

Bibby Financial Services Ireland Helps Businesses Take The Bite Out Of The Credit Crunch

With the full impact of the global credit crunch yet to be felt, independent invoice financier Bibby Financial Services Ireland is advising small and medium-sized businesses to ensure they are well-equipped to weather any financial storm.

The current turmoil in the banking market, originally triggered by sub-prime lending in the US, has seen banks on this side of the Atlantic looking to recover their margins from smaller firms.

Many high street banks have reacted to the change in global financial conditions by reducing their exposure to the small business market. This has resulted in a significant rise in borrowing costs for business owners and managers, while startups' access to funding is becoming increasingly challenging.

Stricter Criteria

"Despite assurances by the Central Bank that global liquidity issues have not yet directly affected the stability of the banking and financial services industry, many banks are now imposing stricter lending criteria that owners and managers simply can't meet," said Graham Byrne, sales director, Bibby Financial Services Ireland.

"For example, a startup business, no matter how watertight its financial planning and forecasting, is unlikely to have the valuable assets or two to three years of credit history that banks are set to employ as part of more stringent health checks. And while larger companies are predicted to be those most affected, many business owners and managers provide valuable products and services to much bigger organisations and could face an equal risk of a cashflow crisis if one of their clients were to enter financial difficulties."

"The good news is that banks are not the only option for Irish firms who are looking for means to boost their financial stability as many now opt to work with providers of alternative funding," he added.

Invoice financiers typically take a much more in-depth view of a client's business and take into account the entire financial picture when making a funding decision. In addition, extensive credit history is not required; instead the sales ledger of the business is used to secure its access to funds.

Chasing Outstanding Payments

As sales invoices are raised, the invoice financier advances up to 85% of the value, providing an immediate injection of cash in to the business, with the remainder, less a small service fee,

going to the business once payment of the invoice is secured. Many invoice financiers will also handle the chasing of outstanding invoice payments on their clients' behalf to avoid time-poor owners and managers devoting precious time to chasing outstanding payments.

"Despite the current economic uncertainty, there are still plenty of cost-effective and flexible funding opportunities for business managers or first-time entrepreneurs. And with careful financial planning, there remains every opportunity to become a thriving and successful business and benefit from Ireland's burgeoning entrepreneurial culture," concludes Byrne.

Based in Dublin, Bibby Financial Services Ireland is a specialist provider of business cashflow solutions to small and medium-sized enterprises across ROI and Northern Ireland. Its product portfolio includes invoice finance and export finance across a wide range of industry sectors.



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