

# Big Banks Approved 25 Percent of Small Business Loan Applications in October 2017, to Reach Post-Recession High, According to Biz2Credit Small Business Lending Index™

## Study shows continuing trend of rising approval percentages for big banks and institutional lenders while alternative lenders and credit unions stall

**Business loan** Business loan approval rates at big banks (\$10 billion-plus in assets) hit a post-recession high of 25% in October 2017, according to the latest Biz2Credit Small Business Lending Index™, a monthly analysis of more than 1,000 small business loan applications on Biz2Credit.com.

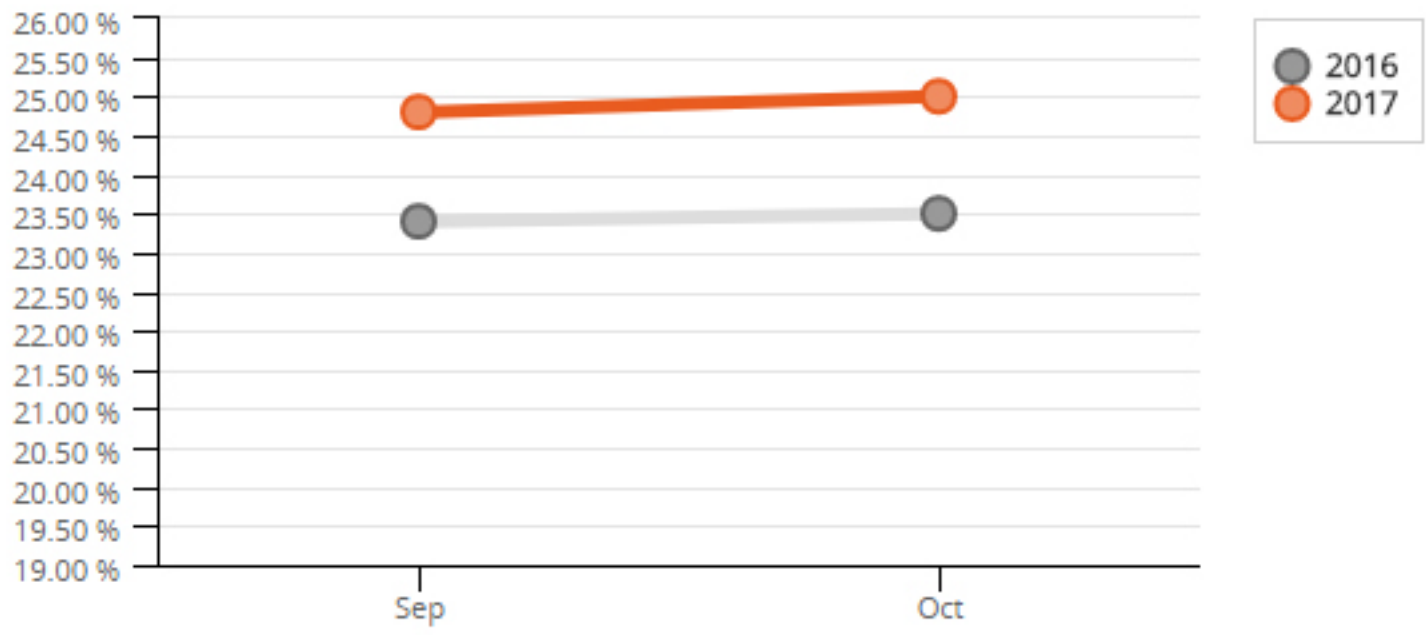


### Big Banks

**Small business loan** approval rates at **big banks** climbed two-tenths of a percent to reach the **25%** benchmark from 24.8% in September.

"Big bank lending to small business continues to climb to the point that one-in-four loan applications are approved. During the darkest point of the post-recession credit crunch, they granted less than one-in-ten requests. We have come a long way," said Biz2Credit CEO Rohit Arora, who oversaw the research.

"The big banks are making a lot of traditional small business loans, which take less time to process than SBA loans. They also are granting a lot of working capital requests," Arora added. "Stock markets continue to perform well, and Trump's tax cut plan is viewed as good news for business owners. Entrepreneurs have a better chance of obtaining funding now than at any other time in the past decade."

