



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

## **U.S. Small Business Lending Softens in January** *U.S. Economy Positioned for Moderate Expansion*

(CHICAGO, IL — March 3, 2015) —The January 2015 release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, increased 3% to 120.9 compared to 117.4 a year ago but decreased 9% from 133.4 the prior month. The restated December 2014 was the highest value for the time series. Recent investment reflects replacement of equipment, property, and plant indicating that plans to expand production are on hold for now, which is partially seasonal due to extreme weather conditions that made expansion difficult in January. Large increases earlier in 2014 are still being absorbed which further restrained investment in January.

“Even with moderated investment in January, production expansion is running at a 5% trend-line rate which means small business will add to GDP over the next few months,” states William Phelan, president of PayNet.

One key driver of continued optimism for the economy remains financial strength of small businesses. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due showed a 1 basis point increase to 1.24%. Although the SBDI has increased for eight consecutive months, it remains only 7 basis points above a year ago. Severely past due loans showed no change from December 2014 to January 2015 with the SBDI 91-180 days past due holding at 0.30%.

“The recent data suggests continued growth for small businesses but at a moderate pace,” states William Phelan. “Investment rates subsided after a strong 2014. Businesses are waiting to see consumption catch up with production. Strong financial health positions businesses to invest further when they see more demand for their goods and services.”

### **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 \$1.3 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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