

Small Biz Loan Approval Rates at Big Banks and Institutional Lenders Continued Surge in October, According to Biz2Credit Small Business Lending Index

Small banks, Alternative Lenders and Credit Unions Experience Setbacks

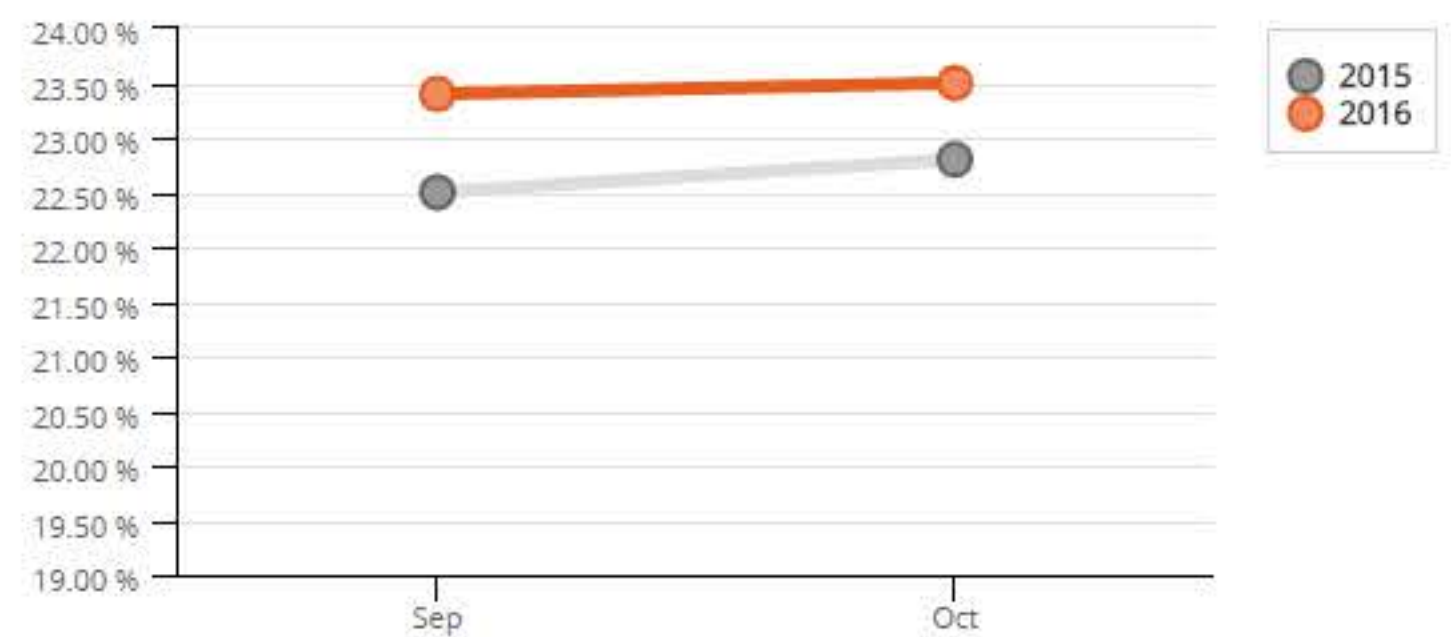
Loan approval rates at big banks (\$10 billion+ in assets) and institutional lenders improved to all-time highs in October 2016, according to the most recent Biz2Credit Small Business Lending Index™, the monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com. Meanwhile, approval rates at small banks, alternative lenders and credit unions all dropped in the last month.



Big Banks

Small business loan approval rates at **big banks** improved to **23.5%** in October, up one-tenth of a percent from September's figure of 23.4%. It marked the seventh time in the last eight months that lending approval rates increased at big banks.

