



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

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## Arizona Small Business Defaults Down in March, as is Borrowing

Data released by PayNet show that the percentage of small businesses defaulting on existing loans has fallen in Arizona and the level of borrowing activity fell in March 2017. The data suggest that financial conditions in the state may begin to improve.

After a 3 basis point dip from February, Arizona's PayNet Small Business Default Index (SBDFI) of 1.84% was 3 basis points below the national SBDFI level of 1.87%. The decline in defaults over the past two months may signal improving financial health in the state. Year-over-year, both the Arizona and national SBDFI rose 25 basis points.

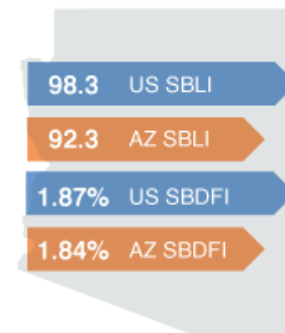
The three industries with the highest default rate in Arizona were Transportation and Warehousing (4.58%); Mining, Quarrying, and Oil and Gas Extraction (4.14%); and Admin & Support and Waste Management & Remediation Services (3.08%). Nationally, Transportation and Warehousing had a default rate of 4.49%, with a difference of +1.24% compared to the prior year variance of +0.71% in Arizona.

Registering at 92.3, Arizona's PayNet Small Business Lending Index (SBLI) fell 1.3% from last month's state level and was 6.1% below the national SBLI level this month. The Index is basically unchanged from a year ago.

"With lackluster investment and relatively low defaults, small business financial health remains above average," explains William Phelan, president of PayNet.

Arizona Small Business Credit Trends

March 2017



Source: SBinsights.net

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**About**

PayNet is the leading provider of credit ratings on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiencies. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 Million contracts worth over \$1.4 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).

**PayNet Small Business Lending Index (SBLI)**

The PayNet 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 formulated on a rolling 12-month basis. Small businesses generally respond to changes in economic conditions more rapidly than do larger businesses; this statistic is a leading indicator of macroeconomic and industry trends

**PayNet Small Business Default Index (SBDFI)**

The PayNet Small Business Default Index (SBDFI) measures the percent of loans and leases to small businesses that have defaulted in the past 12 months.

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