



TAKING THE RISK OUT OF
SMALL BUSINESS LENDING

Investment by Small Businesses Stalls ***Small Business Lending Index Falls 5%***

(December 2, 2015) —The October 2015 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, decreased 5% to 131.7 compared to September while the September value had been restated from 140.4 to 137.9. On a year-over-year basis, the SBLI is flat compared to October 2014 and marks only the second time the SBLI has failed to increase over the prior year since February 2010.

“Borrowing and investment by small businesses fell abruptly last month and at the same time the percentage of loans past due fell. Small businesses are either seeing less demand for their goods and services or becoming cautious about their future,” states William Phelan, president of PayNet. “While this month may be an outlier, it stands in stark contrast to the faster trend line for borrowing and investment over the past year.”

Loans past due remain muted with the Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due standing unchanged at 1.19% from September to October. On a year-over-year basis, moderate delinquencies declined 6 basis points. This is the fifth consecutive month of year-over-year decreases after 12 straight months of increases.

Several industries showed slight rises in delinquencies, such as Transportation which increased 6 bps to 1.04% for the eighth consecutive monthly increase and its highest level since March 2014. Construction and Health Care delinquencies are both up 4 bps to 1.67% and 1.21%, respectively.

“Lower small business investment and lower loans past due remind of the uncertainty of 2012 when small businesses held back on bold investments and undertook a de-risking of their financial position,” Phelan noted. “Slower borrowing and investment by small businesses means slower GDP for the next quarter.”

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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 and sbinsights.net.

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.

Press Contact:

Jamie Born, Senior Director, Corporate Communications, PayNet, Inc.
847-853-6117/ jborn@paynetonline.com