

Small Business Loan Approval Percentages Hit New High Mark at Big Banks in January 2018, According to Biz2Credit Small Business Lending Index™

New Year starts strongly for small business lending as approval percentages and volume of loan requests increase

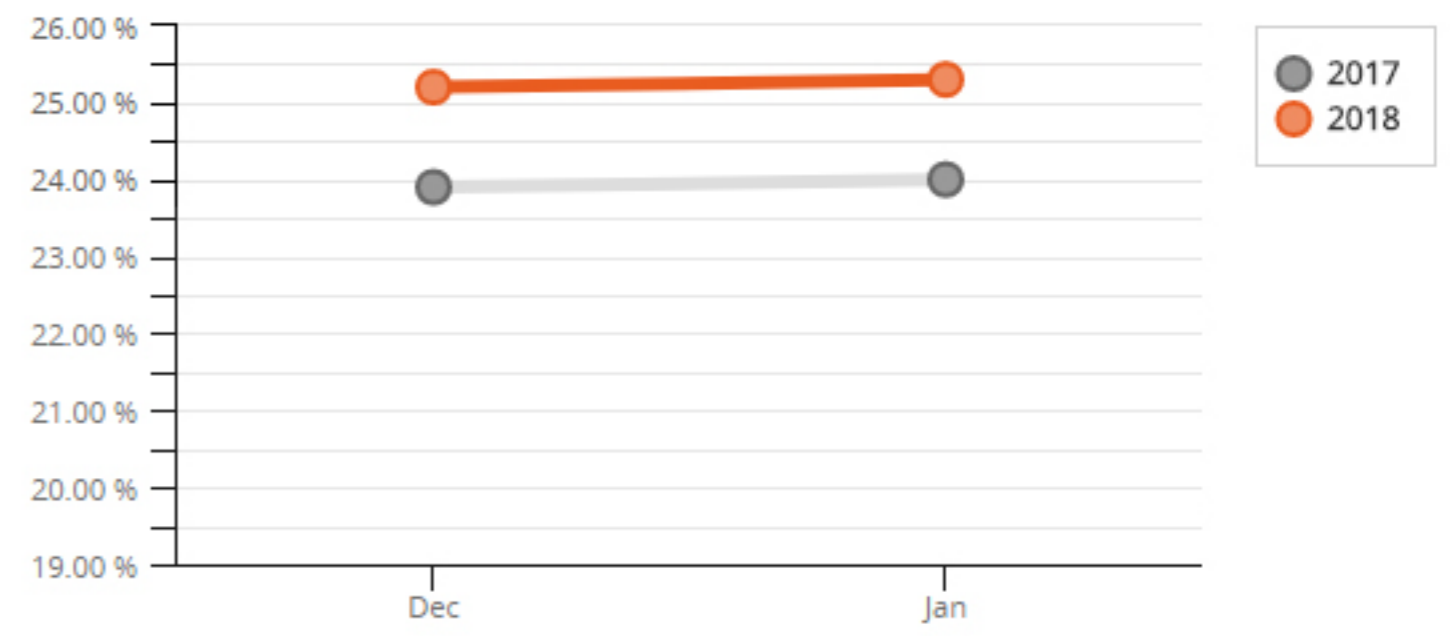
Business loan approval rates for **big banks (25.3%)** hit another new high last month, according to the latest Biz2Credit Small Business Lending Index™ (January 2018 figures). The monthly analysis examined more than 1,000 small business loan applications on Biz2Credit.com.



Big Banks

Big banks (assets of \$10 billion+) are granting more than one-quarter of the small business loan applications they receive. The **25.3%** approval percentage, up one-tenth of a percent from December, is yet another new benchmark for big banks.

