



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

## **U.S. Small Business Lending Sustains & Moderate Growth May 2014**

(CHICAGO, IL — July 1, 2014) —The Small business economy displayed steady and faster growth in business investment last month based on the latest release of small business trends. In a sign of consistency, 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 rose again in May over April and over the same time last year. The SBLI increased 1% in May over April marking the third consecutive month of increases. It rose 12% over last year which is also the third month of double-digit increases. At 127.1, the Index is within striking distance of the all-time high of 131.7 reached in January 2007. In a sign of greater optimism among small business owners, the trend line for business investment rose to 15% with this latest release which is the fastest over the past year.

Credit quality remained high as delinquencies on business loans to small businesses did not budge off the all-time lows. The Small Business Delinquency Index which measures loans 31 but less than 90 days past due remained flat at 1.19%. Small businesses that specialize in the Transportation and Agriculture sectors are again at all-time lows (0.97% and 0.31% respectively). The Small Business Delinquency Index which measures loans 91 but less than 180 days past due remained flat at 0.29% which has is unchanged since mid-2013. Delinquencies for retailers hit another all-time low, down 1 bp to 0.33%.

“After a dismal first quarter, this latest release provides further evidence to support growth in the second half of 2014” noted William Phelan, President of PayNet. Second quarter GDP growth will be positively impacted by the small business sector of the economy which makes up 50% of all activity. This trend line growth also means odds are the second half of 2014 will benefit from strength from the small business sector. Small businesses remain fiscally sound and their investments point to generally improved business conditions in the broader economy.

### **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 \$1.2 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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