Small Lenders Prove to be a Big Help to SMEs

beyond inc

Smaller lenders are able to offer what big banks can't – quick working capital, flexibility, and reliability.

When it comes to small business loans the Australian lendscape is changing. According to a recent RBA survey, the market is finding it increasingly difficult to obtain finance from the big four banks. So we are beginning to see entrepreneurs warm up to the idea of smaller alternative cash providers. This is mostly in response to the financial services royal commission's fall out. Which has seen thousands of small business owners seeking small business loans from non-bank lenders. Banks are becoming increasingly unattractive to SMEs with 80% of business owners feeling less optimistic about their funding futures. So where to from here?

Tough times usher in opportunity

But all is not bleak. When times get tough, there are often opportunities waiting in the wings. Small business loans are no different. Larry Prosser, CEO of Beyond Merchant Capital shares how "There is a real opportunity for alternative lenders to prove themselves here. Smaller lenders are able to offer what big banks can't – quick working capital, flexibility, and reliability. Beyond Merchant Capital is one such lender. This fintech leader was created specifically for the retail market. They predicted how that market would change. And with a deep respect for the industry, developed a unique lending model to cater for it. This small business loan provider has quickly proved to be a real player in the lending market.

Merchant Financing is the 'new' small business loan

So now instead of googling "small business loan", small business owners are searching a new key phrase: "Merchant Cash Advance". The quicker and far more flexible working capital solution for retailers. All a merchant needs is a 12 month EFTPOS history, a card terminal and monthly turnover of at least $5,000, and they are eligible for 80-100% of their monthly card turn-over. In the form of cash. Best of all a ten-minute application process and the ability to provide funding in under 48 hours, makes this Fintech leader extremely attractive to SMEs.

Why non-bank lenders?

Banks have tighter lending criteria. So the lower your credit history, the more stringent their policies. Alternative small business loan providers, however, are not banks at all. So they are able to fund with an entirely different set of criteria. This allows for more flexible terms, unsecured deals and extremely quick turnaround times. The real difference comes down to how the business pays back the loan. Instead of working on the traditional fixed monthly repayment, a Merchant Cash Advance repayment occurs via the EFTPOS terminal. This works well for both parties.

The personal touch

Banks are big institutions and because of this, lack that personal touch. Smaller lenders run very differently. And part of that package is welcomed attention and a hands-on attitude. Only where it counts though. They understand small business, and that the entrepreneur at the helm is the best person to run it. Not them. So while fintech lenders prefer that funds are used for growth-enhancing opportunities, they are not in any way prescriptive. You won't find that kind of policy with a bank loan.

Small business loans can be flexible

Banks typically work on a fixed term and rate. However, Merchant Financing has a unique repayment solution that works directly in line with turn-over. Here, an agreed percentage is withheld from each card terminal transaction. With the balance going back into the merchant’s account. This means that real-time cash flow dictates repayment timelines. Great for seasonal business. Which is not normally taken into account in a traditional loan setting.

Times may be tough, but entrepreneurs in the know will see this as much as an opportunity as the non-bank lenders do. A chance to do things differently, and maybe even more effectively than ever before. In this case, going small can lead to really big things.

Contacts

Chad Wellensiek
0735052209
mailto: chad@beyondinc.com.au