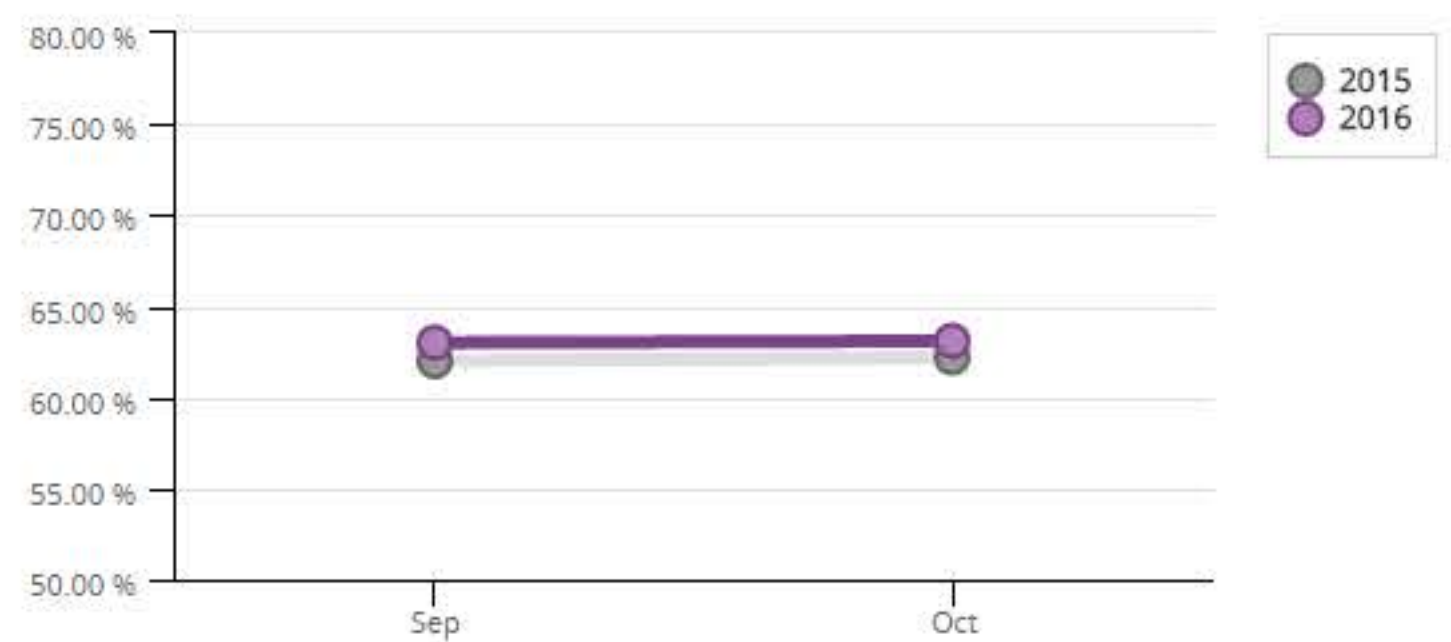
"Banks want to meet their targets for the year, which means the spigot of small business lending has opened up," said Rohit Arora, CEO and co-founder of Biz2Credit. "If the Fed increases interest rates, as predicted, at its next policy meeting, I expect to see even stronger numbers. Banks will try to fund companies at higher, more profitable rates."



Institutional lenders

Institutional lenders' loan approval rates also climbed to a new Index high of **63.1%** in October 2016. It was the fourth consecutive month that institutional lenders improved approval percentages. Institutional lenders continue to increase their share of the small business lending market.

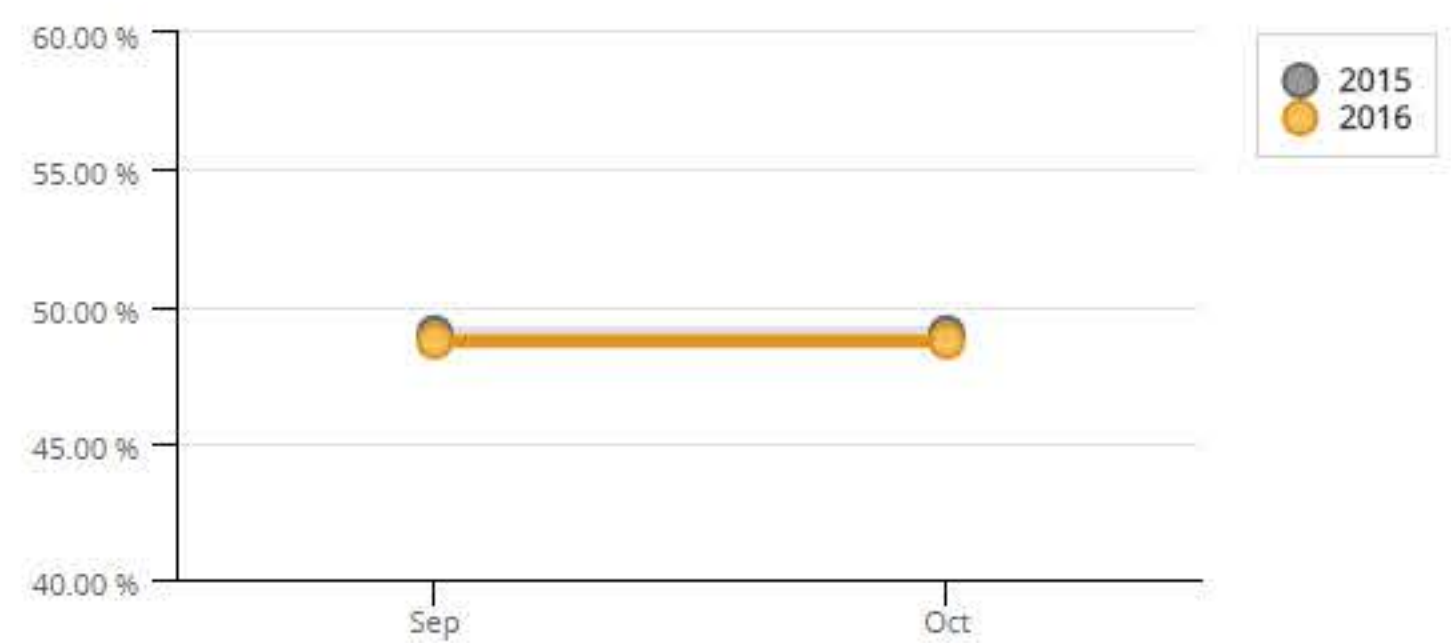
"Institutional lenders are taking advantage of their ability to process loans quickly at very affordable rates," said Arora, one of the nation's leading experts on small business finance. "They are faster and more efficient than other categories of lenders. Quite a few of them are foreign-based investors who are nervous about Brexit and hungry for high yields and low default rates."



