

Biz2Credit Small Business Lending Index™

Strong Economy Leads to Record High Small Business Loan Approval Percentages at Big Banks in July, According to The Biz2Credit Small Business Lending Index™



All categories of lenders to small businesses performed well in July 2018

Small business loan approval rates for big banks reached another high point in July 2018, according to the Biz2Credit Small Business Lending Index™ released today.

Loan Approval in Big Banks

The July approval percentage for big banks (assets of \$10 billion+) rose two-tenths of a percent from June's figure of 26.1% to 26.3%, according to Biz2Credit's monthly report, which examines more than 1,000 credit applications made by small businesses via the company's online lending platform.

Yearly Comparison

24.5%  26.3%
July 2017 July 2018



Monthly Comparison

26.1%  26.3%
June 2018 July 2018



"The Fed rated the economy as strong this month, and the Jobs Report found that the economy keeps adding jobs in many sectors. In addition, there is optimism among small business owners. All of these factors create an atmosphere that is ripe for small business lending. Business owners continue to invest in their firms and are finding success in securing capital, according to our latest figures.

Rohit Arora, Biz2Credit CEO



On August 1, the Federal Reserve issued a statement that economic activity has risen at a strong rate. The Fed expects to continue gradual increases in the federal funds interest rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the central bank's 2 percent target.

Further, according to the August 3rd Jobs Report, unemployment for people who do not have a high school diploma dropped to 5.1 percent in July, the lowest figure since the Labor Department began reporting on this group of workers in 1992. The Jobs Report also stated that nonfarm employment increased by 157,000 in July and that professional and business services, manufacturing, healthcare and social assistance, added jobs during the month. Figures also rose for the food & beverage, hospitality, construction and healthcare services industries.




"Many of the new jobs now being filled have been created by small businesses. Opportunities are abound for all workers, including workers who do not have high levels of education."

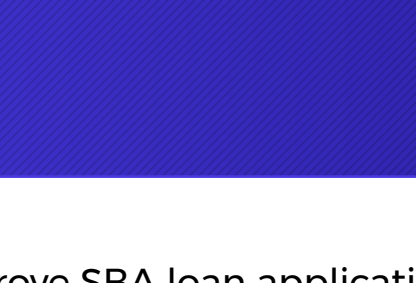
Rohit Arora, Biz2Credit CEO

Loan Approval in Small Banks

Business loan approval rates rose at regional and community banks. Small banks granted 49.7% of the funding requests they received in July, up one-tenth from June. It represents the highest figure for small banks since December 2014.

Yearly Comparison

48.9%  49.7%
July 2017 July 2018



Monthly Comparison

49.6%  49.7%
June 2018 July 2018



"Small banks continue to approve SBA loan applications, which enable younger, growing companies to secure financing because government backing helps reduce lenders' exposure to risk. Smaller banks are a good source of capital for startups and companies with less than stellar credit ratings."

Rohit Arora, Biz2Credit CEO



Banks reportedly eased important lending terms, including maximum loan size and the spread of loan rates over their cost of funds, for commercial real estate (CRE) loans, according to the Fed's latest updated Senior Loan Officer Opinion Survey on Bank Lending Practices. Almost all banks that reportedly eased CRE credit policies pointed to aggressive competitors, including nonbank lenders, as a major reason for easing, according to the survey.




"Real estate entrepreneurs are looking for CRE loans for fix-and-flip projects that have become quite lucrative. These projects help upgrade neighborhoods and provide jobs in the construction industry, which is doing well in this economy."

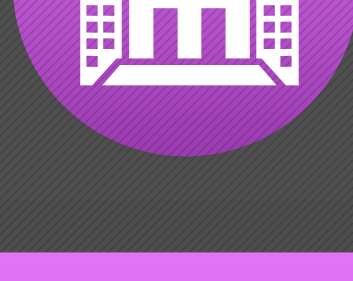
Rohit Arora, Biz2Credit CEO

Institutional lenders


Institutional lenders remained unchanged at an Index record 64.8%, the same as June's figure.

Yearly Comparison

63.9%  64.8%
July 2017 July 2018



Monthly Comparison

64.8%  64.8%
June 2018 July 2018

Institutional lenders (pension funds, insurance companies, and others), are an important and growing player in the small business credit marketplace. They offer competitive interest rates and long repayment terms.




Rohit Arora, Biz2Credit CEO

Alternative lenders


Loan approval rates among alternative lenders remained at 56.5 %, the same as the month prior.

Yearly Comparison

57.2%  56.5%
July 2017 July 2018



Monthly Comparison

56.5%  56.5%
June 2018 July 2018

"There will always be a demand for funding from non-bank lenders. They are willing to lend money to small businesses that do not qualify for traditional bank loans. Alternative lenders are a source of quick capital, but borrowers do pay high interest rates for the money."




Rohit Arora, Biz2Credit CEO

Credit unions


Credit unions approved 40.3% of loan applications in July, the same as in June, according to the Biz2Credit Index.

Yearly Comparison

40.4%  40.3%
July 2017 July 2018



Monthly Comparison

40.3%  40.3%
June 2018 July 2018

"Overall, July 2018 was a strong month for small business lending approvals across all categories of lenders."



Rohit Arora, Biz2Credit CEO

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.

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$2 billion in small business financing and has several times been named to Crain's New York's Fast 50 and was ranked among the top 200 fast-growing companies on Deloitte's 2017 Technology Fast 500. Biz2Credit is expanding its industry-leading technology in custom digital platform solutions for leading banks and other financial institutions, investors and service providers in the U.S. Visit www.biz2credit.com or follow Biz2Credit on Twitter: @Biz2Credit, Facebook, and LinkedIn.