



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

## **U.S. Small Business Lending Broader Based** *PayNet Data Shows Shift Towards Risk Taking*

(CHICAGO, IL — November 3, 2014) —The September release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, increased 14% compared to September 2013. The SBLI increased 6% from 118.5 in August 2014 to 125.4 in September 2014 providing another data point for increased expansion of the small business economy through more borrowing to expand property, plant and equipment.

"Wringing fear from the investor base has proven formidable, as U.S. small businesses and lenders remain towards the cautious side of the risk taking scale," states William Phelan, president of PayNet.

Risk ticked up again in September compared to a year ago, as a further sign of normalization where increased risk is matched with higher reward. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due registered 1.26% in September 2014, 9 basis points higher than September 2013. Although delinquencies are lower versus August 2014 by 1 basis point, the trend toward higher loan delinquencies is consistent with rising investment. As more businesses borrow more to make more investments, some of them will find it tougher to pay loans back on time.

The SBDI 91-180 days past due at 0.31% stands above the all-time low of 0.29%. Compared to one year ago, severe delinquency is up 9% (3 basis points), the fifth consecutive month of year-over-year increases.

"Higher investments by lenders and small businesses are underway in Auto Repair, Heavy Construction, Delivery Companies and Contractors. Investment is fanning out into broader geographic regions like Atlanta, Richmond, Dallas and San Francisco. The flight to quality from the recession is shifting to higher risk taking," Phelan added.

### **About**

PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiencies. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 Million contracts worth over \$1.2 Trillion. Using state-of-the-art analytics, PayNet converts raw data into real-time marketing intelligence and predictive information that subscribing lenders use to make informed small business financial decisions and improve their business strategy. For more information, visit [paynetonline.com](http://paynetonline.com).

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### **Thomson Reuters/PayNet Small Business Lending Index (SBLI)**

The Small Business Lending Index (SBLI) is based on new commercial loan and lease originations by major U.S. lenders in PayNet's proprietary database. This index measures the volume of loans to small businesses normalized to January 2005. Small businesses generally respond to changes in economic conditions more rapidly than do larger businesses, so this statistic is a leading indicator of the economy and predicts changes in GDP between 2-5 months.

### **Thomson Reuters/PayNet Small Business Delinquency Index (SBDI)**

The Small Business Delinquency Index (SBDI) measures the financial stress of small businesses with \$1mm or less in credit outstanding.

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