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## **Solid Growth Shows Early Signs Among Small Businesses in January 2017**

(March 1, 2017) —The January 2017 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI) rose a solid 4% in January over the same time last year. The 8% fall in the Index versus December reflects the seasonality of small business investment which tends to be heavier at year end. In another good sign, the 4% year-over-year increase breaks the negative trend that took hold during election season.

“While not rocketing ahead at the double-digit rate of the stock market, small businesses got into the action in January. Solid is further shown through financial health of small businesses. While loans past due rose in other credit sectors like consumer credits cards, they remained unchanged for small businesses. These present good conditions for future growth of the small business economy,” said William Phelan, president of PayNet, Inc.

Industry sectors leading this expansion continue to reflect services industries. With 14% year-over-year growth in originations, Arts, Entertainment, and Recreation remains the top expanding sector of the small business economy while Administrative and Waste Services is the third faster growth sector (+8%). Construction continues to be a growing sector (+7%).

Laggards continue among the “bread and butter” sectors of the small business economy. Industry sectors that declined year-over-year included Transportation (-14%), Mining (-12%), Agriculture (-9%), Healthcare (-8%), and Retail (-1%)

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due was unchanged in January at 1.32%. This reflects an increase of 10 basis points over last year.

One good sign of improving finances is Transportation delinquency which decreased 4 bps to 1.72%, its third consecutive monthly decrease; it previously had not decreased for 21 months. Agriculture delinquency increased 6 bps to 0.77%, its highest level since February 2011.

“The makings of solid expansion emerge from this recent release. While one positive month could easily turn negative, this release shows the potential for a healthy future for small business credit. Rising originations, moderate loan delinquencies, rising interest rates and lower regulations mean expansion at continued low credit risk,” notes Phelan.

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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