

## SMALL BUSINESS LOAN APPROVAL PERCENTAGES AGAIN SURGE AT BIG BANKS IN APRIL 2018

SMALL INCREASES MEAN MILLIONS IN PROFITS FOR BANKS WITH \$10 BILLION OR MORE IN ASSETS

The monthly analysis examined more than 1,000 credit applications from small businesses on Biz2Credit.com.

Small business loan approval rates for big banks (25.7%) continued the upswing with yet another new high in April 2018



### LOAN APPROVALS AT 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.

#### ↑ YEARLY COMPARISON



#### ↑ MONTHLY COMPARISON



// *"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 bank's cost of capital has not changed. Big banks have a larger deposit base and they can be more aggressive in lending, especially in a strong economy."*

- Biz2Credit CEO Rohit Arora



### LOAN APPROVALS AT 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.

#### ↑ YEARLY COMPARISON



#### ↑ MONTHLY COMPARISON



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

- Biz2Credit CEO Rohit Arora



### LOAN APPROVALS AT 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.

#### ↑ YEARLY COMPARISON



#### ↑ MONTHLY COMPARISON



// *"Institutional investors have established themselves firmly in small business lending. 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."*

- Biz2Credit CEO Rohit Arora



### SMALL BUSINESS LOAN APPROVALS BY 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.

#### ↓ YEARLY COMPARISON



#### ↓ MONTHLY COMPARISON



// *"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. While the cost of capital is high, in a cash crunch, alternative lenders are willing to provide funding when others will not do so."*

- Biz2Credit CEO Rohit Arora



### CREDIT UNION APPROVALS

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.

#### ↓ YEARLY COMPARISON



#### ↑ MONTHLY COMPARISON



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

- 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.