

Approval Rates at Big Banks, Institutional Lenders Hit New Highs, According to May 2015 Biz2Credit Small Business Lending Index™

Approval Percentages at Small Banks, Alternative Lenders and Credit Unions Continue to Falter

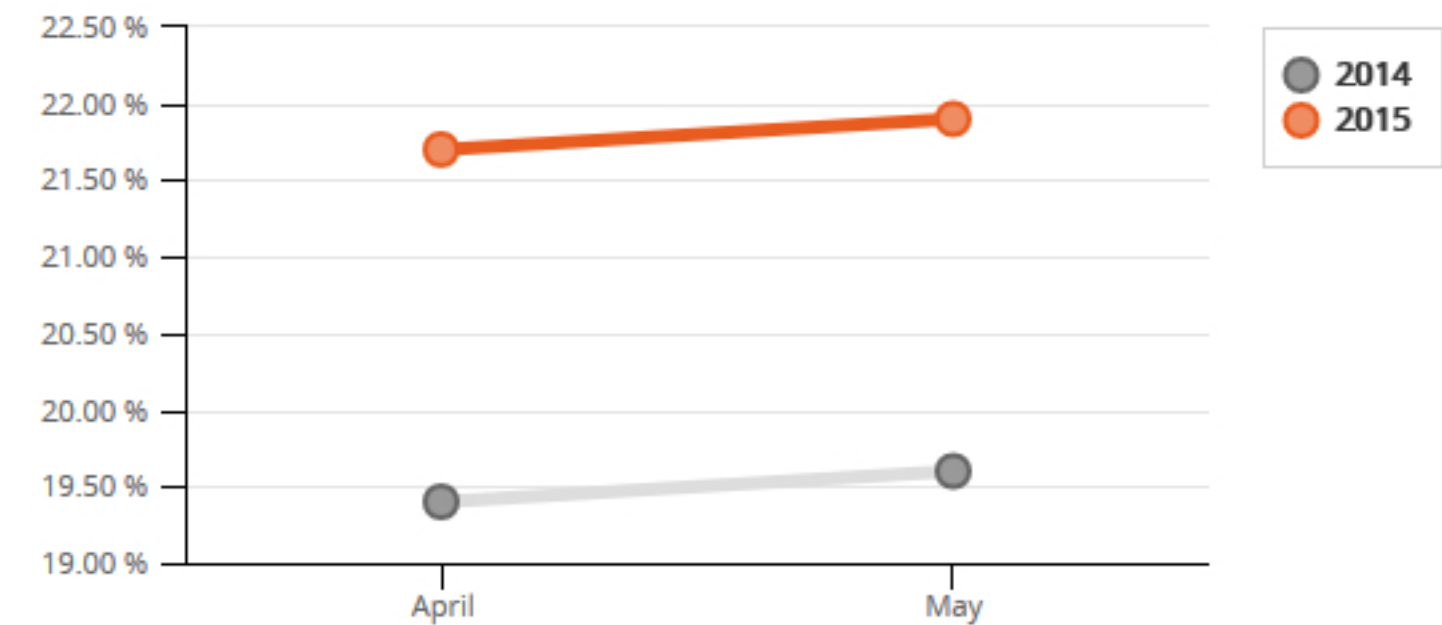
Small business loan approval rates at Big Banks and institutional lenders improved to new highs in May 2015, according to the Biz2Credit Small Business Lending Index, the monthly analysis of 1,000 loan applications on Biz2Credit.com.



Big Banks

Big Banks (\$10 billion+ in assets) approved **21.9%** of small **business loan requests** in May 2015, up from 21.7% in April, marking the seventh consecutive month that approval rates have increased in this category of lenders. A year-to-year comparison shows that loan approval rates are up approximately 12 percent.

