



TAKING THE RISK OUT OF
SMALL BUSINESS LENDING

U.S. Small Business Lending Signals Muted Growth February, 2014

Small Business Economy Investing at a Moderate Pace with High Credit Quality

(CHICAGO, IL — April 1, 2014) —The latest data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which has proven to be a leading indicator of GDP between 2-5 months, shows small business investment activity growing at a slower pace. The SBLI registered 110.5 in February, a 5% increase over the same month last year. The Index decreased 5% compared to January which was revised slightly from 117.2 to 116.5. This most recent release translates into moderate growth for the economy over the next 2 to 5 months.

“Although the data indicates growth, this rate is slower than the previous report and it indicates that small businesses have lowered their outlook for future investment in business expansion. This report means some increased demand for goods and services are occurring, but with some investment towards maintenance and restocking of worn out assets, less is driven by organic growth,” states William Phelan, president of PayNet, Inc.

The financial conditions remain quite favorable for small businesses and the overall economy. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) which measures loans more than 30 but less than 91 days due increased 1 basis point to 1.19% in February 2014 compared to January, which was revised from 1.16% to 1.18%, for loans 31-90 days past due. As compared to one year ago, delinquency is still down from 1.27% in February, 2013.

“The good news is that small businesses are not taking extra financial risks. Credit quality continues at all-time highs which means financial capacity exists to take on more lending when soft order books turn to hard demand,” Phelan added.

PayNet’s latest data release takes the pulse of the U.S. small business economy and shows that small business owners still lack conviction about the ability of the economic recovery to accelerate before expanding operations. The pace of hiring has softened, and business stockpiling has slowed after companies aggressively replenished shelves last year. Faster demand would help companies pare inventories, but stagnant incomes continue to restrain the American consumer.

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 22 Million contracts worth over \$1 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 sbinsights.net.

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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’s 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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