

# Big Banks' Small Business Loan Approvals Hit New Record in October, According to Biz2Credit Small Business Lending Index™

Strength seen in lending by big banks, small banks, and institutional investors last month

The approval percentage for small business loan applications at big banks (\$10 billion+ in assets) inched up one-tenth of a percent to reach 28% for the first time ever in October 2019, according to the Biz2Credit Small Business Lending Index™ released today.



## Big Banks

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"With yet another interest rate cut by the Federal Reserve, small businesses are benefiting from positive economic conditions that are unrivaled in recent times," said Biz2Credit CEO Rohit Arora, who oversees the monthly research. "It has been a very good year for small businesses that are looking for capital, and I don't foresee any changes during the rest of 2019."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Small Banks

During the recently completed Fiscal Year 2019, SBA loan volume exceeded \$28 billion with more than 63,000 approved loans. The approval rate at small banks, which often are SBA-approved lenders, also climbed one-tenth of a percent from September's figure of 50.3% to 50.4% in October. The government guarantees that SBA loans provide to lenders helps mitigate their risk and makes it more palatable for SBA lenders to grant requests from businesses that might not otherwise qualify for funding.

"Traditional bank loans and SBA loans are available at smaller banks. Because of the overall strength of the economy, greater numbers of businesses qualify for funding," Arora explained. "Having approval rates above the 50% mark is indeed a good sign."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Institutional lenders

Institutional lenders' approval rates reached 66%, up a notch from September's figure of 65.9%.

"Institutional lenders keep growing in importance for small businesses looking for capital," Arora said. "The offer loans at attractive rates and terms."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Alternative lenders

Small business loan approval rates among alternative lenders dipped to 56.4% last month from 56.5% in September.

"Alternative lenders provide money to companies that do not qualify for loans from traditional banks," Arora said. "Even as bank lending remains strong, alternative lenders play an important role as a source of capital for many small business owners – especially ones who have credit scores of 650 or less."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison



## Credit unions

Credit unions' approval rate was 39.8% in October, just slightly up from September's figure of 39.7%, which marked a record low for the lending category since Biz2Credit began analyzing business loan approvals in January 2011.

"Credit unions should make it a goal in 2020 to either invest in digital loan application capabilities on their own websites or else partner with a FinTech firm that can provide the capability to do so," said Arora, who oversees the Biz2Credit research. "Although the Member Business Lending cap is a hindrance for some credit unions, the bigger problem is that many credit unions are technologically behind banks and alternative lenders."



Rohit Arora, Biz2Credit CEO



Monthly Comparison



Yearly Comparison