U.S. Small Business Lending Pauses in August, 2014
Small Businesses Temper Borrowing to Digest Prior Investment

(CHICAGO, IL — October 1, 2014) —The August release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, declined 1% compared to August 2013. The SBLI decreased 10% from 127.5 in July 2014 to 114.5 in August 2014 signaling small businesses are temporarily full of new debt.

"This release is not a surprise given the strong growth in investment by small businesses over the past several months," states William Phelan, president of PayNet. "Keeping up a double-digit investment rate could actually compromise the expansion phase of this business cycle."

Although ticking up, credit risk remains at an unusually low rate for this business cycle. The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased for the fourth consecutive month, up from 1.25% in July 2014 to 1.27% in August 2014. Compared to one year ago when delinquency was 1.16%, the SBDI is up 9%. All segments (except Retail) saw month-over-month increases ranging from 1 basis point to 3 basis points.

The SBDI 91-180 days past due increased to 0.31% from July 2014 to August 2014. Compared to one year ago, delinquency is up 9%, the fourth consecutive month of year-over-year increases.

"At face value, this report appears to be a setback for small business and the economy. Although we don't know if this is the start of a correction, the data tells us small businesses are making measured investment. This measured investment with low credit risk helps extend the low risk expansion phase of this business cycle," Phelan noted.

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.

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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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