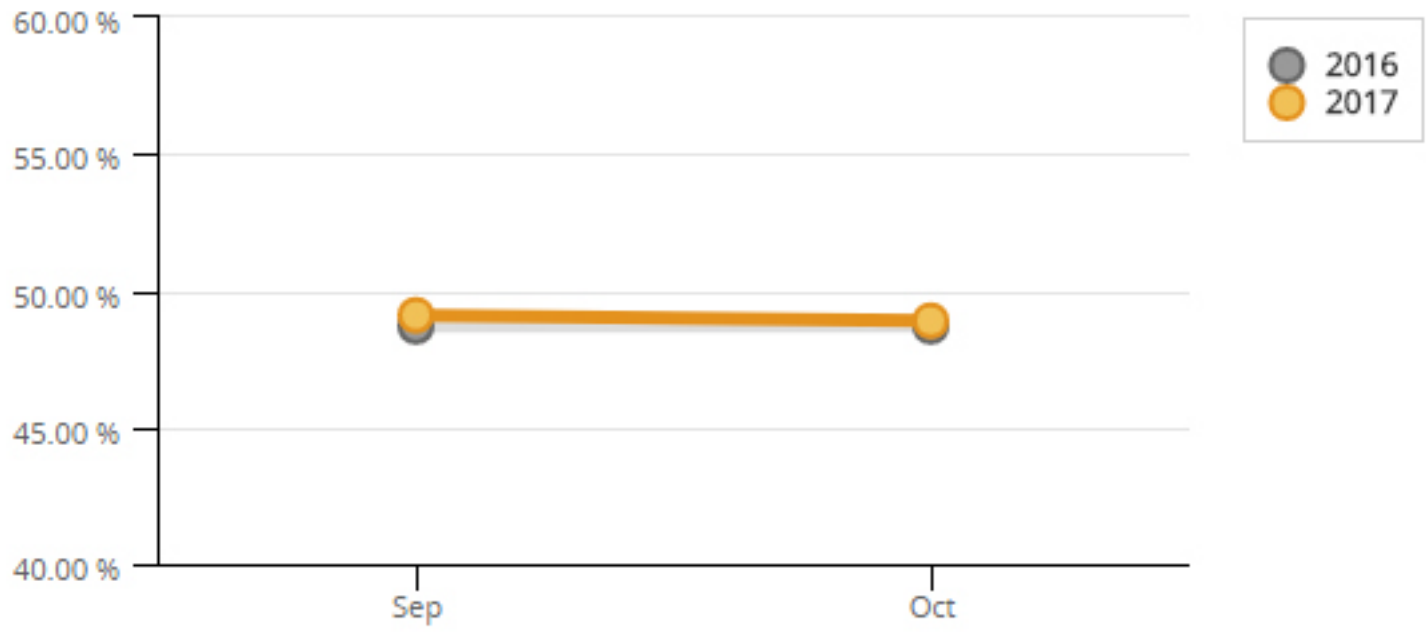


### Small Banks

Meanwhile, approval percentages at **small banks** dipped to **48.9%** in October from 49.1% from the previous month.

"Despite a drop in approval percentages, small banks are still processing a large number of SBA-backed loans," added Arora, one of the country's leading experts in small business finance.

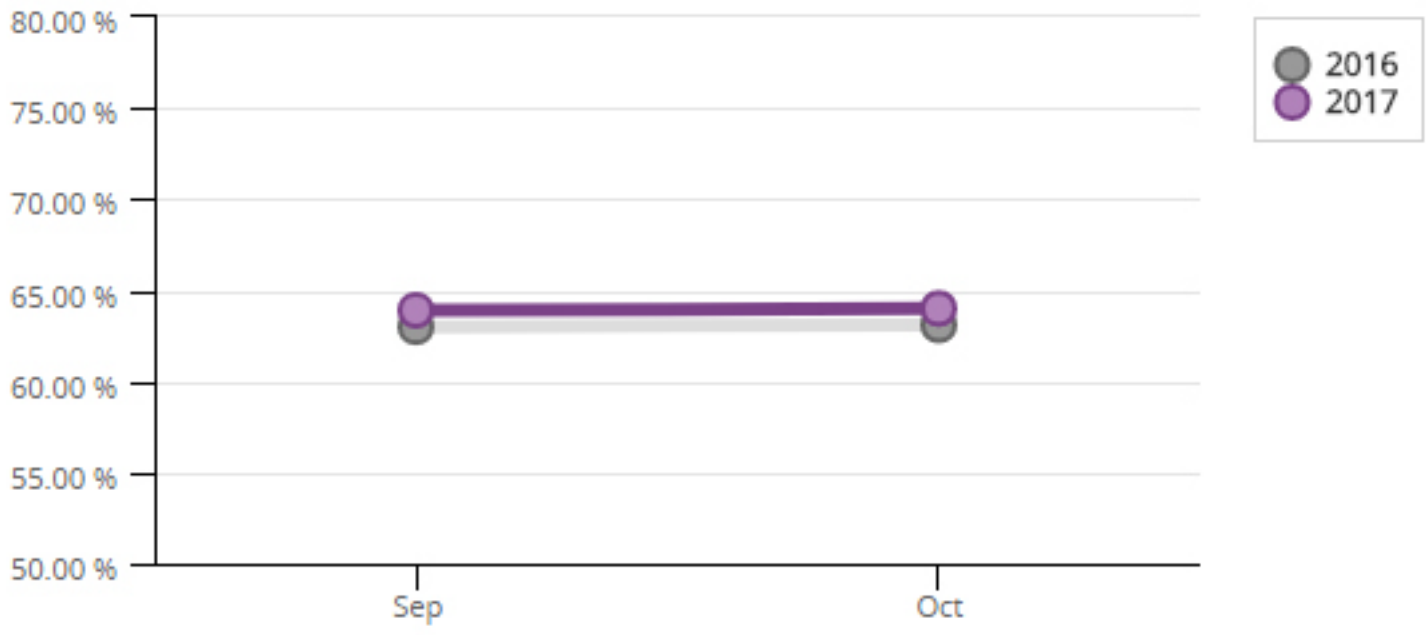
"Nearly half of the funding requests by small businesses at small banks are approved. This shows that the U.S. small business credit market is strong."



