

Small Business Loan Approvals at Big Banks Hit New High: Biz2Credit Small Business Lending Index™

Credit Union Lending Percentages Drop to Historic, Post-Recession Low

The approval percentage for **small business loan** applicants hit a record high of **27.3%** at big banks (\$10 billion+ in assets) in March, up one-tenth of a percent from February, according to the Biz2Credit Small Business Lending Index for March 2019.



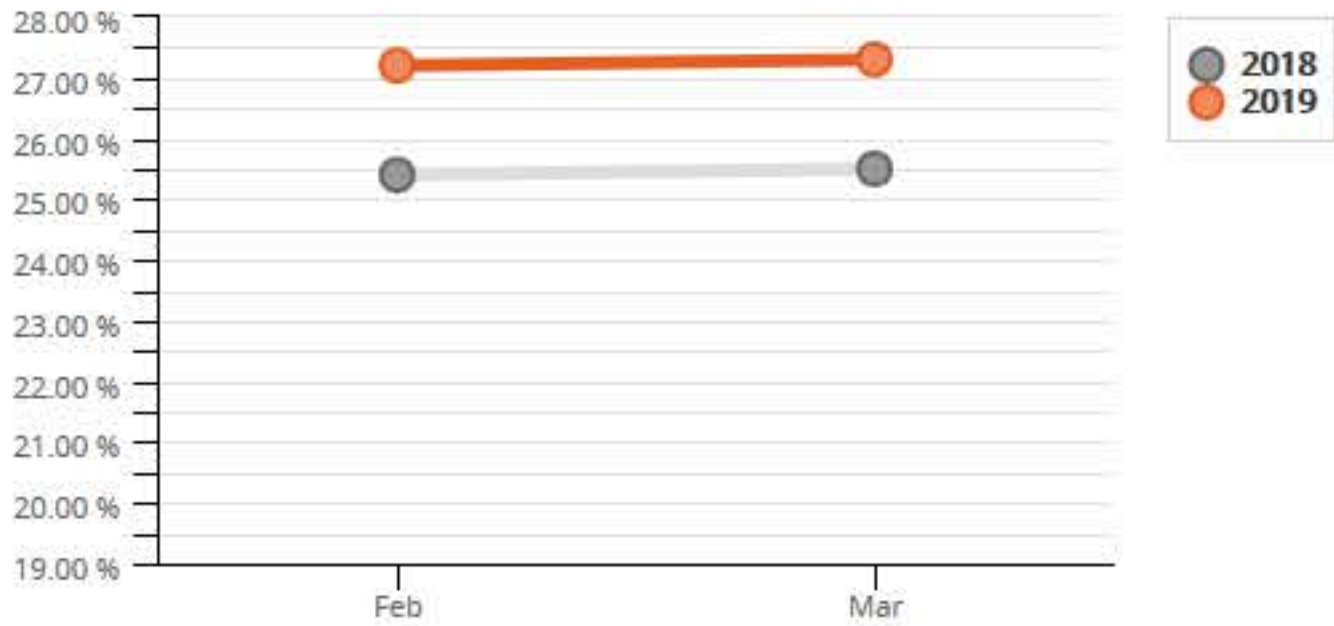
Big Banks

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"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 loans from traditional bank loans."

On March 20, the Federal Reserve indicated that it will not likely raise interest rates again in 2019, which means that the pattern of small but continuous rate hikes has come to a halt for now. The Fed says that its target rate will remain unchanged at between 2.25% and 2.5%.

"Approvals by big banks continue to climb. With strong financials from 2018, many small business owners are seeking capital for growth, and they have proven themselves to be 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."



Small Banks

Small bank approvals of small business loan applications dropped two-tenths of a percent from 49.6% in February to **49.4%** in March.

"The New York District SBA Office guaranteed \$82 million worth of loan guarantees last month, which is about \$1 million less than what we guaranteed in March 2018," said New York District Director, Beth Goldberg. "Year over year, we've seen an uptick in the dollar value of 7a loans - \$408 million through March 2019, compared to \$402 million through the same time period last year."

