

# Biz2Credit Small Business Lending Index™ for December Finds Loan Approval Rates Continue to Rise, But at Slow Pace

Approval Percentages at Big Banks, Small Banks, Institutional Lenders, Alternative Lenders and Credit Union Still Are Roughly Half of What They Were in December 2019



## Big Banks

Small business loan approval percentages at big banks (\$10 + in assets) increased from 14.2% in November to 14.3% in December. Two years ago, bank approval percentages were about double what they are today. Big banks approved 28.2% of loan requests, while small banks approved 50.6% of loan requests in December 2019. Non-bank lender percentages in 2019 were even higher: institutional lenders approved nearly two-thirds (66.2%) of applications, alternative lenders granted 56.3%, and credit unions approved 39.7%. Total nonfarm payroll employment rose by 199,000 in December, and the unemployment rate declined to 3.9%, according to the Jobs Report released by the U.S. Bureau of Labor Statistics on Friday, Jan. 7, 2022. Employment continued to trend up in leisure and hospitality, in professional and business services, in manufacturing, in construction, and in transportation and warehousing, according to the report. Many of these jobs are created by small businesses. “Markets don’t like uncertainty, and with the pandemic taking unpredictable turns, uncertainty persists right now,” he continued. “Normalcy has not returned yet because the virus hasn’t allowed it. We thought with vaccination that COVID would lessen as a problem, but that didn’t happen. We didn’t expect the small business economy to stall for so long, and we certainly did not predict the inflation we are seeing.”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 report for December 2021.

“Banks and most non-bank lenders alike saw their loan approval percentages rise in December, with the exception of credit unions,” said Rohit Arora, CEO of Biz2Credit, one of the nation’s leading experts in FinTech and small business lending. “Approval percentages are rising slower than expected. Loan approval rates remain far below pre-COVID approval levels of December 2019, just two years ago.”

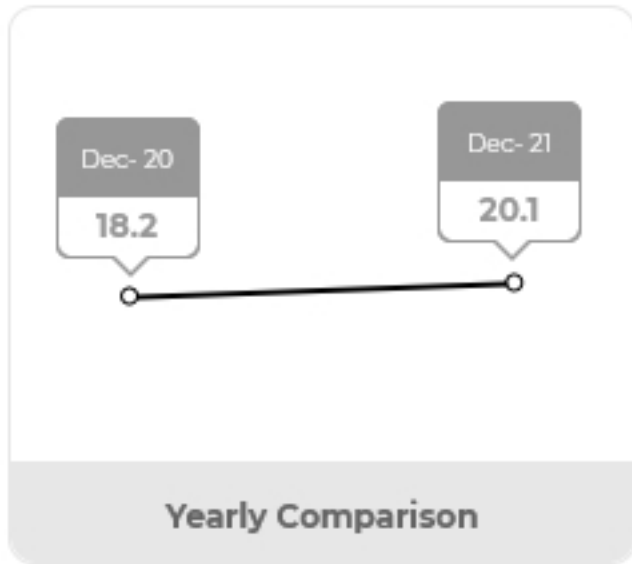


Rohit Arora, Biz2Credit CEO



## Small Banks

Small banks’ approvals also rose from 19.9% in November to 20.1% in December, according to the latest Biz2Credit Small Business Lending Index™ released today.



## Institutional lenders


Among several categories of non-bank lenders, approval percentages also climbed. Institutional lenders approved 24.9% of funding requests in December, up one-tenth of a percent from 24.8% in November.



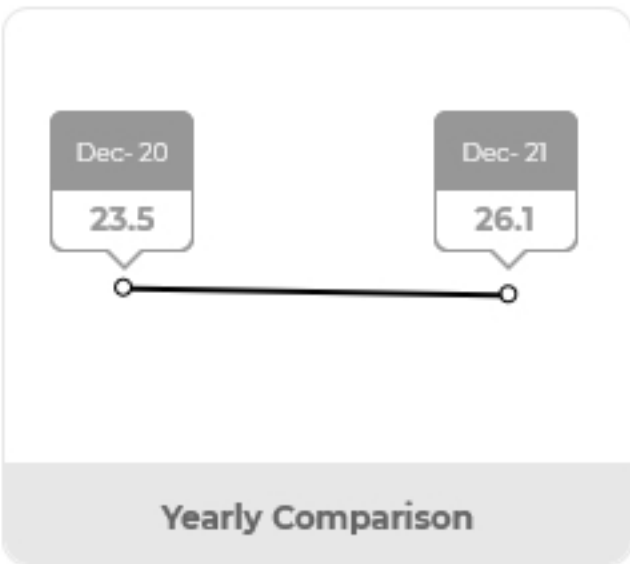
## Alternative lenders

Alternative lenders’ approval rates rose from 25.8% in November to 26.1% in December.

“After PPP, bank activity in small business lending has been slow. In 2022, however, with government lending programs ending and interest rates expected to rise, it will become more lucrative for banks to lend again. Activity should pick up this year,” Arora said.



Rohit Arora, Biz2Credit CEO



## Credit unions

Credit unions approved 20.6% in December, the same percentage as in the previous two months.

Arora said that some types of businesses are doing well: IT, financial services, and anything that does not require a lot of human interfacing. Meanwhile, he said restaurants, hotels, entertainment venues, and the cruise industry are still struggling and will likely do so until the coronavirus gets under control.



Rohit Arora, Biz2Credit CEO

