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U.S. Small Business Lending Increases Sharply
Investment by Small Businesses Rebounds

(April 4, 2016) —The February 2016 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, increased to 138.0 in February from 117.7 in January, a 17% increase. Compared to the same month one year ago, the index is up 8%.

Consumer sectors are currently driving this growth: Accommodation and Foods (+4.6%), Retail (+5.0%), Transportation (+7.2%) and Construction (+7.3%) shows the consumer with more discretionary money to spend.

"After 4 months where small business was running in retreat, this month's report illustrates that investment by small businesses rose sharply and that they are back in the game," states William Phelan, president of PayNet, Inc.

Financial conditions improved for small businesses in February with a surprising decrease in loans past due. The Thomson Reuters PayNet Small Business Delinquency Index 31-90 days past due fell 2 basis points to 1.20%. Sectors deteriorating include Ag (+.25%), Construction (+.19%) and Transportation (+.56%). Default outlook remains low given the tepid investment and conservative approach to expansion small businesses have taken.

The business cycle remains intact with expansion at low risk. The moderate credit cycle continues, even with rises in some of the more economically cyclical sectors like transportation. PayNet's data predicted a slow plodding economy earlier this year, and we continue to see it proceed on the same path.

"The good news is that once uncertainties pass, small business is poised for more expansion because their credit quality remains high," Phelan noted.

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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.

PayNet Small Business Default Index (SBDFI)

The PayNet Small Business Default Index (SBDFI) measures small business defaults and signal insolvency across multiple sectors of the economy at the national, state and industry levels. Default is a point-in-time measurement of borrowers that have failed to remain current and as such is a vital piece of information to assess risk exposure and evaluate the health of the overall economy.