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U.S. Small Business Treading Water *Investment Contracting with Financial Health Remaining Strong*

Chicago, IL (November 3, 2017) — Small business monthly credit trends reflect a wait and see attitude. The September 2017 Thomson Reuters/PayNet Small Business Lending Index (SBLI) decreased 4% to 127.3 from 133.2 in August 2017. Compared to September 2016, the SBLI decreased 2%.

Only four major sectors registered positive increases with Accommodation & Food, Administration, Construction and Wholesale up materially. In a positive sign, Health Care, Retail and Transportation are showing increased investment over the past quarter which bodes well for these sectors.

“While the majority of industry sectors showed decreases compared to last year, the overall trend line remains unchanged, indicating this wait and see attitude among small businesses,” states William Phelan, president of PayNet, Inc. “Financial health continues at above average quality. Small businesses are not venturing out on a financial limb at this time.”

The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased to 1.35% in September 2017 from 1.33% in August 2017. Compared to one year ago, delinquency increased 3 basis points (bps). Every month in the past year and a half has been up, however the year-over-year increase had been declining for the last five months, whereas this month it has increased slightly.

Transportation and Agriculture delinquency decreased 7 bps and 2 bps while investment in these two sectors are finally starting to creep into positive territory. The remaining segments showed delinquency increases of 1 to 2 bps.

The PayNet Small Business Default Index (SBDFI) ticked up one basis point in September to 1.86%, and there are signs that the negative impact of Hurricane Harvey is starting to materialize. After many months of relatively rapid declines in default rates, defaults ticked up in the Western Part of the South—and especially Texas which increased from 2.91% to 2.96%—last month.

“Small business is not in expansionary mode probably because they are not sure about the direction of important policies like taxes. It’s going to take some serious clarity to get small business to come to life again and start to invest,” Phelan added.

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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.

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