

Small Business Loan Approval Percentages Hit Record Highs for Banks and Institutional Lender in May, According to Biz2Credit Small Business Lending Index™

Strong Economy and Job Growth Reflected in Figures

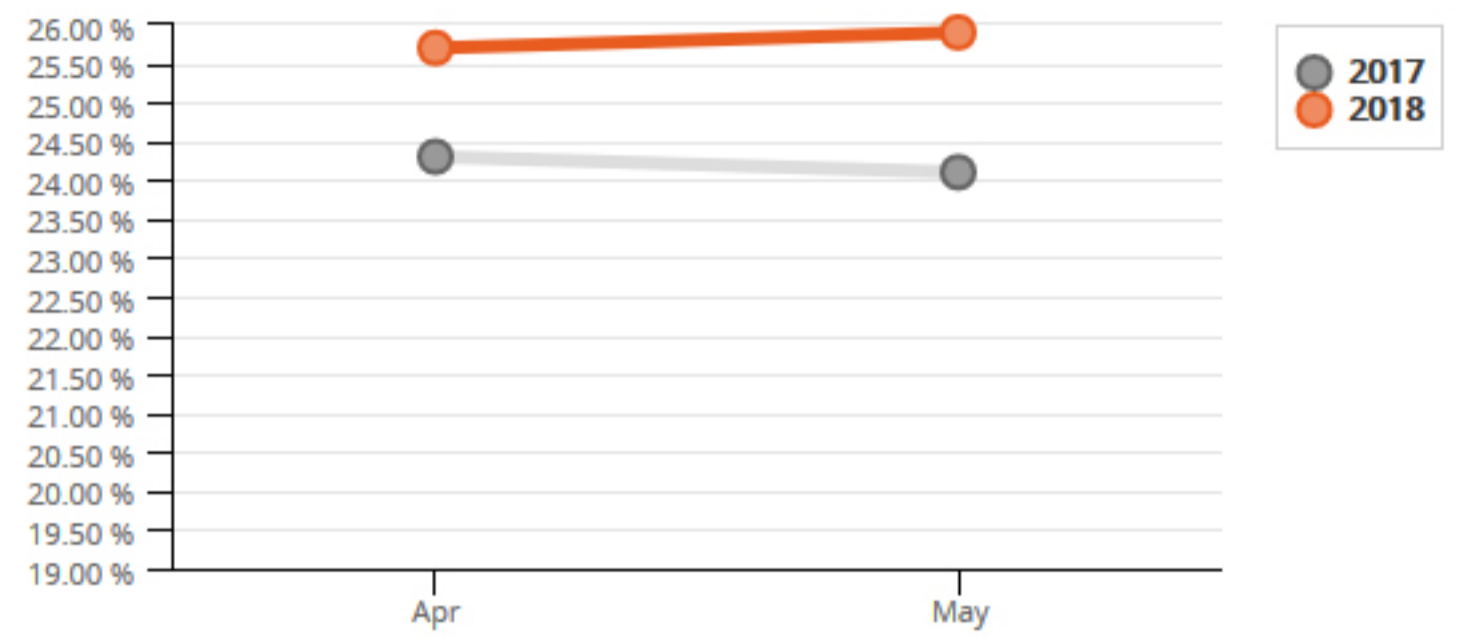
Small business loan approval rates for big banks (25.9%) continued the upswing with yet another new high in May 2018, according to the Biz2Credit Small Business Lending Index™ (May figures) released today. The monthly analysis examined more than 1,000 credit applications from small businesses on Biz2Credit.com.



Big Banks

Big banks (assets of \$10 billion+) are granting nearly three-in-ten small business loan applications, according to Biz2Credit figures. The **25.9%** approval percentage, up two-tenths of a percent from April 2018, represents a post-recession high point for big banks.

