

Small Business Loan Approval Rates at Big Banks Reach New Record in January 2020: Biz2Credit Small Business Lending Index™



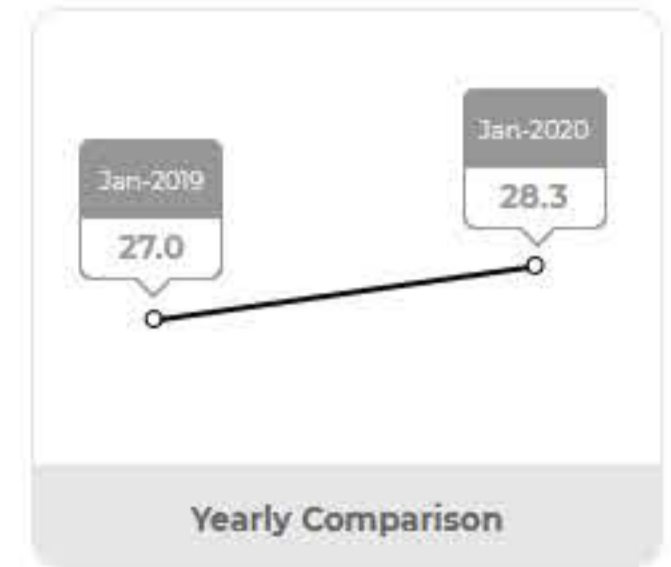
Big Banks

The approval percentage for small business loan applications at big banks (\$10 billion+ in assets) rose one-tenth of a percent to reach 28.3% in January 2020, setting another new post-recession record high, according to the Biz2Credit Small Business Lending Index™ released today. According to the Bureau of Labor Statistics' Jobs Report, 225,000 new jobs were created in January, and employment rose slightly to 3.6% because labor force participation rate increased to 63.4%. Many of these jobs are created by small businesses. Meanwhile, new U.S. jobless claims fell to 202,000, a 50-year low, while private payrolls soared by 291,000 in January, the largest gain in nearly five years. Small businesses are investing, expanding, and creating new jobs, and more underrepresented Americans are experiencing upward economic mobility as a result. Income inequality is shrinking, and wages are rising fastest among workers who have historically been left behind, including low-income women, African Americans and Latinos," said SBA Administrator Jovita Carranza. "Today's jobs report is welcome news for America's 30 million small businesses.

"The economy is strong, and optimism among small business owners is high, which creates a fertile atmosphere for small business lending," said Biz2Credit CEO Rohit Arora, who oversees the monthly research. "Interest rates remain low, which is encouraging to small companies seeking debt financing for their growth plans. The bottom line is that if your business performed well in the past two years, banks will be willing to lend."



Rohit Arora, Biz2Credit CEO



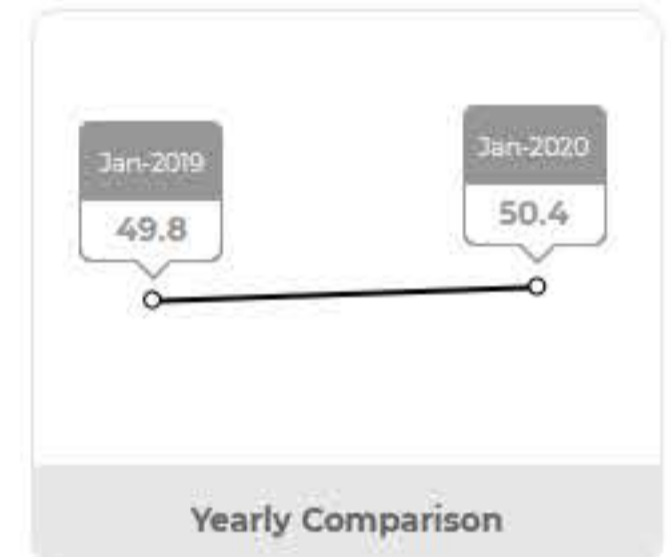
Small Banks

The approval rate at small banks dipped two-tenths of a percent from 50.6% in December to 50.4% in January.

"Smaller banks because they process more SBA loans, and many SBA lending partner banks are likely to wait for 2019 tax returns to be filed before granting loans," Arora explained. "This is a slight blip that happens every year in the first quarter. All signs indicate another strong year for small business growth."



Rohit Arora, Biz2Credit CEO



Institutional lenders

Institutional lenders' approval rates rose two-tenths of a percent from December's figure of 66.2% to 66.4% in January 2020.

"Institutional lenders keep expanding in the small business lending marketplace. They are able to offer funding at attractive interest rates and terms," Arora said.



Rohit Arora, Biz2Credit CEO



Alternative lenders

Small business loan approval rates among alternative lenders dipped from 56.3% in December 2019 to 56.1% in January 2020.

"Alternative lenders provide funding to companies that otherwise might not be able to secure financing from traditional bank lenders," Arora said. "They are good at providing capital during for companies that are in a cash crunch."



Rohit Arora, Biz2Credit CEO



Credit unions

The approval percentage rate for credit unions reached a new record low of 39.6% in January, down one-tenth of a percent from December.

"Credit unions are struggling in small business lending. There is no doubt that they must change the way they conduct business and upgrade their technology or partner with FinTech firms. Otherwise, I can't see them surviving," said Arora, who oversees the Biz2Credit research. "Credit unions should be able to process digital loan applications to keep up with the current lending marketplace."



Rohit Arora, Biz2Credit CEO

