent events," Arora added. "The high cost of capital, combined with stingy lenders, is a bad combination for small business borrowers."

Rohit Arora
Biz2Credit CEO



Alternative Lenders ^②

Among non-bank lenders, approval rates of alternative lenders were up slightly from 27.8% in January to 27.9% in February.



Credit Unions ^②

Small business lending approval rates at credit unions again declined. In February, credit unions approved 20.0% of applications, down one-tenth of a percentage from January. It's the second worst performance for credit unions since Biz2Credit began monitoring approval rates in January 2011. Only April 2020, the height of the COVID lockdowns of the economy, had a lower figure (18.1%).

