

Small Biz Loan Approval Rates at Big Banks and Institutional Lenders Continued Surge in September, According to Biz2Credit Small Business Lending Index

Small banks, Alternative Lenders and Credit Unions Experience Setbacks

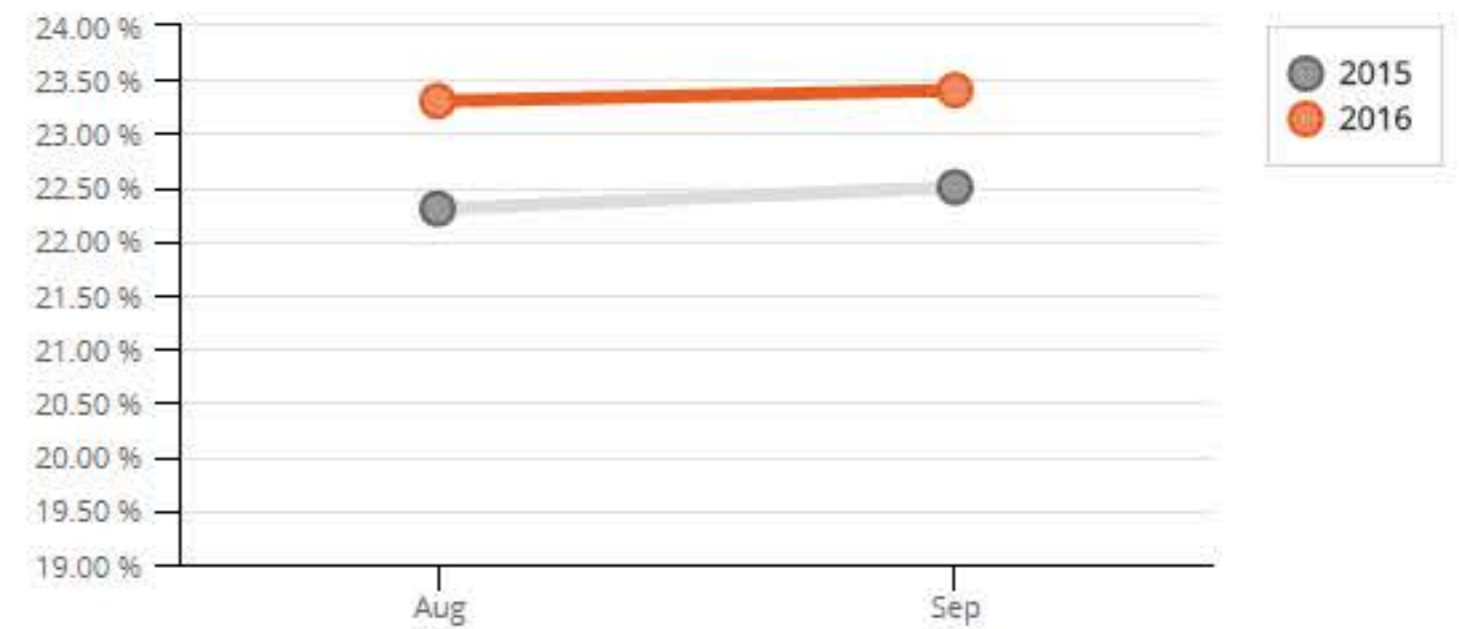
Loan approval rates at big banks (\$10 billion+ in assets) and institutional lenders improved to all-time highs in September 2016, according to the most recent Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com. Meanwhile, approval rates at small banks, alternative lenders and credit unions all dropped in the last month.



Big Banks

Small business loan approval rates at **big banks** improved to **23.4%** in September, up one-tenth of a percent from August's figure. It marked the seventh time in the last eight months that lending approval rates increased at big banks.

