

SMALL BUSINESS LOAN APPROVAL PERCENTAGES HIT NEW HIGH MARK AT BIG BANKS

NEW YEAR STARTS STRONGLY 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.



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 25.3% approval percentage, up one-tenth of a percent from December, is yet another new benchmark for big banks.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“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. 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.”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT 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.

↑ YEARLY COMPARISON



↑ MONTHLY COMPARISON



“Small banks continue to be a reliable source for SBA loans. 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.”

- Biz2Credit CEO Rohit Arora



LOAN APPROVALS AT INSTITUTIONAL LENDERS

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.

↑ YEARLY COMPARISON



➡ MONTHLY COMPARISON



SMALL BUSINESS LOAN APPROVALS BY 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

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



“Alternative lenders remain a source of funding for businesses that need money quickly or that have less than stellar credit histories. 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.”

- Biz2Credit CEO Rohit Arora



CREDIT UNION APPROVALS

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

↓ YEARLY COMPARISON



↓ MONTHLY COMPARISON



“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. I don’t see this trend changing anytime soon, unless the cap is raised and investment in technology occurs.”

- 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.