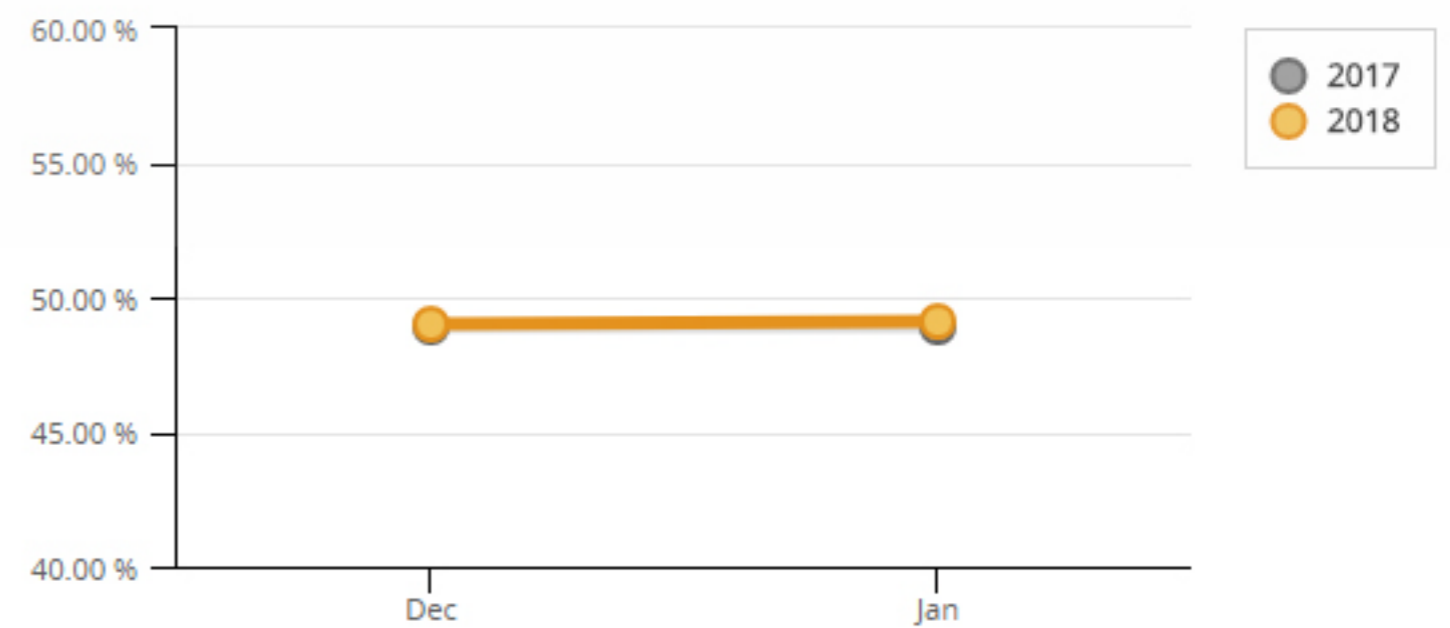
"Despite some recent bumps, the economy has done well during President Trump's first year in office, and tax cuts have also added to optimism among small business owners," said Biz2Credit CEO Rohit Arora, who oversaw the research. "With the economy showing such good signs, the number of small business owners applying for loans has risen. They are showing confidence and are willing to take risks."



Small Banks

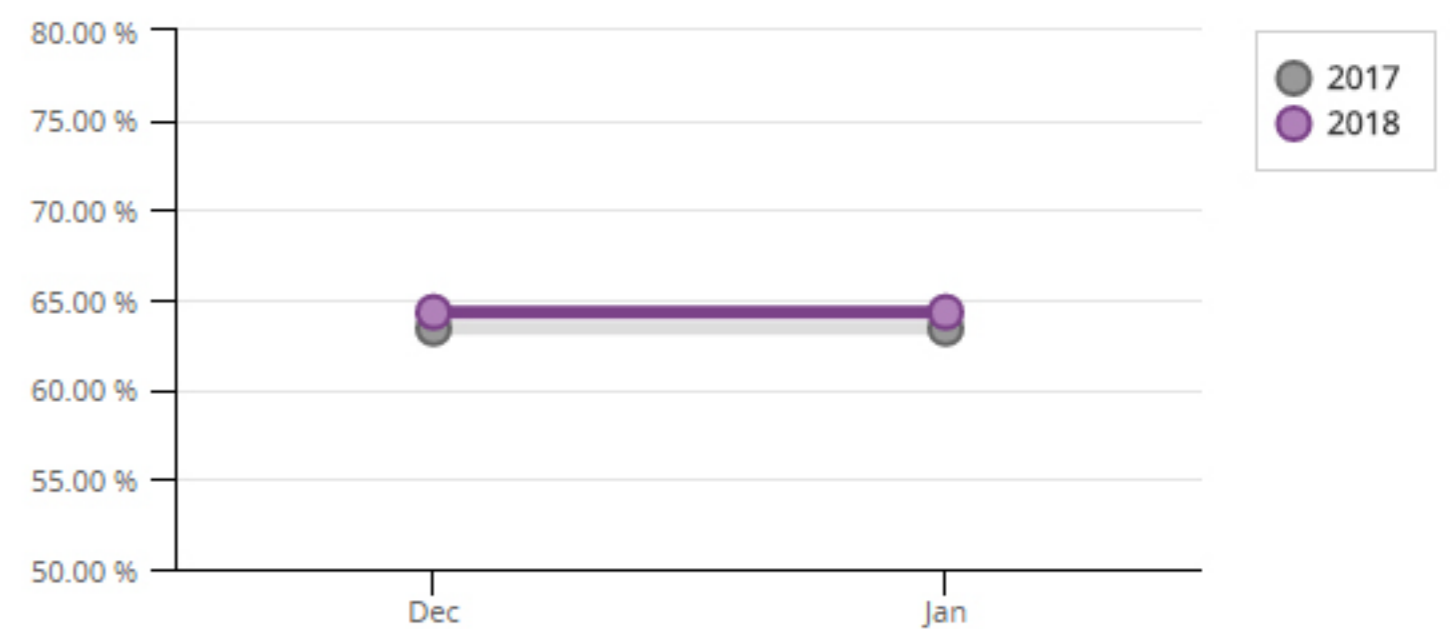
Small business loan approval rates climbed slightly at regional and community banks. **Small banks** approved **49.1%** of the funding requests they received in January, up slightly from December. While they have flirted with the 50 percent mark since October 2014, small banks have not reached that benchmark since then.

