

Small Business Loan Approval Percentages Again Surge at Big Banks in April, According to Biz2Credit Small Business Lending Index™

Small Increases Mean Millions in Profits for Banks with \$10 Billion or More in Assets

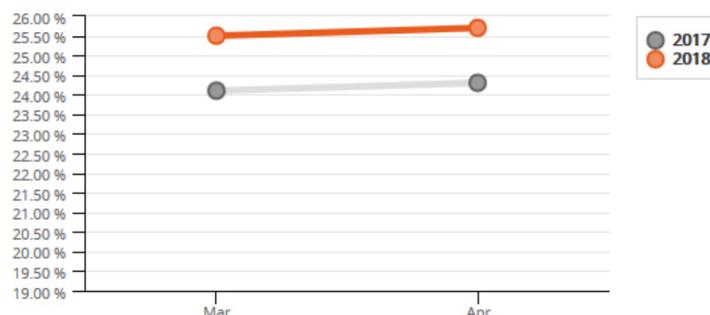
Small business loan approval rates for big banks (25.7%) continued the upswing with yet another new high in April 2018, according to the Biz2Credit Small Business Lending Index™ (April 2018 figures) released today. The monthly analysis examined more than 1,000 credit applications from small businesses on Biz2Credit.com.



Big Banks

Big banks (assets of \$10 billion+) are granting more than one-quarter of the small business loan applications they receive. The **25.7%** approval percentage, up two-tenths of a percent from March 2018, represents a post-recession high point for big banks.

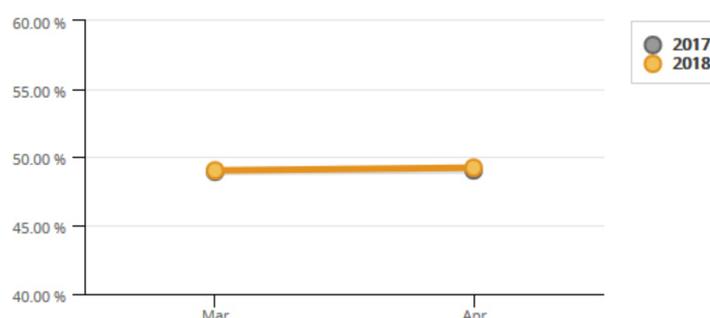
"With the Federal Reserve's continuing path of interest rates increases, small business loans are becoming more and more profitable. A small rate hike means tens of millions of dollars in profit, since the big banks' cost of capital has not changed," said Biz2Credit CEO Rohit Arora, who oversees the monthly report. "Big banks have a larger deposit base, and they can be more aggressive in lending, especially in a strong economy."



Small Banks

Small business loan approval rates rose at regional and community banks. Small banks approved **49.2%** of the funding requests they received in April, up two-tenths from March.

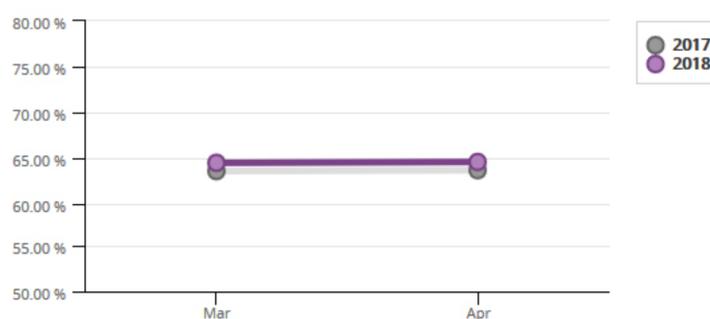
"Small banks typically process a lot of SBA loans, which put weight on the previous year's tax returns," Arora explained. "We see an upturn every April; people wait for their tax filings and then move forward with securing capital for growth."



Institutional lenders

Institutional lenders reached yet another new Index record **64.6%**, up one-tenth of a percent from March. These lenders (pension funds, insurance companies, and others), continue to be important players in small business lending.

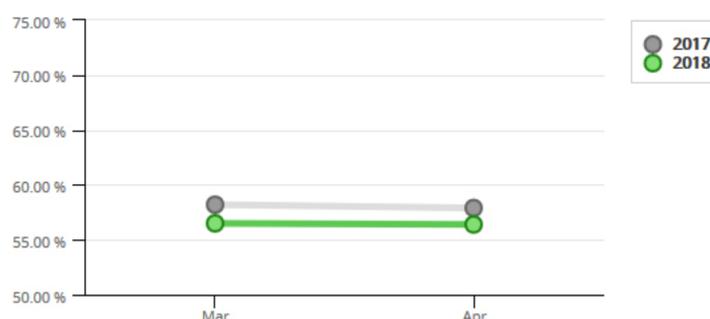
"Institutional investors have established themselves firmly in small business lending," Arora said. "Lending is profitable and, thanks to improved data analytics, the risks of default have never been lower. Additionally, institutional lenders offer relatively low interest rates and terms."



Alternative Lenders

Loan approval rates among alternative lenders dropped slightly to **56.4%** from March's 56.5 percent. Approval percentages have slipped every month for almost two years, with the exception of a small uptick in November 2017.

"Alternative (non-bank) lenders enable companies with poor credit scores to obtain capital. Because they are willing to fund businesses that do not qualify for traditional bank loans, they charge higher interest rates," Arora explained. "While the cost of capital is high, in a cash crunch, alternative lenders are willing to provide funding when others will not do so."



Credit Unions

Credit unions approved **40.2%** of loan applications in April, a one-tenth of a percent gain from March, which had set a record low for the Biz2Credit Small Business Lending Index.

"Credit union lending to small business has stagnated," Arora said. "Not much has changed for them in the past couple of years."