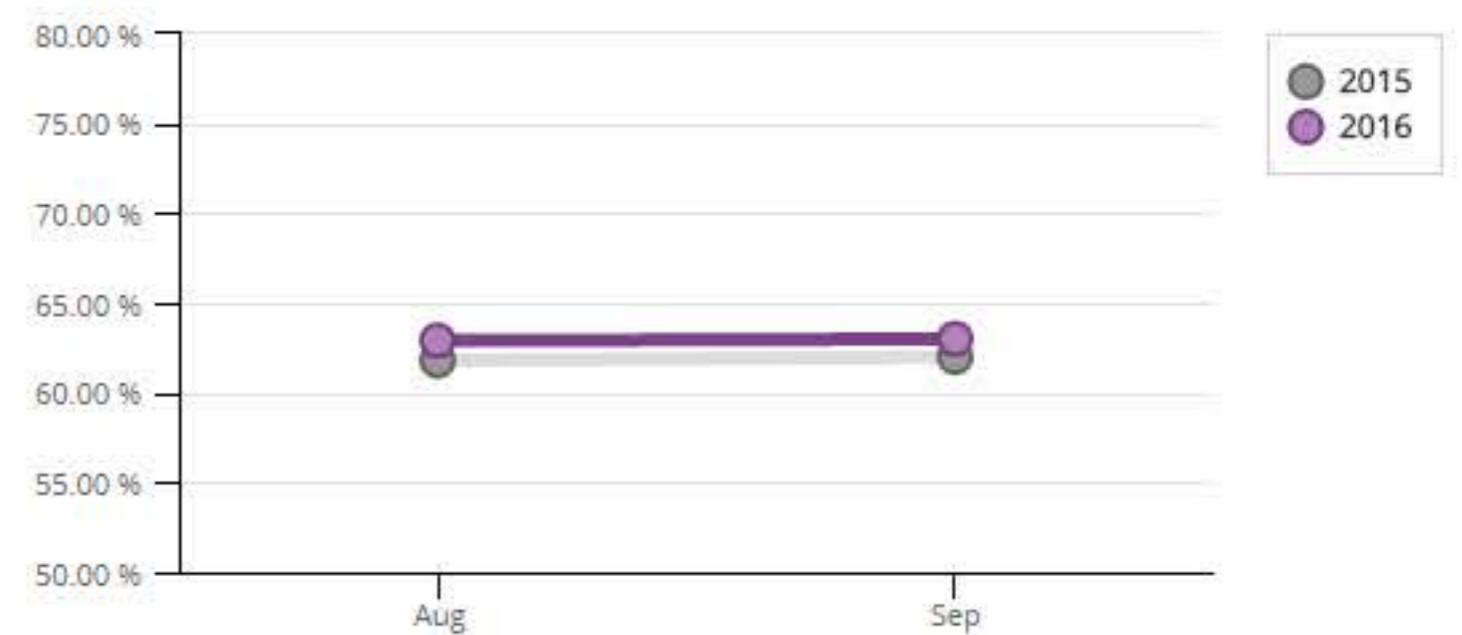
"The Federal Reserve failed to increase the interest rates that banks and other lending institutions were hoping for," said Rohit Arora, CEO and co-founder of Biz2Credit. "While the Fed may decide to increase the interest rates at its next policy meeting in November, many banks are lagging behind in their loan goals for 2016. They must close more deals to meet those numbers. I expect big banks to finish strong for 2016, especially if the looming interest rate hike comes to fruition."



Institutional lenders

Institutional lenders' loan approval rates improved to an all-time high of **63%** in September 2016. It was the third consecutive month that institutional lenders experienced increases in their loan approval rates as they continue to increase market share in marketplace lending.

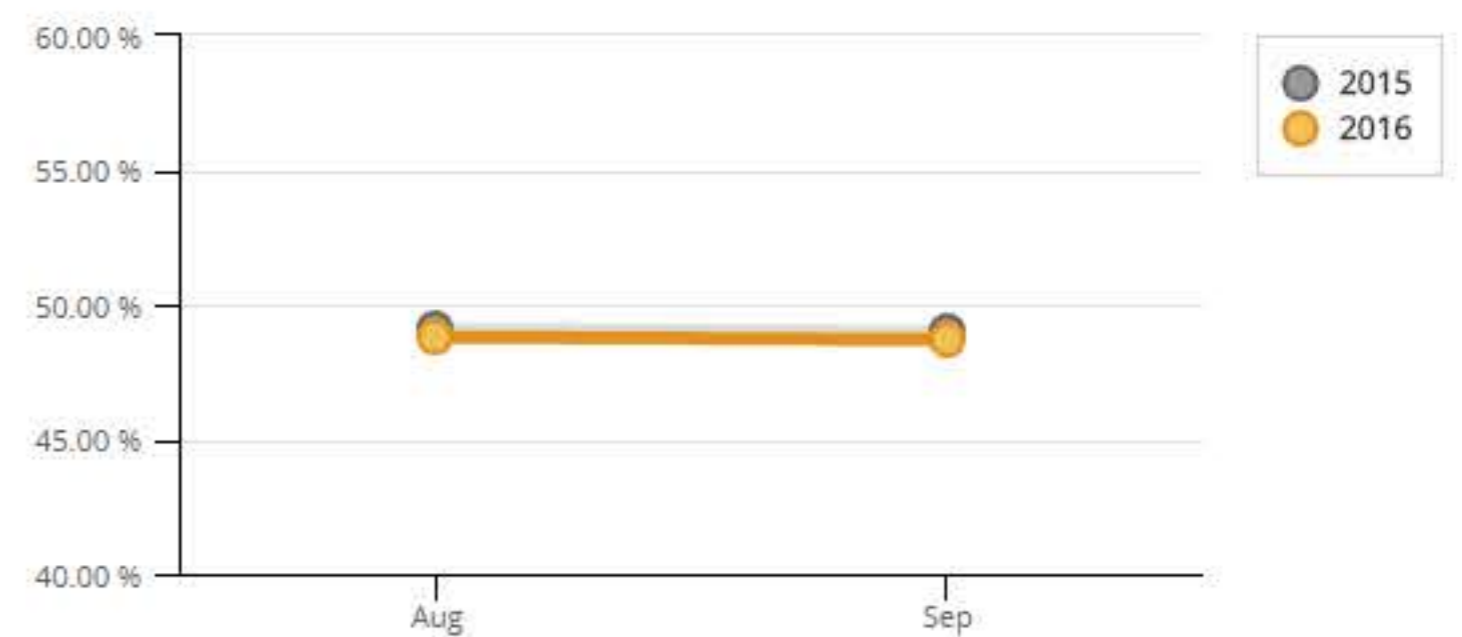
"The biggest advantages of institutional lenders are their ability to quickly process loans quickly at affordable terms for the borrower," said Arora, one of the nation's leading experts on small business finance. "Right now, they are doing it faster and more efficient than anyone on the market. High yields and low default rates are attracting global investors to the marketplace as it is proving to be a hot commodity for investors."