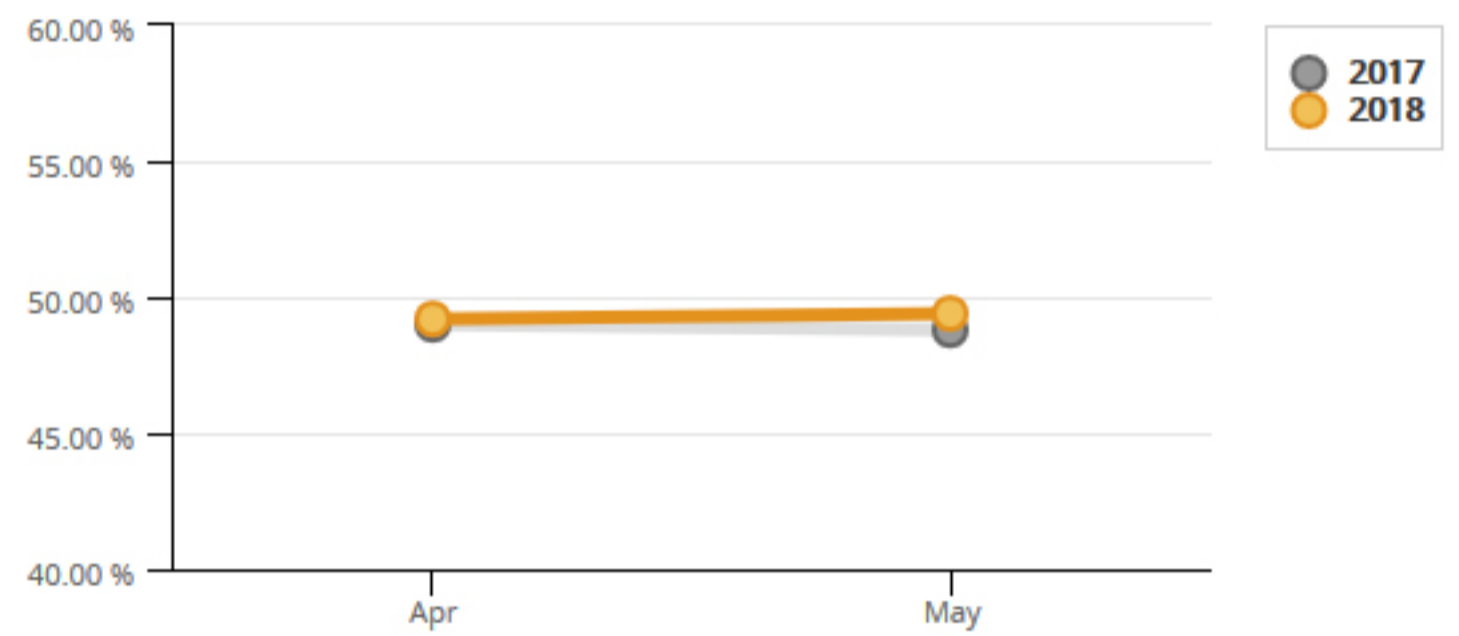
"May was another strong month for banks as they have benefitted from the overall strength of the economy," said Biz2Credit CEO Rohit Arora, who oversees the monthly report. "The unemployment rate hit an 18-year low, and average hourly pay rose 2.7 percent from a year prior. Notably, the Labor Department reported [employment in construction](#) continued on an upward trend in May with more than 25,000 new jobs created. There were also large increases in manufacturing, transportation and warehousing jobs. The U.S. economy is strong right now."



Small Banks

Small business loan approval rates rose at regional and community banks. Small banks granted **49.4%** of the funding requests they received in May, up two-tenths from April. It represents the highest figure for small banks since May 2015.

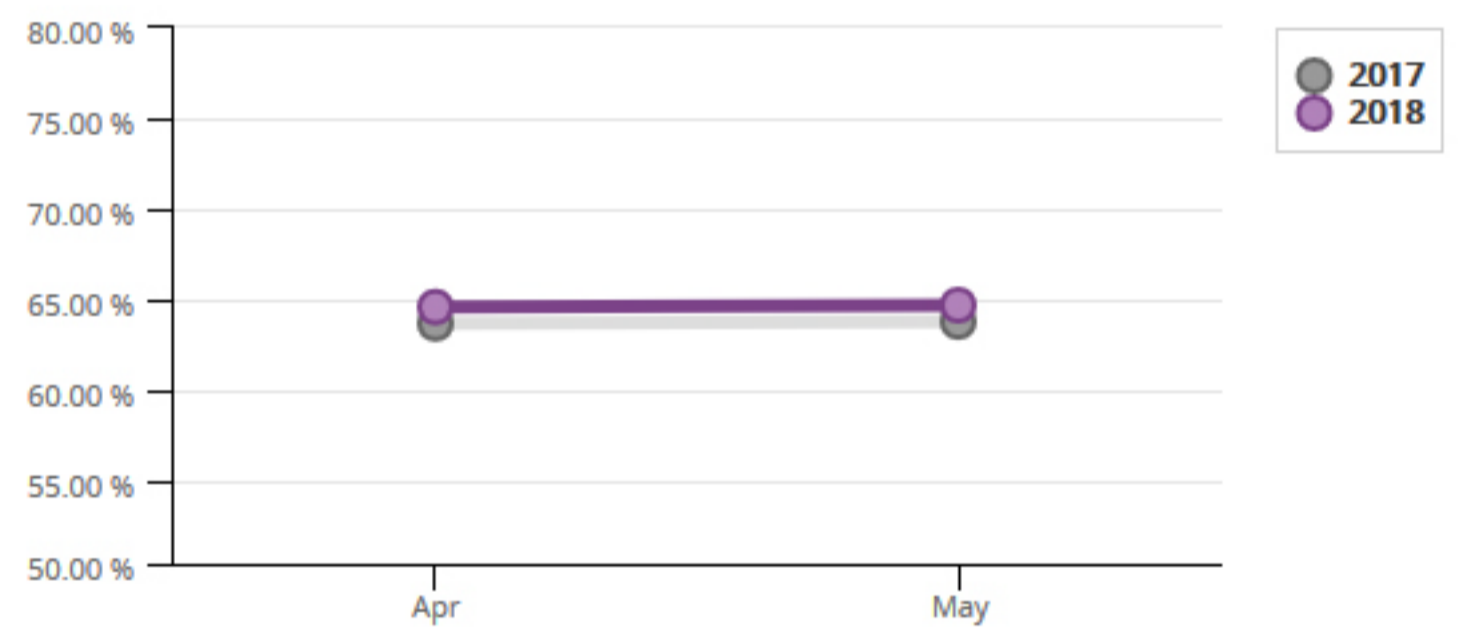
"Small banks make a lot of SBA loans, which help small businesses expand. Many of these companies are involved in manufacturing, transportation, and construction," Arora explained. "Small businesses involved in those sectors need capital for growth, and smaller banks are now granting nearly half of their loan applications"



