

LOAN APPROVAL RATES AT BIG BANKS, INSTITUTIONAL LENDERS HITS NEW HIGHS

According to the Biz2Credit Small Business Lending Index™, a monthly analysis of 1,000 loan applications on Biz2Credit.com

↑ YEARLY COMPARISON

20.1%

2014

11.4%

2015

In a year to year comparison, big bank approval rates have increased by more than 11% in July 2015 from 20.10% approval rates in July 2014



BIG BANK APPROVALS

↑ MONTHLY COMPARISON

22.4%

JULY

22.1%

JUNE

Big banks (\$10 billion+ in assets) increased slightly from June, approving 22.4% of small business loan requests in July, up from 22.19%, marking the ninth consecutive month that approval rates have increased for the largest banks.



"The trend clearly shows that big banks are getting more aggressive in the small business lending space and are starting to invest money in digitizing their loan offerings. We have seen more instances of banks coming back in asset backed lending as well as commercial real estate lending markets and less so in working capital as of now." - Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT INSTITUTIONAL LENDERS

Institutional lenders approved the most loans out of all the categories: 61.7% in July, up from 61.4% in June. Lending approval rates at institutional lenders have exceeded those of alternative lenders, such as merchant cash advance companies, factors and other non-bank lenders. Approval rates by institutional lenders have increased every month since January 2014 when Biz2Credit began monitoring this category, a year-over-year growth percentage of 8.67%.

61.4%

JUNE



61.7%

JULY



"Institutional investors are becoming a bigger part of the market, which can be seen by recent changes in business models from several large online balance sheet lenders. For example, Biz2Credit started offering commercial real estate backed loans for institutional investors to purchase and some of our peers in the industry recently signed multimillion dollar purchase commitments or credit facilities with institutional investors."

- Biz2Credit CEO Rohit Arora

■ SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Second to the institutional investor approval rates were alternative lenders. While still a large part of the market share, alternative lenders remained flat at 61% in July, an Index-low for the second month in a row. Alternative lenders' approval percentages have steadily declined since January 2014, coinciding with the emergence of institutional lenders in the small business lending marketplace.

61.0%

JUNE



61.0%

JULY



"In the last few months as banks and institutional investors have gotten more aggressive in the marketplace, alternative lenders like cash advance and MCA players have become less competitive. For example, these companies are charging higher rates and providing shorter terms to borrowers."

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT SMALL BANKS

Lending approval rates at small banks dropped one-tenth of a percent in July to 49.2% from 49.3% last month. For the ninth consecutive month, small banks have denied more than half of their loan requests.

49.3%

JUNE



49.2%

JULY



CREDIT UNION APPROVALS OF SMALL BUSINESS LOANS

Credit unions approved 42.9% of loan applications in July, down one-tenth of a percent compared to June.

43.0%

JUNE



42.9%

JULY



"Small banks and credit unions are facing increasing pressure in the marketplace as more creditworthy borrowers are moving either to big banks or to institutional investors through online marketplaces to receive better terms and faster access to credit," added Arora. "To stem this tide, these smaller financial institutions must ramp up their online lending offerings and ultimately fund more borrowers."

- Biz2Credit CEO Rohit Arora

ABOUT THE BIZ2CREDIT SMALL BUSINESS LENDING INDEX™

Biz2Credit analyzed loan requests ranging from \$25,000 to \$3 million from companies in business more than two years with an average credit score above 680. Unlike other surveys, the results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's online lending platform, which connects business borrowers and lenders.