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Main Street Businesses Lift Off *U.S. Small Business Lending Nears All-Time High*

CHICAGO – (March 6, 2018) – Small business lending expanded robustly in January, according to the latest Strategic Insights Report from [PayNet](#), the leading provider of small business credit data and analysis. The [Thomson Reuters / PayNet Small Business Lending Index](#) (SBLI) increased to 143.6 in January, nearing the all-time high reached in July 2015. The SBLI is up nearly five points compared to last month and is 14% above year-ago levels. The SBLI three-month moving average also rose in January and is up more than 8% over the last 12 months.

Most industries saw growth in January, led by Construction (+7.6% Y/Y) and Public Administration (+6.3% Y/Y). According to PayNet data, Construction lending to small businesses has risen consistently since late 2016 and is at its highest level since 2008, mirroring the sharp 13% expansion in residential investment in Q4 2017.

“After years of sluggishness, small businesses are finally getting back in the game and increasing their capacity,” said William Phelan, president of PayNet, Inc. “It’s good to see main street more involved in the expansion, as small businesses appear to be going ‘all-in,’ investing in more property, plant and equipment tools and services.”

As the economy continues to accelerate, small businesses are showing slight increases in financial stress. The [Thomson Reuters / PayNet Small Business Delinquency Index](#) (SBDI) 31–90 Days Past Due inched up to 1.38% in January and is up five basis points over the last 12 months. Delinquencies rose in most large industries in January, led by Construction (+14 basis points compared to a year ago), though Transportation delinquencies declined on an annual basis for the sixth consecutive month. Regionally, delinquencies are up in nine of the ten largest states by an average of 20 basis points since August 2017, though they remain low by historical standards in most states.

The [PayNet Small Business Default Index](#) (SBDFI) fell three basis points to 1.82% in January. Defaults have been on a slightly downward trajectory over the last year after rising steadily throughout 2016, which likely reflects the broad-based economic rebound that began in late 2016. Five of the 18 industrial sectors saw defaults rise in January, though 10 experienced higher default rates compared to a year ago. Notable default rate increases occurred in Information (+83bp Y/Y) and Accommodation and Food (+27bp Y/Y), while Mining (-232bp Y/Y) and Transportation (-40bp Y/Y) continue to show marked improvement over the last 12 months.

“The economy continues to perform well, and the combination of a lower tax burden and lighter-touch regulation should help keep it rolling in 2018,” added Phelan. “We fully expect banks to increase their lending activity to small commercial and industrial business in the months ahead.”

[PayNet, Inc.](http://www.paynet.com), 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 \$1.6 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.

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 signals 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.