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## **U.S. Small Business in Stuck in Low Gear**

*Conserving cash and preserving financial health*

Chicago, IL (September 7, 2017) — The July 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) decreased 11% to 123.8 from 139.1 in June 2017. Compared to July 2016, the Index increased 1%.

Industrial sectors showed sluggish activity with 11 of 18 industry sectors showing a negative trendline. Big sectors remain in contraction mode with Healthcare at -1.8%, Transportation at -0.4%, Professional Services at -0.5%, and Manufacturing at -0.3%. The major sectors that are growing are Mining (4.6%), Accommodations & Food Services (2.3%) and Wholesale Trade (1.7%).

“Small businesses are continuing their ways of the last few years,” states William Phelan, president of PayNet, Inc. “They remain risk averse, not reward seeking.”

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased to 1.35% in July 2017 from 1.32% in June 2017. Compared to one year ago, delinquency increased 4 basis points (bps). Despite the increases, financial health remains strong partly because of the little risk taking.

All the industry segments increased between 1 and 4 bps during July, with the exception of Transportation which declined 1 basis point.

Small business default rates continue to stabilize and have been effectively unchanged in recent months. The PayNet Small Business Default Index (SBDFI) has increased 15 basis points since July 2016 to 1.87%, but increased only 4 bps in the past 6 months.

“Small businesses remain in maintenance mode,” Phelan added. “The longer small businesses remain stuck in low gear, the harder it will be to rev up later.”

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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 \$1.5 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