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Recent Signs Indicate That Small Business Lending In The US Is Rising

There have been indications recently that more US banks might be loosening the purse strings for smaller and medium-sized companies, as conditions for business are improving and borrowers are becoming more able and willing to take on new debt.

One indication comes from the fact that small-business lending in America reached a four-year high during November 2011 – this is according to the Thomson Reuters (Public, TSE:TRI-B)/PayNet lending index.

A fewer number of small companies are also falling behind with their loan repayments according to the November reading of the index, with delinquencies of 30 days or more falling from the previous reading by five basis points to 1.5%, and "severe delinquencies" of greater than 90 days dropping by 1 basis point to 0.39%.

Some analysts and small-business lending brokers meanwhile have noticed that demand for loans from medium-sized and small businesses is picking up, as their sales are getting better and their creditworthiness is improving.

But some commentators say signs of increased lending are very small, and many small firms still have large barriers to credit. Research from one group for example, is at odds somewhat with the Thomson Reuters/PayNet lending index's November reading.

The National Federation of Independent Business, a small business lobby group that is based in Washington D.C., has found that most small firms in the US have either given up trying to earn capital from banks after being rejected many times, or have not even looked for bank finance because they have weak growth prospects.

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