

# Government Shutdown Slows SBA Lending Volume, But Approval Percentage Dip Only Slightly in January, According to Biz2Credit Small Business Lending Index™

## Overall Economic Strength Still Bodes Well for Small Businesses in Search of Capital

Although the U.S. Small Business Administration (SBA) was closed for most of January because of the government shutdown, the percentage of SBA loan approvals dropped by just one percent in January at regional and community banks, which process the bulk of the government-backed loans.



### Big Banks

Small business loan approval rates for **big banks** remained at a record high **27%** in January 2019, according to the Biz2Credit Small Business Lending Index™, which examines more than 1,000 small business credit applications made via its online lending platform.

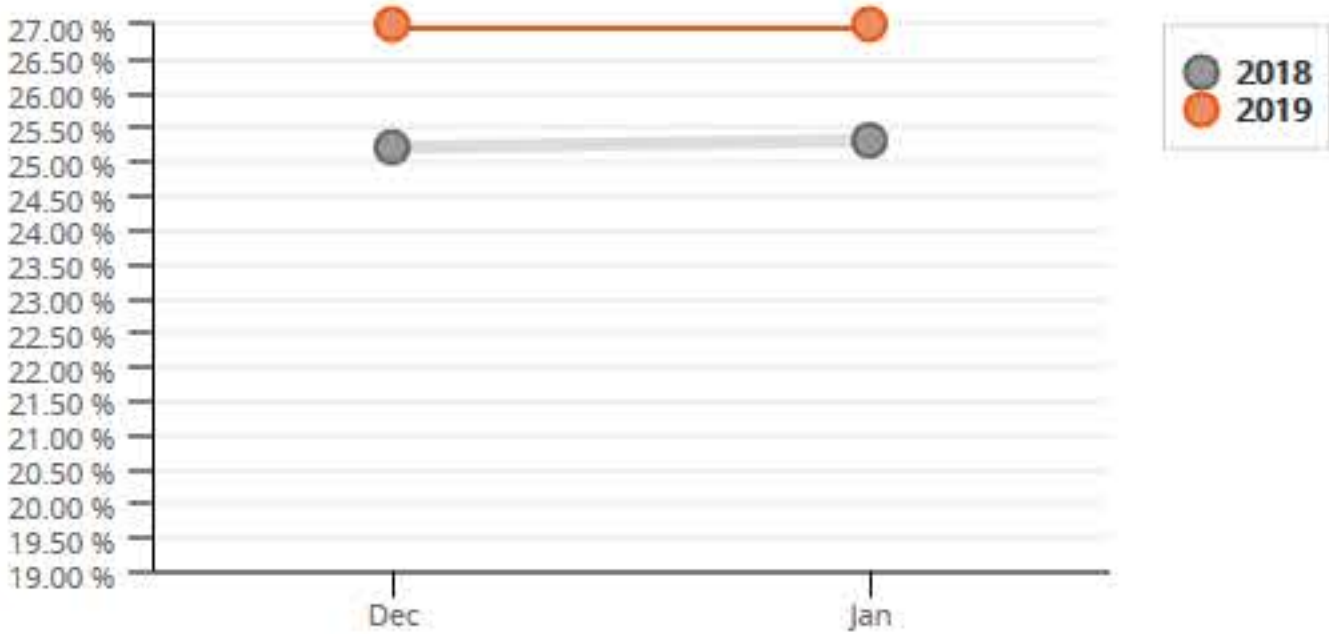
"Beth Goldberg, Director of SBA's New York District, the agency's largest of 68 offices across the country, said that SBA processed more than 1,100 7(a) loans worth half a billion dollars in its first week back after the shutdown.."

"Our top priority was and continues be to working with SBA lenders to approve and process small business loans to get capital into the hands of the businesses that need it," Goldberg said. "Remember that through the shutdown, SBA's Resources Partners - [Small Business Development Centers](#), [SCORE Chapters](#) and [Women's Business Centers](#) continued to work with entrepreneurs, counseling them on all aspects of their businesses."

