

Biz2Credit Small Business Lending Index™

Small Business Loan Approval Rates Plummet in March 2020: Biz2Credit Small Business Lending Index™



All Categories of small business lenders nosedive as coronavirus wreaks havoc on the economy.

The approval percentage for small business loan applications at big banks (\$10 billion+ in assets) plummeted to just 15.4% from a post-recession high of 28.3% in February 2020, according to the Biz2Credit Small Business Lending Index™ released today.

Loan Approval in Big Banks

Big banks (\$10 billion+ in assets) plummeted to just 15.4% from a post-recession high of 28.3% in February 2020.



This is a stunning fall that was not entirely unexpected," said Biz2Credit CEO Rohit Arora, who oversees the monthly research. "Until just a few weeks ago, the economy was very strong, and big banks were lending at unprecedented frequency. Now, obviously, things have changed dramatically.

Rohit Arora, Biz2Credit CEO



With business closures and layoffs due to corona virus rattling the economy, numerous sectors in the economy have been shaken, including restaurants, hotels, airlines, and personal services. A remarkable 6.6 million Americans filed for unemployment during the week that ended March 28, according to the Bureau of Labor Statistics on Thursday, April 2. Further, According to the Jobs Report issued on Friday, April 3, 2020, significant declines occurred in restaurant/bar and travel industries, as well as health care and social assistance, professional and business services, retail trade, and construction.

Loan Approval in Small Banks

Small banks dropped dramatically by more than eleven percent, falling from 50.3% in February to 38.9% in March.

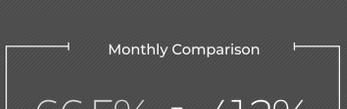
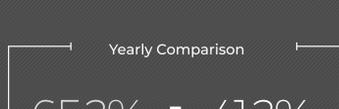


Smaller banks have been a good source of small business financing for a long time. While they are no longer approving more than they decline, business owners are reaching out to them because they are likely to provide funding through SBA loans.

Rohit Arora, Biz2Credit CEO

Institutional lenders

Institutional lenders' approval percentages plummeted from 66.5% in February to 41.2% in March.



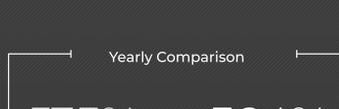
Institutional lender scarved out significant strength in the small business lending marketplace over the past few years, but they are not immune to this market shock.



Rohit Arora, Biz2Credit CEO

Alternative lenders

Alternative lenders fell from 55.9% in February to just 30.4% in March.



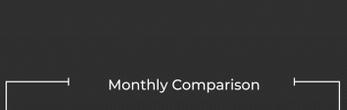
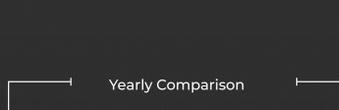
Alternative lenders offer quick cash, so they will play a role in providing money to struggling companies" Arora said. "But those who can wait for government-backed loans will do so, because the interest rate under the PPP lending program is so low at 1%. Honestly, rates cannot go much lower than that, and some of the loans will be forgiven if businesses retain their workforces at pre-coronavirus levels.



Rohit Arora, Biz2Credit CEO

Credit unions

Credit unions drop from what was already a record low of 39.6% in February to 23.2% in March.



Credit unions had challenges in the business lending marketplace before the corona virus came along," said Arora. "With the speed that is required to pump some life into businesses right now, credit unions won't be in the forefront of lenders. Those that have improved their digital capabilities or partnered with FinTech firms are well ahead of competitors – especially now.



Rohit Arora, Biz2Credit CEO

About the Biz2Credit Small Business Lending Index

Biz2Credit analyzed loan requests from companies in business more than two years with credit scores above 680. The results are based on primary data submitted by more than 1,000 small business owners who applied for funding on Biz2Credit's platform.

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$3 billion in small business financing. The company is expanding its industry-leading technology in custom digital platform solutions for banks and other financial institutions, investors and service providers. Visit www.biz2credit.com or [Twitter@Biz2Credit](https://twitter.com/Biz2Credit), Facebook, and

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