



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

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## U.S. Small Business Investment Returns to Growth Mode

(January 4, 2017) —The November 2016 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI) increased 8% to 129.9 in November 2016 from 119.8 in October 2016. Compared to November 2015, the index is up 2%, the first year-over-year increase since May 2016.

“Greater certainty about policies with the election results complete is certainly a factor,” states William Phelan, president of PayNet. “Expansion had been on hold for the better part of 2016, but it appears to be resuming the trend it carried for most of the past four years-expansion at low risk phase,” Phelan added.

Financial health of small businesses has steadily decreased. While the Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due decreased 2 bps from 1.34% in October 2016 to 1.32% in November 2016, compared to November, 2015, delinquency increased by 12 bps; the seventh straight month of year-over-year increases. Transportation delinquency is down 4 bps to 1.83%, its first month of decrease since January 2015. Every other segment was down or flat from October 2016.

“Small business growth bodes well for future GDP and they are well positioned to add positive lift to the economy if growth policies translate into actual results.” Phelan noted.

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### **About**

PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to manage credit risk, grow earning assets and operate credit at lower cost. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 million contracts worth over \$1.4 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 [www.paynet.com](http://www.paynet.com).

### **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.