Press Contact: Jamie Born, Senior Director, Corporate Communications, PayNet, Inc.
847-853-6117/ jborn@paynetonline.com

U.S. Small Business On Hold for Now
Credit Quality Stays Above Average but GDP Stall

(Chicago-IL June 30, 2016) — The May 2016 data release of the Thomson Reuters/PayNet Small Business Lending Index (SBLI), which is a leading economic indicator of GDP, decreased in May 2016 for the third consecutive month to 128.6 from 129.5 in April 2016, a 1% decline. Compared to the same month one year ago, the index is down 3%, the second consecutive year-over-year decrease.

"Small businesses remain bearish for now. The Industrial sector in particular is on-hold while the consumer sector is provideing the main source of growth," notes William Phelan, President of PayNet, Inc.

Construction expanded the most by +9.2%, followed by Arts, Entertainment & Recreation by +8.2% and Retail Trade by +6.0%. Mining and Agriculture contracted the most at -14% and -15%, respectively. Food & Accommodation registered a sharp pullback falling -6%, which is considerably lower than the -3% recorded in April.

Financial health of small businesses shows increased delinquency.   The Thomson Reuters/PayNet Small Business Delinquency Index (SBDI) 31-90 days past due increased 3 bps from 1.23% in April 2016 to 1.26% in May 2016, its highest level since September 2014. Compared to one year ago, delinquency increased by 2 bps, the first time delinquency has increased year-over-year since May 2015. Transportation delinquency is up 14 bps to 1.54%, its 15th consecutive month of increases and its highest level since December 2012. Agriculture is at its highest level since June 2011, Construction since February 2013, Health Care since March 2013, Retail since August 2014, and General since July 2015.

"The presidential election, trade and tax policy, add up to caution for small businesses," Phelan noted. "Credit quality of private company loans will remain above average and GDP won't get much lift from small businesses over the next quarter."

# # #

About
PayNet Inc. is the leading provider of credit ratings on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiences. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 Million contracts worth over $1.3 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 paynetonline.com and sbinsights.net.

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.

Press Contact: Jamie Born, Senior Director, Corporate Communications, PayNet, Inc.
847-853-6117/ jborn@paynetonline.com

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.