

Small Business Loan Approvals at Big Banks Hit New High; Other Categories of Lender Dip Slightly, According to Biz2Credit Small Business Lending Index™

Lending Atmosphere Still Solid for Small Business Borrowers

The loan approval percentage for **small business credit** applicants hit a record high of 27.2% at big banks (\$10 billion+ in assets) in February, while approval rates at small banks, alternative lenders and credit unions dipped slightly, according to the Biz2Credit Small Business Lending Index™ for February 2019.



Big Banks

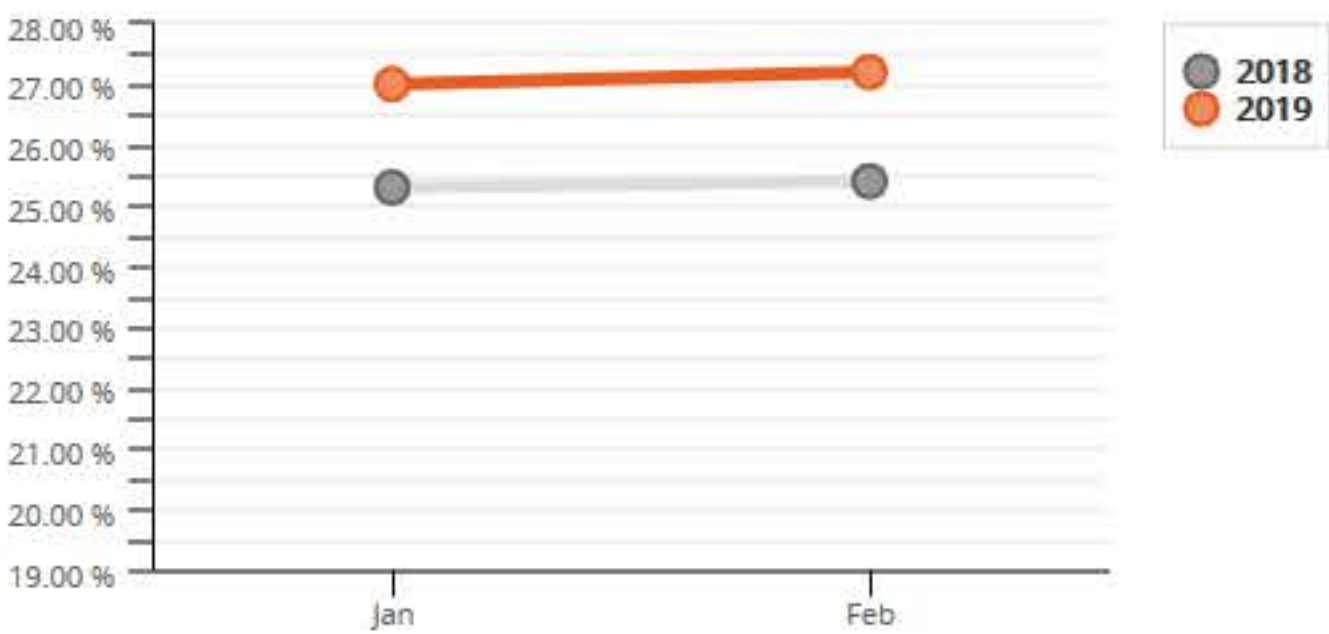
"After two months at an even 27%, the approvals by big banks climbed a bit at big banks in February."

"In an [interview with 60 Minutes](#) on Sunday, March 9, Federal Reserve Chair Jerome Powell told Scott Pelley: "What's happened in the last 90 or so days is that we've seen increasing evidence of the global economy slowing down. We're going to wait and see how those conditions evolve before we make any changes to our interest-rate policy. "

"We see the economy as in a good place. We think that the outlook is a favorable one. Inflation is muted and our policy rate we think is in an appropriate place," added Powell, who has overseen four interest rate hikes during his tenure. "I think growth this year will be slower than last year. Last year was the highest growth that we've experienced since the financial crisis... I expect that growth will continue to be positive and continue to be at a healthy rate."

"Overall, the cost of capital is relatively low, small businesses are looking to secure capital, and for many companies, their recent financial performances have made them creditworthy borrowers," said Biz2Credit CEO Rohit Arora, who oversees the monthly research derived from more than 1,000 small business credit applications on his company's online lending platform."

