

SMALL BIZ LOAN APPROVAL RATES REBOUND AT BIG BANKS, INSTITUTIONAL LENDERS IN AUGUST 2016

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

Loan approval rates at big banks (\$10 billion+ in assets) bounced back in August 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. Further, approval percentages at institutional lenders hit a new Index high. Meanwhile, approval rates at small banks and alternative lenders and credit unions stalled.



LOAN APPROVALS AT INSTITUTIONAL LENDERS

Institutional lenders' loan approval rates improved to an all-time high of 62.9% in August 2016. For the first time since February 2016, institutional lenders had consecutive months of increases in loan approval rates.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



"The gradual ascent of institutional lenders is related to the attractive terms and the speed by which this category of lender can offer funding. High yields and low default rates enables this category of lenders to approve a high percentage of loan requests."

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT BIG BANKS

Small business loan approval rates at big banks improved to 23.3% in August, up two-tenths of a percent from July's figure. It was the sixth time in the last seven months that lending approval rates improved among big banks. In a year-to-year comparison, big banks are approving funding requests a full percentage point higher than they were in August 2015.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



"Big banks anticipated that the Federal Reserve would raise interest rates this summer. Now, a rate hike seems to be on hold indefinitely, and the banks find themselves behind in their target goals. Now, they are aggressively seeking to close more deals."

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT SMALL BANKS

Meanwhile, lending approval rates dropped slightly at small banks to 48.8% last month.

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



"Small banks are increasingly becoming more digitally savvy, but not enough of them are making it a top focus. Right now, money can be borrowed cheaply. Conventional rates are lower than SBA loans, which is a popular loan product that small banks utilize."

- Biz2Credit CEO Rohit Arora



CREDIT UNION APPROVALS

Loan approval rates at credit unions were stagnant in August, and remain at an all-time Index low of 41.5%. However, it was the first time that loan approval rates didn't drop in this category of lenders in over a year.

↓ YEARLY COMPARISON



➡ MONTHLY COMPARISON



"Credit unions continue to lag behind in the times and are becoming almost irrelevant when it comes to small business loans. They're being overtaken by other categories of lenders and until they modernize, credit unions will continue to stagnate in small business lending."

- Biz2Credit CEO Rohit Arora



SMALL BUSINESS LOAN APPROVALS BY ALTERNATIVE LENDERS

Alternative lenders experienced a decrease in loan approval rates in August, approving 59.9% of loan requests. It is the first time in five years (August 2011) that this category of lenders is approving less than three-in-five loan requests. Further, it is the fifth time in the last six months that loan approval rates have declined.

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



"Alternative lenders filled the void for small business lending during the Credit Crunch, but since then have steadily lost favor because borrowers no longer have to borrow at any cost and other categories of lenders are simply offering more attractive terms. As the economy continues to improve, so does the competitiveness in the small business finance marketplace. Alternative lenders lost their advantage of speed because other lenders invested into digitization and expediting loan requests."

- 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.