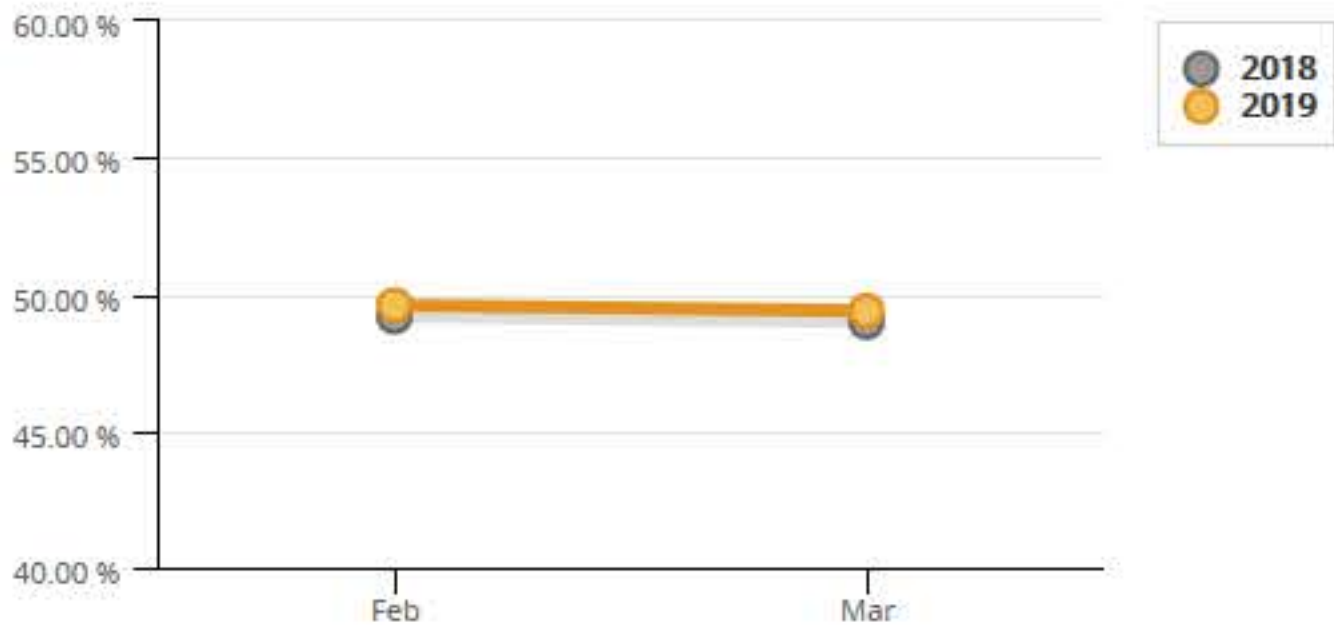
Goldberg added that SBA's Fiscal Year begins in October 1 and goes until September 30th of the following year.

SBA Administrator Linda McMahon, announced last month that she will resign from her post.

"Administrator McMahon has been extremely supportive of small businesses all across the country in her role as the head of the SBA," Arora said. "Her passion for the success of small business has been inspiring, particularly to female entrepreneurs."

Meanwhile, the **Jobs Report** released on April 5, reported 196,000 new jobs were created. The Labor Department also increased its February numbers. Overall, the economy is still performing well, and business optimism is still high, according to the most recent **NFIB Small Business Optimism Index**.

"Around this time each year, there often is a hold up because small banks - particularly lenders that process SBA loans -- will wait to see the previous year's tax filings before making a decision," Arora explained.



Institutional lenders

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

"Small business loan-making has proven to be profitable and relatively low risk for institutional lenders, which explains their continued growth in the marketplace," Arora said.



Alternative Lenders

Loan approval rates among **alternative lenders** climbed a notch from 57.2% in February to **57.3%** in March, a one-tenth of a percent increase.



Credit Unions

Credit unions approvals dipped slightly from 40.2% in February to **40.1%** of loan applications in March, tying a historic low.

"Credit unions for the most part have not kept up with technology,"added Arora, who oversees the Biz2Credit research. "Meanwhile, SBA lending has rebounded, big banks have asserted their presence in the marketplace, and institutional lenders have been active and aggressive in striking funding deals."