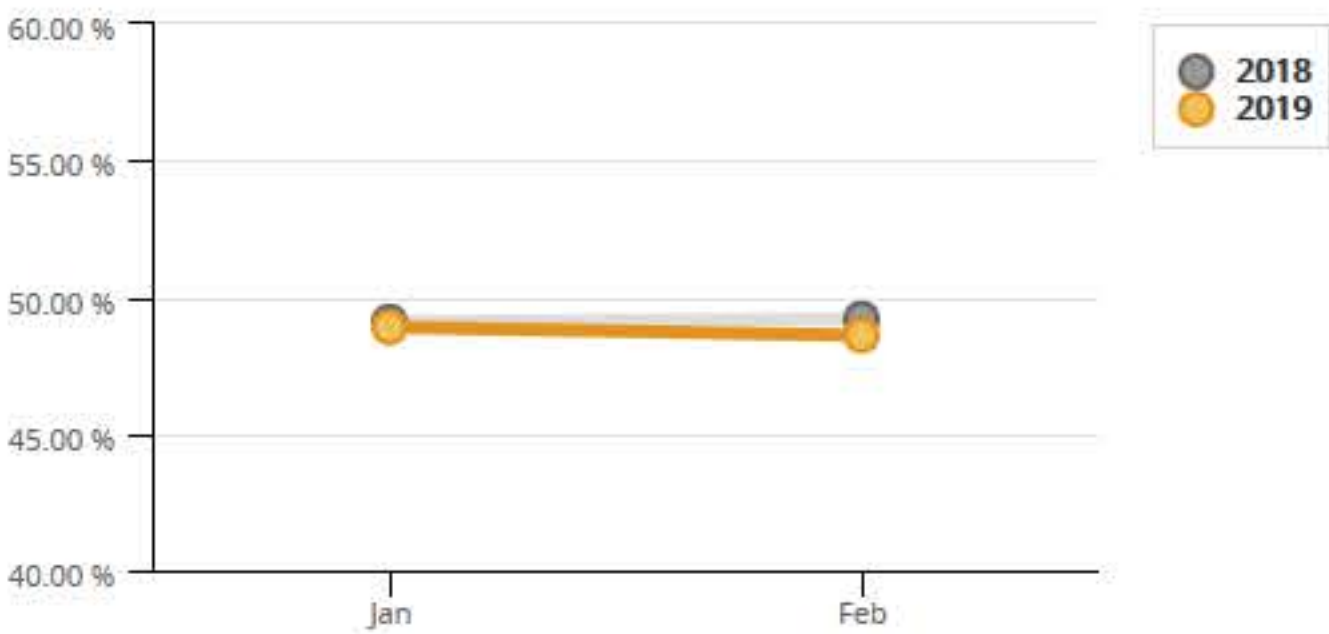
"The Federal Reserve has slowed its trend of incremental interest rate hikes, which is good news for borrowers," said Arora, one of the nation's leading experts in small business finance. "Money is flowing to small business borrowers, while the cost of capital is still reasonable - especially traditional bank loans."



Small Banks

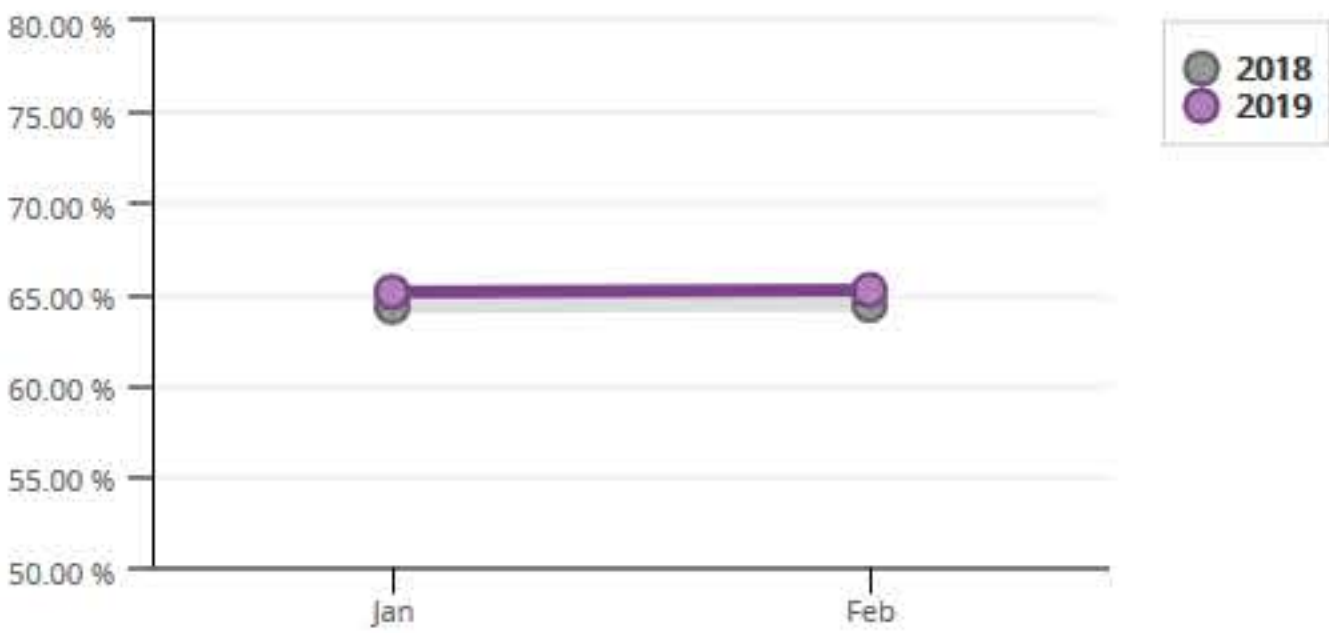
Small bank approvals of small business loan applications dropped two-tenths of a percentage point from 49.8% in January to **48.6%** in February.