Institutional Lenders

Institutional lenders set yet another new Index record **64.7%**, up one-tenth of a percent from April. These lenders (pension funds, insurance companies, and others), have become important players in small business lending.

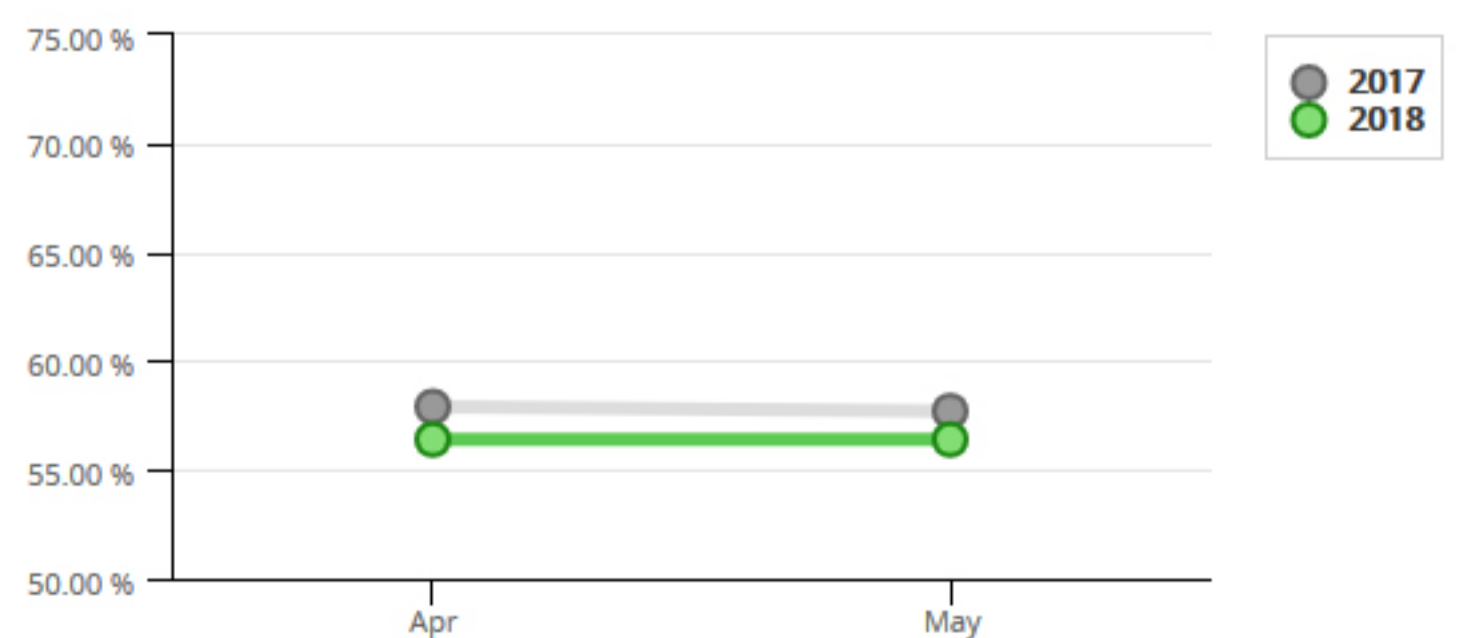
"Institutional investors are seeking high yields, and small business lending," Arora said. "Foreign investors are continuing to become involved. Small business lending is becoming a very important asset class for institutional lenders, who are able to offer funding at reasonable interest rates and term lengths."



Alternative Lenders

Loan approval rates among alternative lenders remained at **56.4%** from April. Approval percentages have slipped every month for almost two years, with the exception of a small uptick in November 2017.

"Even in a robust economy, there are still companies that don't qualify for traditional small business loans because they have not been in business long or have poor credit histories," Arora explained. "Alternative lenders fill this niche; they are willing to provide funding, albeit at higher interest rates."



Credit Unions

Credit unions approved **40.1%** of loan applications in May, a one-tenth of a percent drop from April, which had set a record low for the Biz2Credit Small Business Lending Index.

"Credit union lending to small business has stagnated," Arora said. "Not much has changed for them in the past couple of years."

