

Lending Approval Rates at Big Banks, Institutional Lenders Continue to Surge, According to March 2015 Biz2Credit Small Business Lending Index™

Loan Approval Percentages at Small Banks, Alternative Lenders and Credit Unions Drop Again

Small business loan approval rates at big banks and institutional lenders continue to improve, attaining new post-recession highs in March 2015, according to the Biz2Credit Small Business Lending Index, the monthly analysis of 1,000 loan applications on Biz2Credit.com.

Big banks (\$10 billion+ in assets) approved **21.6%** of small business loan requests in March 2015, slightly up from 21.5% in February. Further, loan approval rates at big banks have increased each month for nearly a year.

"Big banks continue to be strong in small business lending," explained Biz2Credit CEO Rohit Arora, who oversaw the research. "This is a reflection of overall strength of the economy, the confidence of small business owners, and the investments that big banks have made in their branding and technology."

Meanwhile, institutional lenders granted **60.9%** of funding requests by small business owners in March, an increase from 60.7% in February 2015. Approval rates by institutional lenders have increased each month ever since Biz2Credit began monitoring this category of lenders one year ago.

"Institutional lenders are willing to offer attractive loans to small business owners," Arora said. "Our Biz2Credit platform enables them to buy small business loans as a solid investment with miniscule risk. Less than one percent of loans on our institutional platform have defaulted since January 2014."

For the fourth consecutive month, small banks denied more than half of their loan requests to small business owners, as lending approval rates at small banks slipped from 49.6% in February to **49.5%** in March. After reaching an all-time Index high in May 2014, lending approval rates at small banks have steadily declined for most of the past year.

"Smaller banks have seen a gradual decline for nearly a year. They are losing market share to big banks and institutional lenders, which can offer attractive terms and quicker processing," said Arora.

Approval rates at alternative lenders -- merchant cash advance companies, factors, and other non-bank institutions - dropped to **61.2%** in March, from 61.4% in February. Alternative lenders' approval percentages have declined each month since January 2014, coinciding with the emergence of institutional lenders in the small business lending marketplace.

"Alternative lenders have declined as institutional lenders have risen, and this trend shows no signs of letting up," Arora explained. "Entrepreneurs no longer have to pay high interest rates offered by alternative lenders. They can get money just as quickly from marketplace lenders at much lower rates. Bad news for alternative lenders, but good news for borrowers."

Credit unions granted **43.1%** of loan applications in March, a decrease from 43.3% in February 2015.

"Credit unions peaked in 2012 in small business lending and have experienced a slow and steady decline nearly every month after that," Arora explained. "They never became the force in small business lending that they had hoped to become."

Month	Big Bank Approval %	Small Bank Approval %	Credit Union Approval %	Alternative Lenders Approval %	Institutional Investors Approval %
Mar. 2015	21.60%	49.5%	43.10%	61.20%	60.90%
Feb. 2015	21.50%	49.60%	43.30%	61.40%	60.70%
Jan. 2015	21.30%	49.60%	43.20%	61.60%	60.50%
Dec. 2014	21.10%	49.70%	43.30%	61.80%	60.10%
Nov. 2014	20.80%	49.80%	43.40%	62.00%	59.90%
Oct. 2014	20.40%	50.20%	43.50%	62.10%	59.70%
Sep. 2014	20.60%	50.30%	43.40%	62.60%	59.50%
Aug. 2014	20.40%	50.60%	43.40%	62.70%	59.40%
July 2014	20.10%	50.90%	43.50%	62.90%	59.30%
June. 2014	20.00%	51.40%	43.70%	63.20%	59.20%
May. 2014	19.60%	51.60%	43.60%	63.30%	59.10%
Apr. 2014	19.40%	51.10%	43.50%	63.50%	58.30%
Mar. 2014	18.80%	51.60%	43.60%	63.60%	58.10%

About the Biz2Credit Small Business Lending Index

Biz2Credit analyzed loan requests ranging from \$25,000 to \$3 million from companies in business for 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.