"Goldberg added that since reopening on January 28th, her office has guaranteed more than 200 SBA loans worth \$59.3 million. "

"Meanwhile, the Jobs Report released on Feb. 1 saw an unexpected rise in job creation, and Federal Reserve opted not to raise interest rates at its first meeting of the year. "

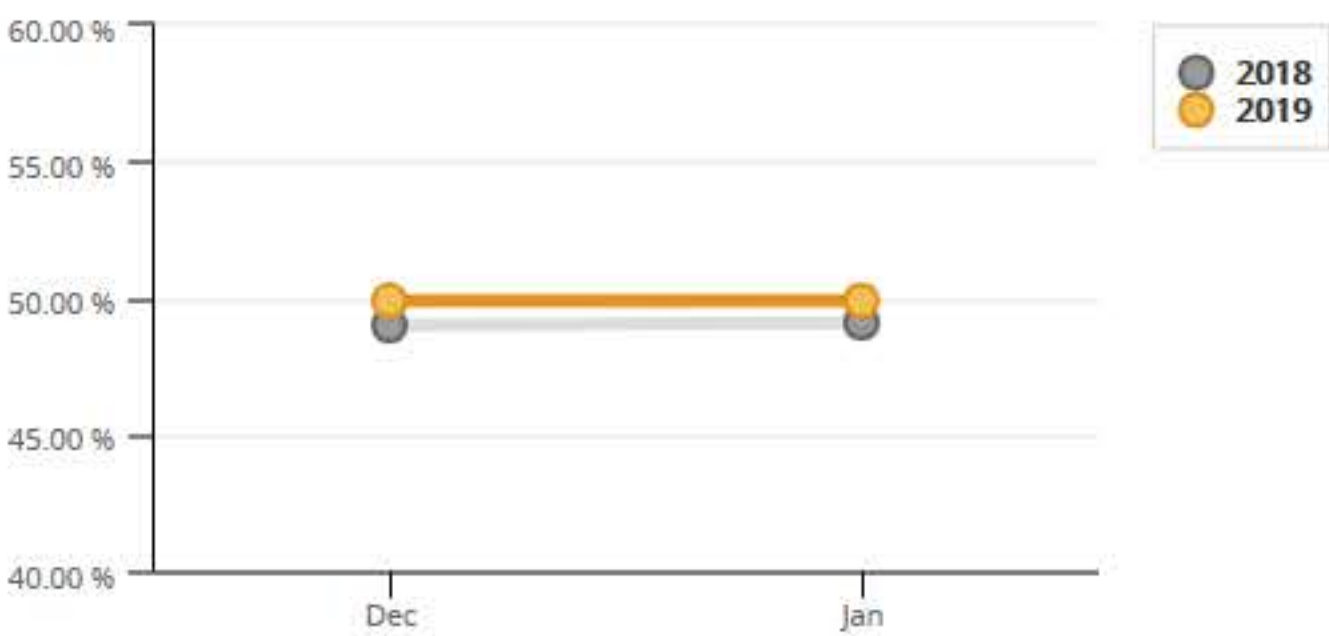
"The government shutdown ultimately did not have a major impact on small business lending," said Biz2Credit CEO Rohit Arora, one of the nation's leading experts in small business finance. "There are still hurdles, however. Many companies are waiting for SBA loans that have not yet been processed."



### Small Banks

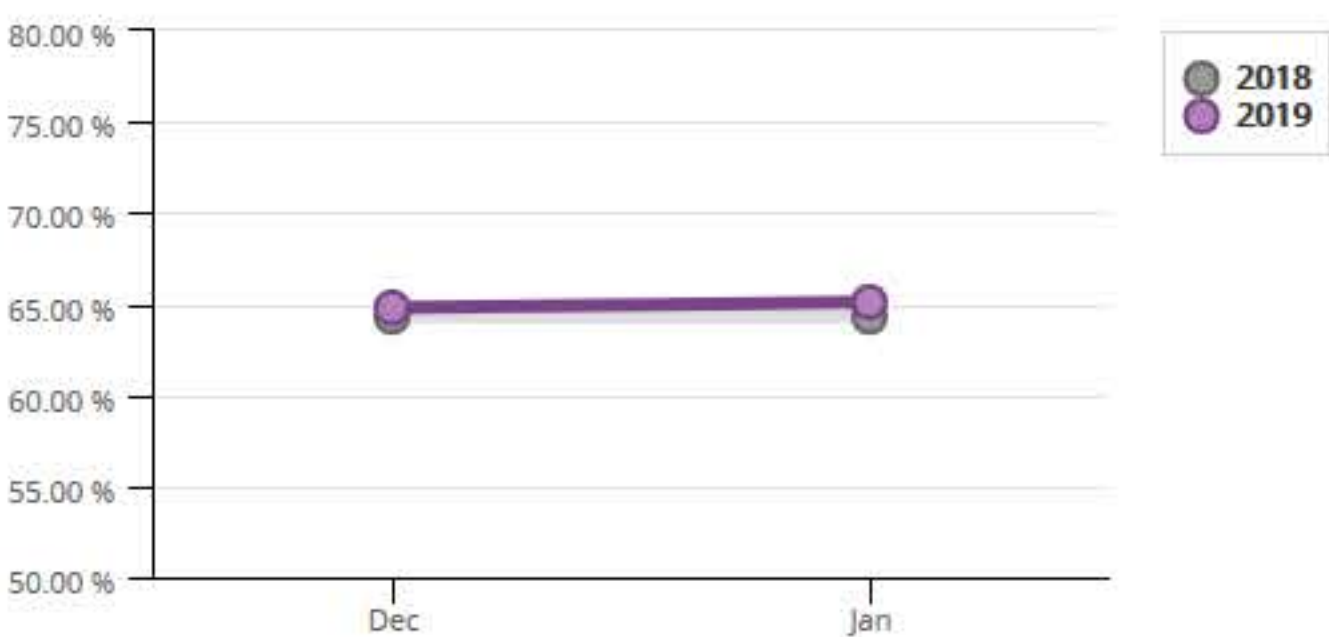
Business loan approval rates dropped three-tenths of a percent at regional and community banks in December 2018. **Small bank** approvals dropped a full percentage point from 49.9% in December 2018 to **48.9%** in January.