"Small banks continue to be a reliable source for SBA loans," added Arora, one of the country's leading experts in small business finance. "The trend is continuing in the new year. SBA loans often are made to startups and businesses owned by entrepreneurs who might not yet have good credit ratings and don't qualify for traditional term loans from banks."



Institutional lenders

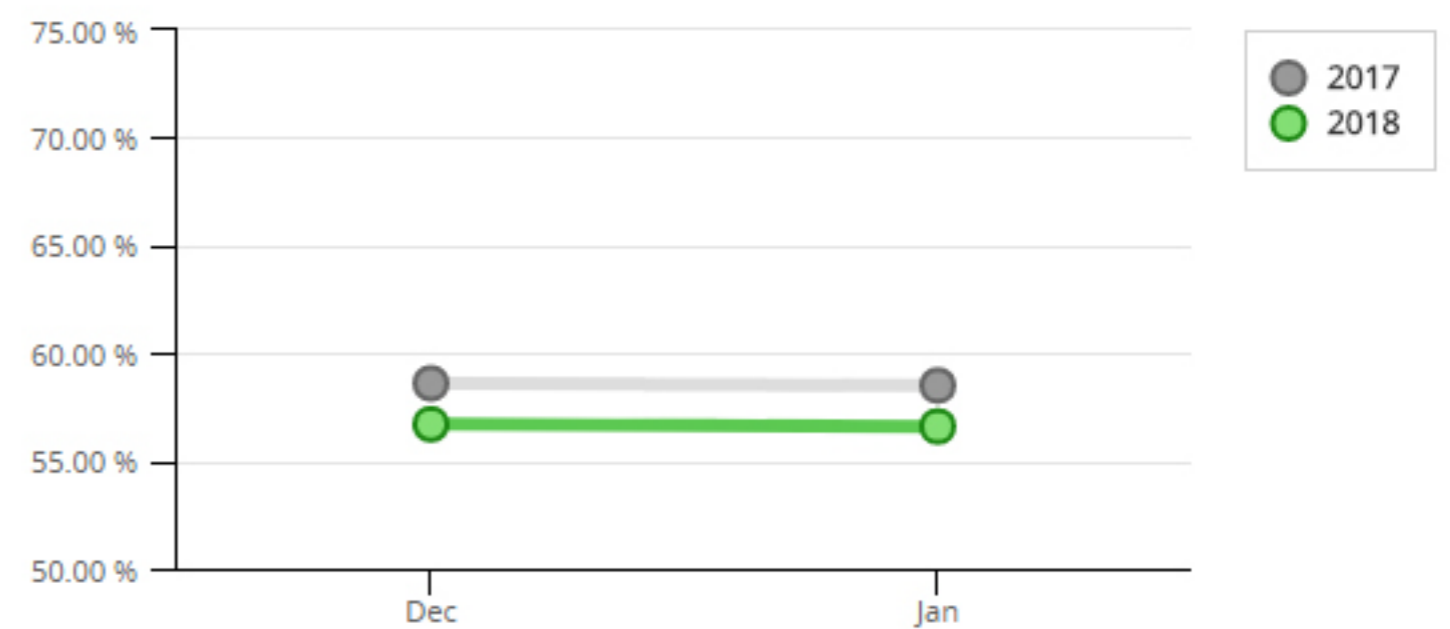
Institutional lenders Additionally, institutional lenders remained at an Index record **64.3%**, the same as in December. These lenders (pension funds, insurance companies, and others), continue to be important players in small business lending.



Alternative Lenders

Loan approval rates among **alternative lenders** in January dropped one-tenth of a percent to **56.6%**. Approvals have dipped slowly each month for almost two years, except for a small uptick in November 2017.

"Alternative lenders remain a source of funding for businesses that need money quickly or that have less than stellar credit histories," Arora explained. "With an economy ripe for entrepreneurship, borrowers at various levels of creditworthiness continue to apply for credit. Often, companies that cannot find funding from banks are able to securing financing from alternative (non-bank) lenders."



Credit Unions

Credit unions approved **40.3%** of loan applications in January, a one-tenth of a percent drop from December.

"While there is a continuing push to raise the lending cap limit for credit unions, they have not been successful. Meanwhile, banks, institutional lenders and alternative lenders, which have used financial technology to their advantage, have taken market share from them," Arora added. "I don't see this trend changing anytime soon, unless the cap is raised and investment in technology occurs."