### Institutional lenders

**Institutional lenders'** loan approval rates again improved by one-tenth of a percent in October to 64%, a new high for the category in the Biz2Credit Small Business Lending Index.

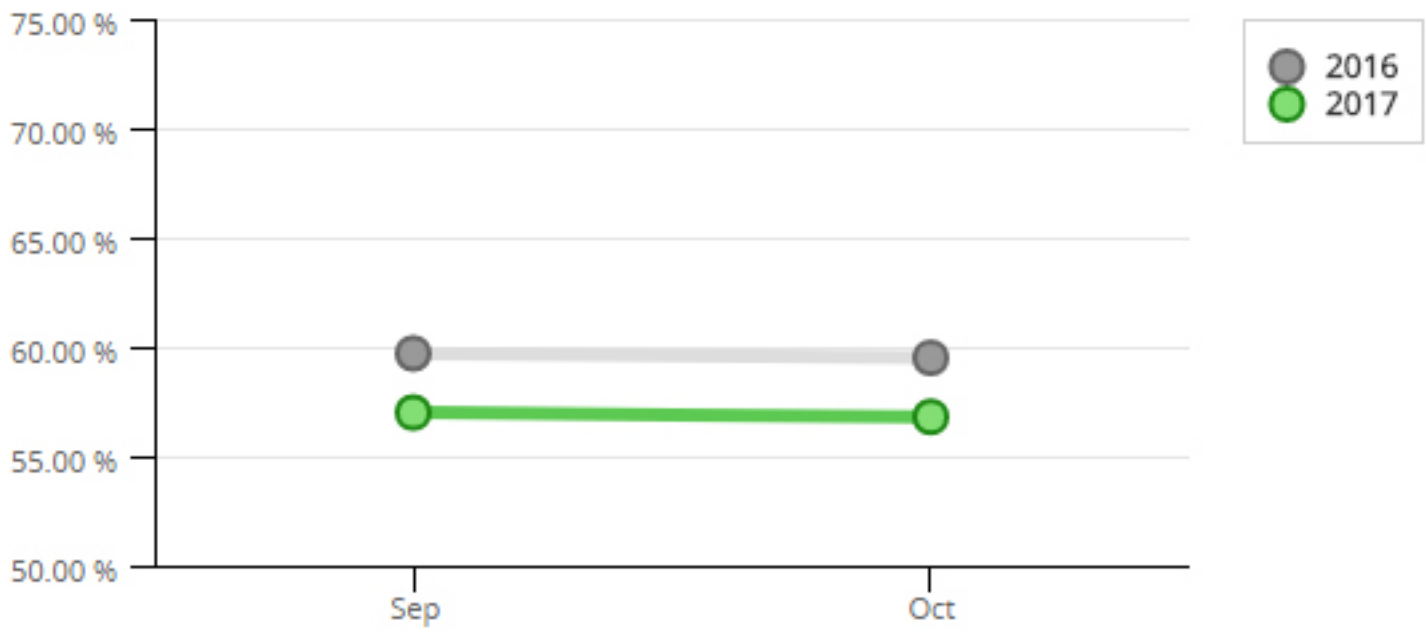
"The economy is doing well, the jobs report was solid, and investors from beyond America's shores are entering the small business credit marketplace with success," added Arora. "All of these factors instill confidence in business owners who are contemplating start-up funding or expansion financing."



### Alternative Lenders

Loan approval rates among **alternative lenders** continue to drop; approval rates dipped two-tenths of a percent in October to **56.8%**. Approval percentages for alternative lenders have experienced a slow decline as 2017 draws to a close.

"Alternative lenders are often 'lenders of last resort' because of their high interest rates. However, they play an important role in small business finance because they are willing to fund to businesses with poor credit scores or no credit history at all," Arora explained.



### Credit Unions

Loan approval rates at **credit unions** Loan approval rates at credit unions dropped a tenth of a percent to **40.2%**, a new low point for lenders in this category."

"Many credit unions seem averse to setting up systems for digital applications. They haven't invested the amount of money that banks, alternative lenders, and other lenders have made into developing online loan applications," Arora explained. "This is an ongoing issue that I just don't see changing."