" Overall, the economy is still performing well on many levels,"added Arora, who oversees the research. "This is beneficial to the small business lending market."



### Institutional lenders

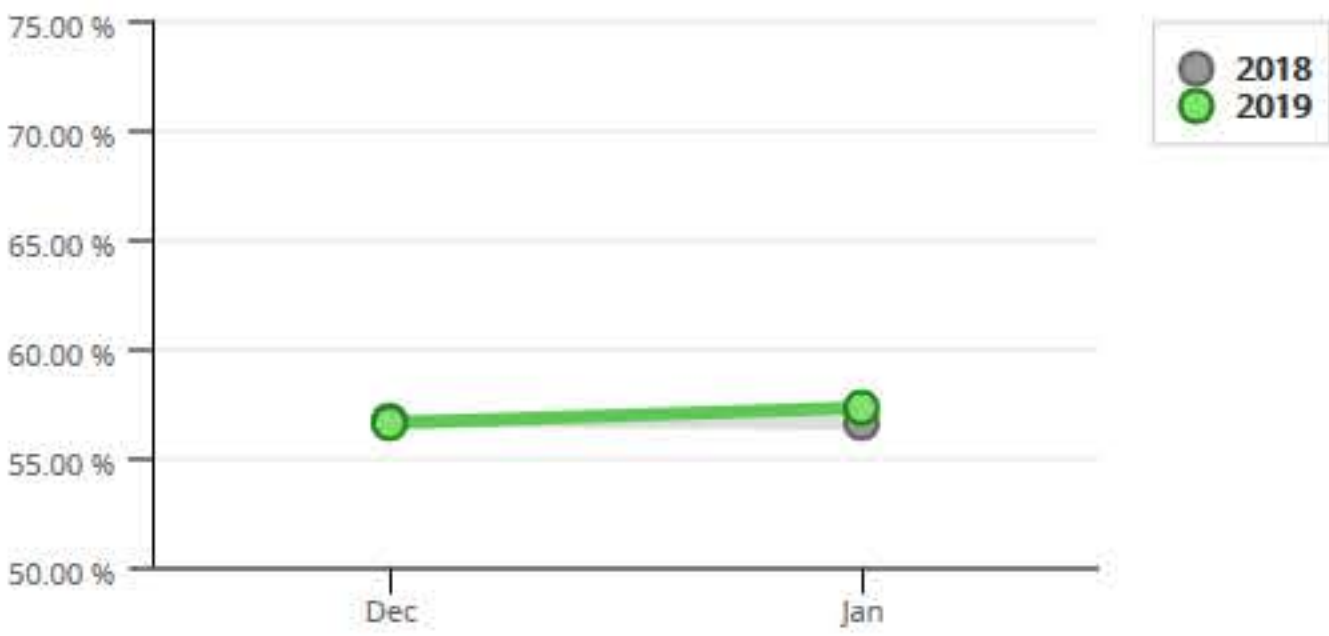
**Institutional lenders** climbed up to **65.1%**, a jump of three-tenths of a percent from December's mark of 64.8%.



### Alternative Lenders

Loan approval rates among **alternative lenders** rose from 56.6% in December to **57.3%** in January, a jump of seven-tenths of a percent.

"As [SBA lending](#) stalled during the shutdown, alternative lenders took advantage of the opportunity by lending money to business owners in need of quick capital," Arora explained. "Non-bank lenders fill the gaps many times for borrowers who cannot get money from traditional sources."



### Credit Unions

**Credit unions** approvals increased to **40.3%** of loan applications in January, up one-tenth of a percentage from December, according to the Biz2Credit Index.

"Despite the government shutdown, January was a solid month for small business lending," Arora said. "