Small Banks

Meanwhile, lending approval rates dropped slightly at **small banks** to **48.7%** last month. It was the first time loan approval rates dropped at small banks in back-to-back months since March 2016.

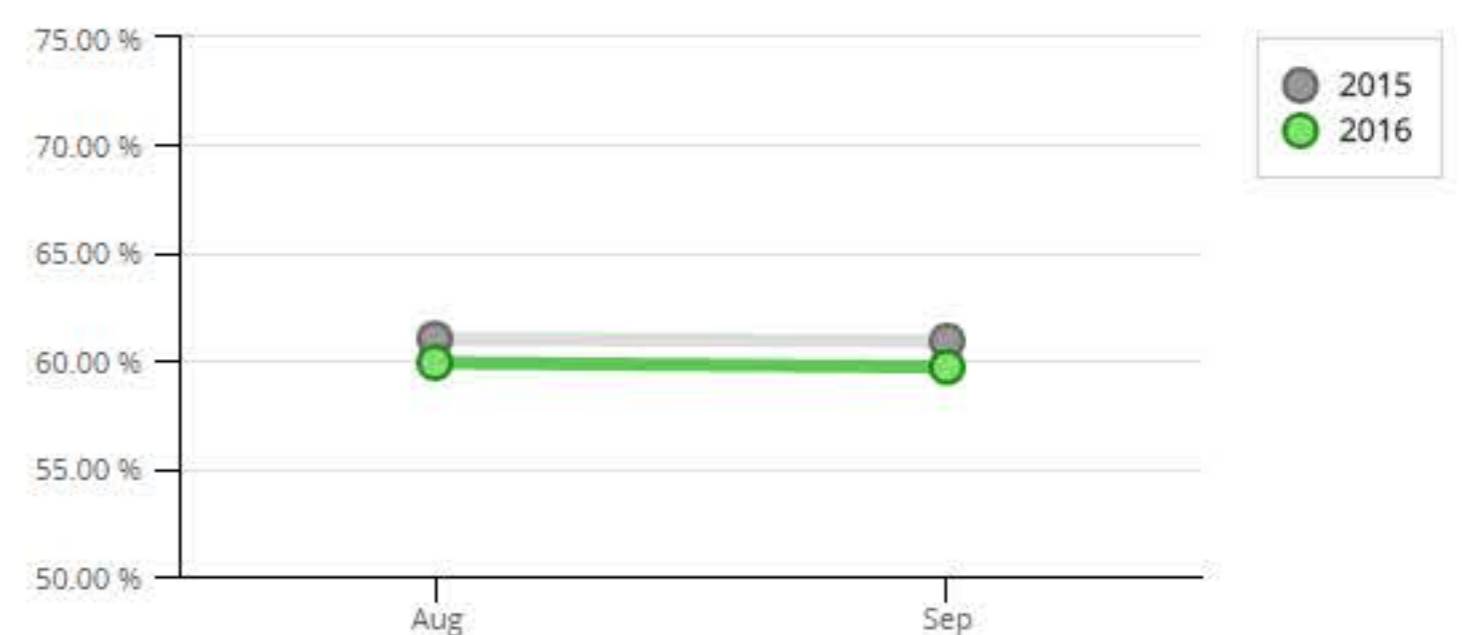
"Not enough small banks are digitizing their loan approval process and that is holding them behind," said Arora. "An interest rate increase would seemingly benefit small banks because right now conventional loan rates are actually lower than SBA-backed loans and that is resulting in lower volume of loan requests for this category of lenders."



Alternative Lenders

Alternative lenders experienced a decrease in loan approval rates in September, approving **59.7%** of loan requests as it continues its downward spiral.

"Small business owners no longer have to borrow at any cost and typically alternative lenders charge much higher rates," Arora explained. "Alternative lenders have lost much of the competitive advantage they held for so long. As other categories of lenders offer better terms and financing just as quickly, we will see alternative lenders continue to lose market share in loan volume."



Credit Unions

Loan approval rates at **credit unions** dropped in September to an all-time Index low of **41.3%**. However, it was the first time that loan approval rates didn't drop in this category of lenders in over a year.

"Credit unions are not as relevant as they once were when it comes to small business finance," suggests Arora. "They're lagging behind in technology, a mistake in the 21st century, and are becoming an afterthought for borrowers."