" Meanwhile, the Jobs Report released on March 8, saw a stunning drop in job creation - just 20,000 new jobs, which may be an indication that business growth may be slowing a bit. The [NFIB Small Business Optimism Index](#) slipped by 3.2 points in January, as business owners expressed concern about future economic growth. However, optimism remains well above the historical average and was a reflection of the uncertainty during the 35-day government shutdown, according to the NFIB."



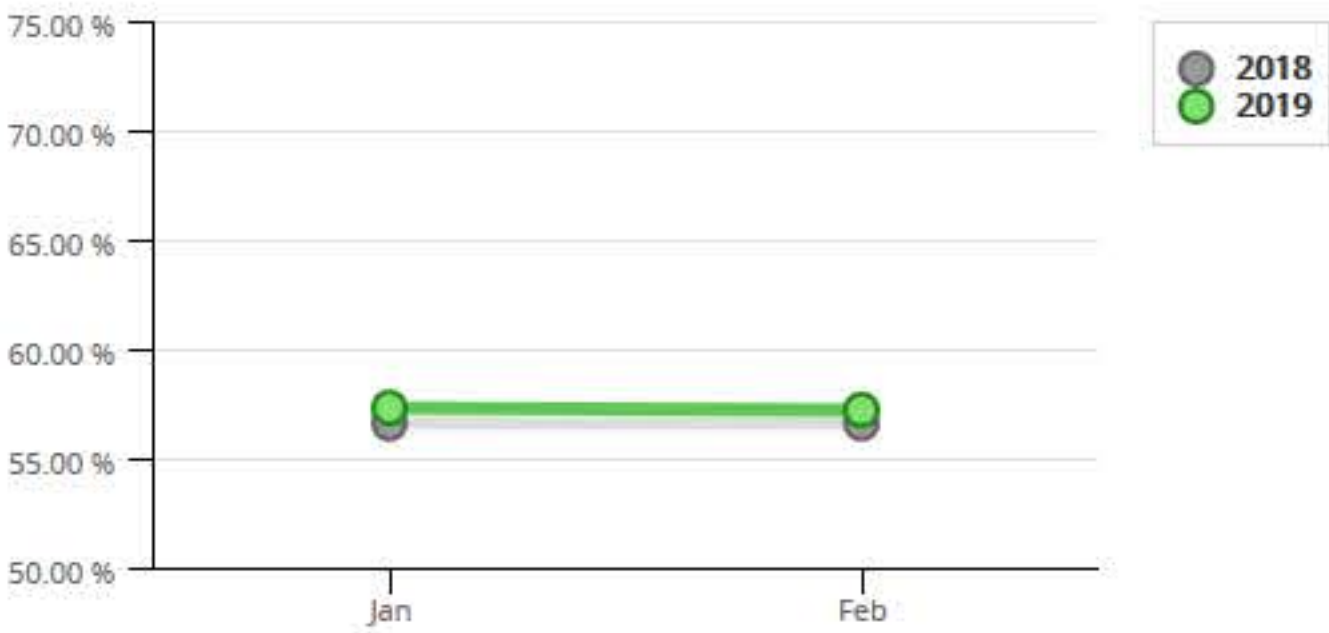
Institutional lenders

Institutional lenders climbed up to 65.2%, up a notch from 65.1 % in January.



Alternative Lenders

Loan approval rates among **alternative lenders** dipped from **57.3%** in January to **57.2%** in February, a one-tenth of a percent drop.



Credit Unions

Credit unions approvals dipped slightly from 40.3% in January to **40.2%** of loan applications in February.

"The economy is still solid, and overall the approval rates for small business loans in February were stable," added Arora, who oversees the Biz2Credit research. "There are no major macro issues in the economy right now. Although 2019 may not be as good as 2018, we are still in very good economic times. This is beneficial for small business owners in search of capital."

