



TAKING THE RISK OUT OF  
SMALL BUSINESS LENDING

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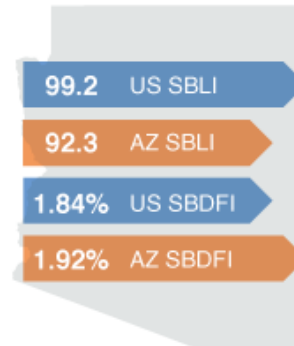
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## Small Business Defaults in Arizona on the Rise in January

PayNet, the leading provider of small business credit assessments on private companies, reports that in January 2017 the percentage of Arizona's small businesses defaulting on existing loans has grown. Of the 18 major industries, 8 rose in the state compared to previous month.

PayNet's Small Business Default Index (SBDFI) for Arizona stood at 1.92% after a 6 basis point rise from December. Arizona's SBDFI was 8 basis points greater than the national SBDFI level of 1.84%. The uptick in defaults over the past three months may signal deteriorating financial health in the state. The national SBDFI rose 29 basis points year-over-year, while Arizona's SBDFI increased 27.

Arizona Small Business Credit Trends  
January 2017



Source: SBinsights.net

The three industries with the worst default Index in Arizona were Transportation and Warehousing (4.16%); Mining, Quarrying, and Oil and Gas Extraction (3.92%); and Admin & Support and Waste Management & Remediation Services (3.05%). Nationally, Transportation and Warehousing had a default rate of 4.23%, with a difference of +1.40% compared to the prior year variance of +0.39% in Arizona.

At 92.3, Arizona's PayNet Small Business Lending Index (SBLI) declined 0.5% from the previous month's state level and was 7.0% below the national SBLI level this month. However, the index is basically unchanged from a year ago.

"The performance of defaults over the past 3 months matches a sluggish lending environment," states William Phelan, president of PayNet.

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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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