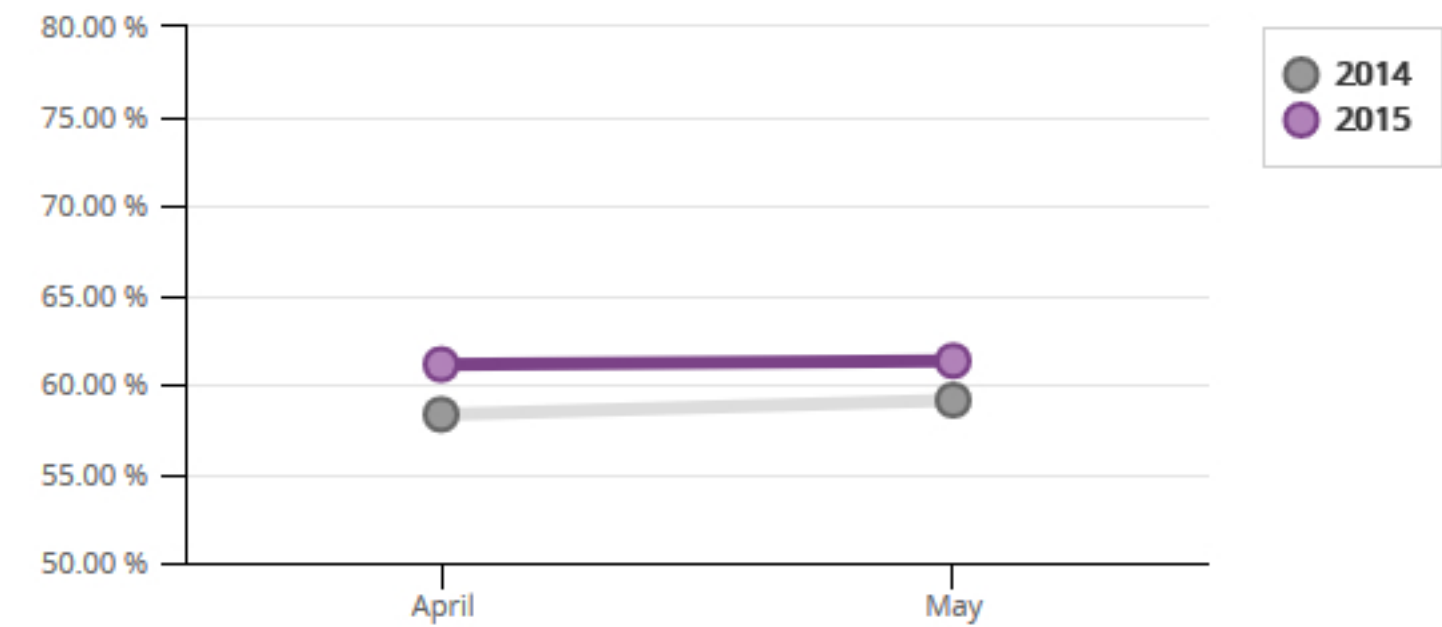
“Low interest rates continue to prevail. In fact, Big Banks are granting a higher percentage of small **business loan requests** than at any time since the recession," suggested Biz2Credit CEO Rohit Arora, who oversaw the research. "Lending to businesses remains to be a profitable component of bank portfolios when the loan amounts are substantial. Thus, it is a good time to borrow. Things won't stay like this forever."



Institutional lenders

Meanwhile, institutional lenders approved **61.3%** of funding requests by small business owners in May, up from 61.1% in April. For the first time in Index history, lending approval rates at institutional lenders are higher than alternative lenders, which consist of merchant cash advance companies, factors, and other non-bank lenders Approval rates by institutional lenders have increased each month ever since Biz2Credit began monitoring this category of lenders in January 2014.

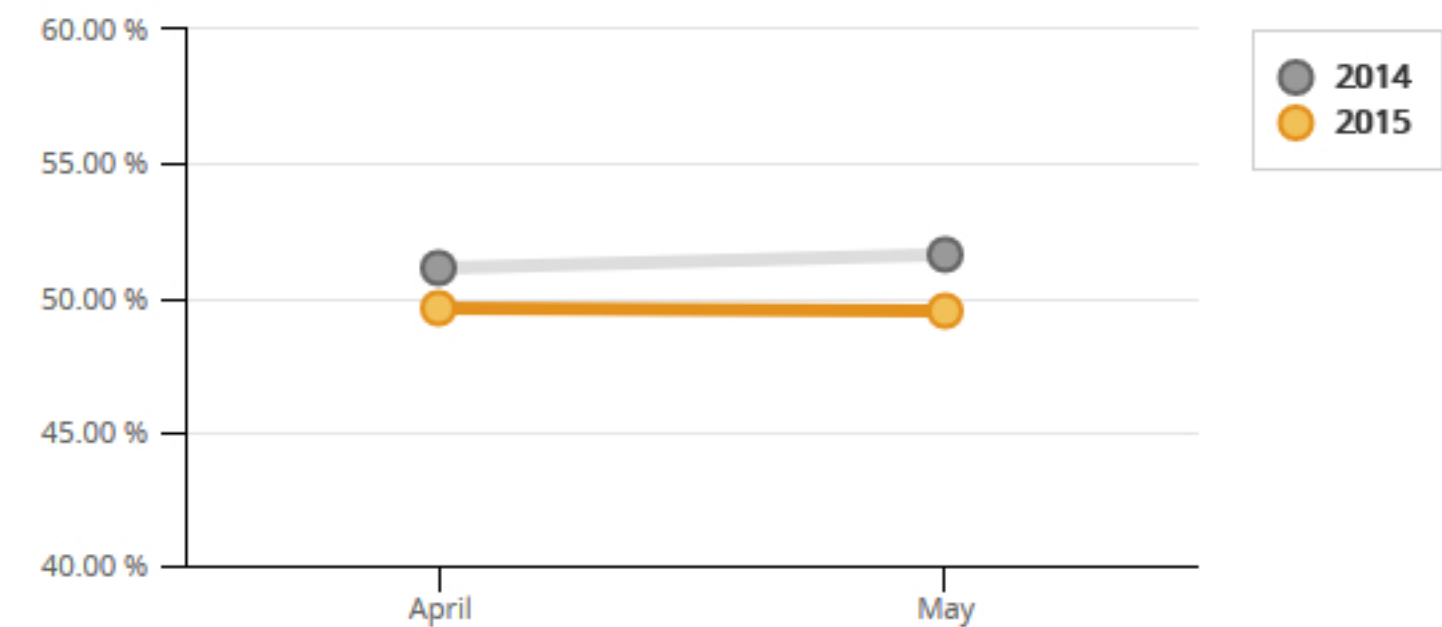
“Institutional lenders are establishing themselves as mainstream lenders in the small business marketplace and are continuing to replace cash advance companies, which typically charge interest rates that are simply too high," explained Arora, one of the nation's leading small business finance experts. "Institutional lenders are offering more attractive loan packages to businesses on marketplace lending platforms, such as Biz2Credit's. As a result, they are making funding deals with more creditworthy borrowers."