Small Banks

Meanwhile, lending approval rates at **small banks** remained flat at **48.7%** in October.

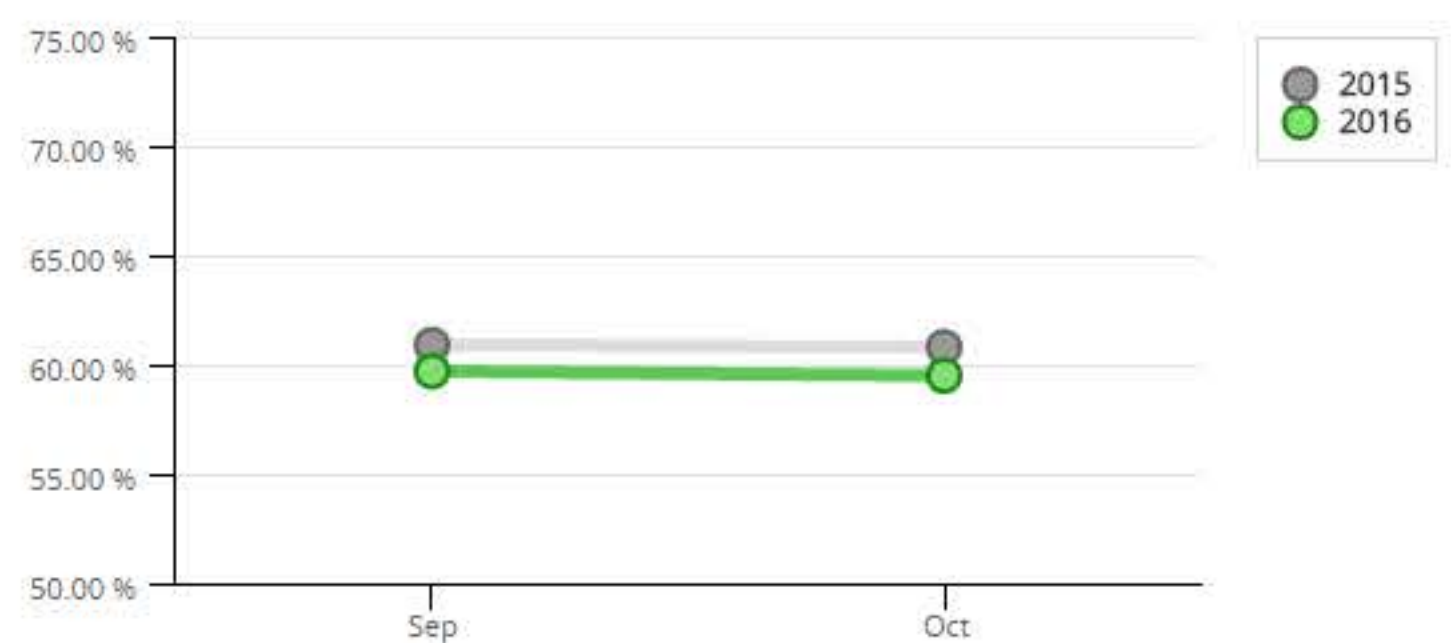
"Small banks are seeking increase their number of closed deals by offering SBA loans. They are feeling the pressure of the increased activity by big banks and institutional lenders, who are strong competitors," said Arora. "Smaller banks still are processing more SBA-backed loans than any other type of lender."



Alternative Lenders

Loan approval rates at Alternative lenders dipped yet again in October, as they granted 59.5% of loan funding requests they received.

"Alternative lenders typically charge high rates as a tradeoff for the risk they are assuming in small business loan-making and the speed by which they make funding decisions," Arora explained. "Unless a borrower is perceived high risk, he or she can likely secure better terms from other types of lenders. Borrowers want lower interest rates and longer terms than alternative lenders have been offering."



Credit Unions

Loan approval rates at **credit unions** dropped in October to yet another Index low of 41.2%.

"Credit unions are struggling to maintain their relevance in small business lending," Arora says. "They're becoming an afterthought for borrowers."

