

## Biz2Credit Small Business Lending Index™ Big Bank Approval Rates for Small Business Loans Drop

October 2014

According to the Biz2Credit Small Business Lending Index™, a monthly analysis of 1,000 loan applications on Biz2Credit.com



### Big bank approvals

In a year to year comparison, big bank approval rates have increased by more than 42% in October from 14.3% approval rates in October 2013



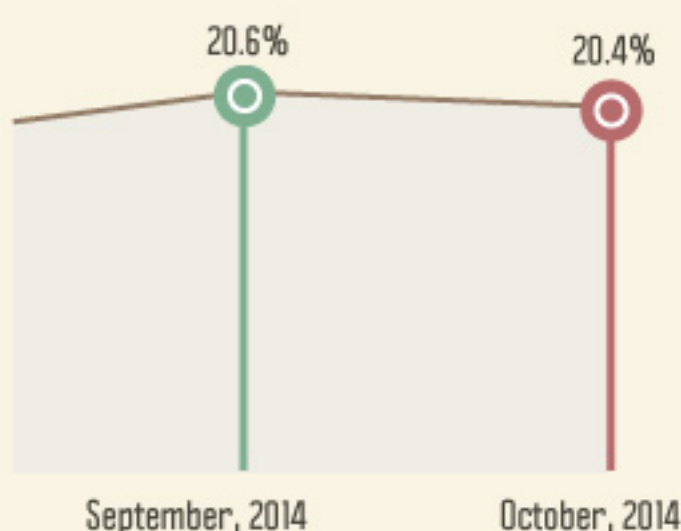
### Institutional Lenders,

Institutional lenders granted 59.7% of the funding requests they received in October, a slight increase from 59.5% in September. Lending approval rates by these institutional lenders has increased every month since Biz2Credit began monitoring this category of lenders after their post-government shutdown emergence in January 2014.

"Small business lending is becoming mainstream among institutional players, who are offering more long-term products. These lenders are providing strong competition to big banks and look to be a long-term threat for big banks in the small business lending space.

Big banks long had the advantage of a vast distribution network, the branches, which are now fading away. Also, immigrants not as impacted by the brand names of big banks.

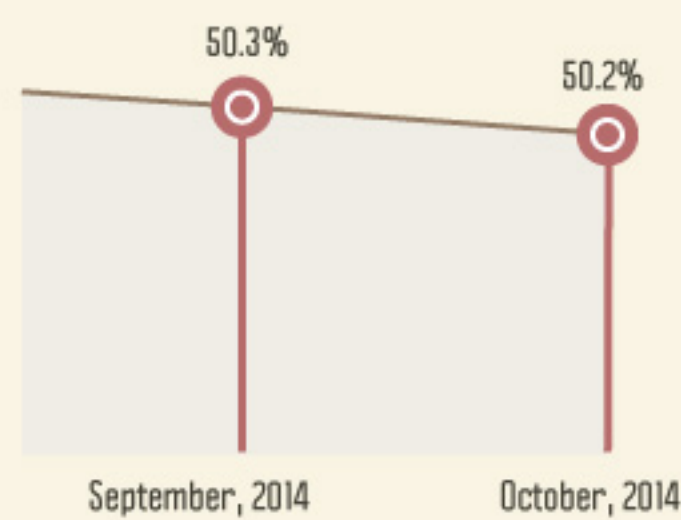
People are seeking to do capital investments and are looking for money and shopping around. You can easily shop online and get longer terms. Institutional lenders have capitalized on the decreasing demand of short-term loans, which often came at a high cost and were granted by alternative lenders." – Biz2Credit CEO Rohit Arora,



### Loan approvals at Big banks

Small business loan approval rates at big banks dropped for the first time in seven months, according to the October 2014 Biz2Credit Small Business Lending Index, a monthly analysis of 1,000 loan applications on Biz2Credit.com. Small business loan approval rates at big banks (\$10 billion+ in assets) dipped to 20.4% in October from 20.6% in September.

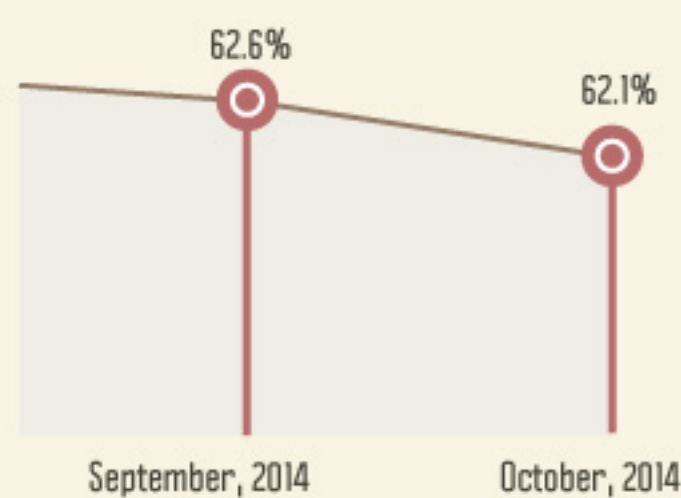
"Big banks have demonstrated their commitment to small business owners over the last year, Lending approval rates at big banks are up nearly 20 percent in comparison to pre-government shutdown numbers as the economy continues its slow but steady rebound. With the improving economy, entrepreneurs have shown willingness to invest in their firms this year more than any other year since the Great Recession of 2009-11." – Biz2Credit CEO Rohit Arora,



### Loan approvals at Small banks

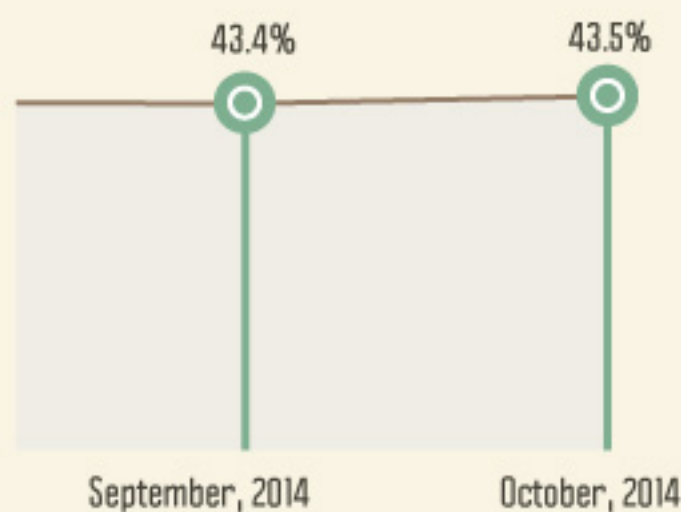
The percentage of loans granted by small banks slipped for the fifth consecutive month to 50.2% from 50.3% last month. However, a year-to-year comparison shows that small business lending approval rates are still significantly higher at big banks, while remaining almost stagnant at small banks over the past 12 months.

"Some smaller banks are paying the price for being slow to accept online applications, The increased competition from big banks and institutional lenders are hurting them because higher quality borrowers are going to these competitors instead of small banks." – Biz2Credit CEO Rohit Arora,



### Small business loan approvals by Alternative lenders

At the same time, approval rates at alternative lenders – merchant cash advance companies, factors, and other non-bank institutions – slipped for the ninth consecutive month to 62.1% in October, from 62.6% in September.



### Credit union approvals of small business loans

Credit unions granted 43.5% of loan applications in October, a slight rise over the approval rate of 43.4% last month. However, a year-to-year comparison shows that lending approval rates at credit unions are down as they continue to be an afterthought by small business loan applicants.

#### 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 with more than 1,300 lenders nationwide.