Small Banks

Lending approval rates at small banks dropped one-tenth of a percent in May to **49.5%** from 49.6% last month. For the seventh consecutive month, small banks have denied more than half of their loan requests. In the last year, loan approval rates at small banks have dropped in 10 of those months.

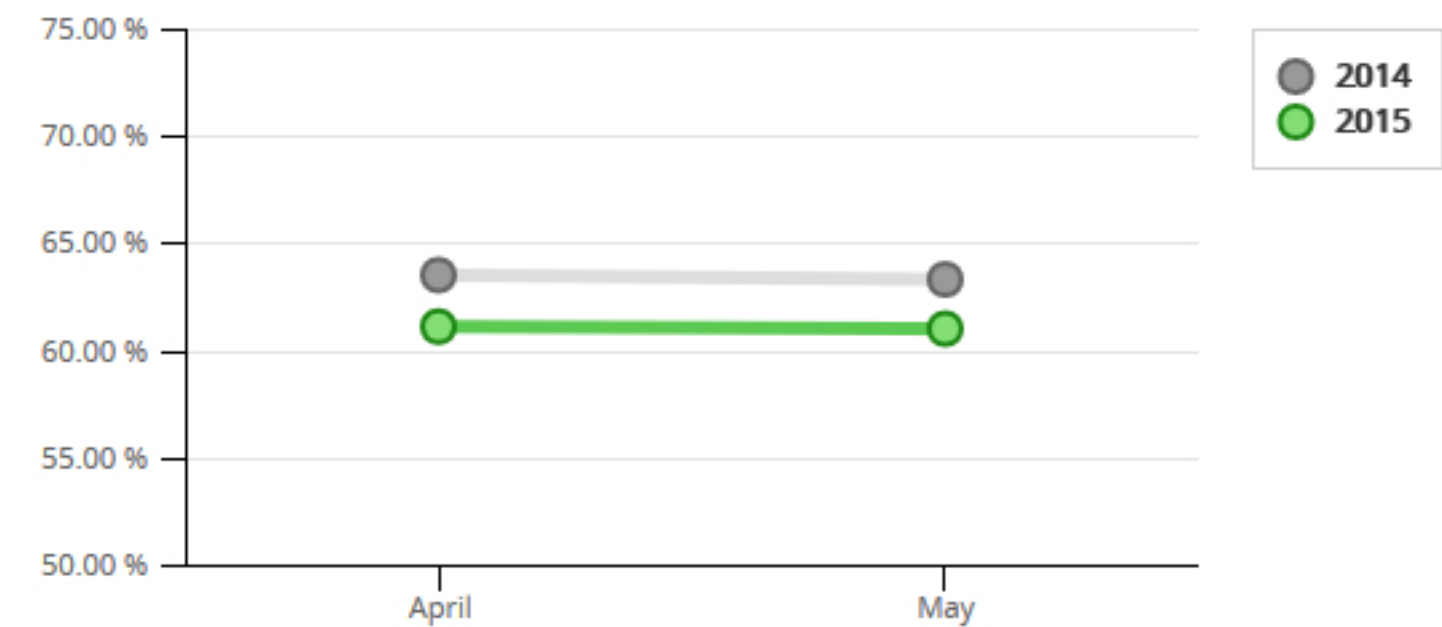
“Electronic lending marketplaces, such as Biz2Credit, process loan requests from business owners quickly; this works against small banks -- especially ones that are doing lots of SBA loans," explained Arora. "As the industry has evolved over the past few years, quick decision-making has become increasingly important. Small banks often are not technologically equipped to get loans done fast."



Alternative Lenders

Approval rates at alternative lenders dipped to an Index-low of **61%** in May, from 61.1% in April. Alternative lenders' approval percentages have declined each month since January 2014, coinciding with the emergence of institutional lenders in the small business lending marketplace.

“With the relatively strong economy, businesses are no longer forced to borrow at any cost," explained Arora. "Alternative lenders that charge substantially higher rates tend to be receiving requests from borrowers that are less creditworthy than others."



Credit Unions

Credit unions approved **43.1%** of loan applications in May, a slight improvement from 43% in April 2015.

“Credit unions have shown little momentum this year. They are still lagging in technological upgrades and hampered by the MBL cap that allows them to lend only 12.25% of their total assets," Arora said.

