

# MYTH BUSTING



## What are the additional costs

Yes it is true, there can be additional facility costs should you require additional services, or if you do not conform to the operational requirements laid down by the lender at the outset. We only partner with reputable lenders who are bound by the ABFA code of conduct which ensures any potential additional charges are highlighted to you in advance of the activation of your facility.

## What about long term onerous contracts?

Several lenders have simplified their products, taken away jargon and offer fixed price short term contracts. We can either advise you on the lender which suits you the best or help to negotiate the best deal for your business.

## Is Invoice Finance just for struggling companies?

Well this is certainly the myth which has lived with the invoice finance sector for many years and it is true that some businesses have used invoice finance historically due to the fact that they did not fit within the risk parameters of more traditional lending such as bank overdrafts. Invoice Finance is however now used by thousands of thriving businesses and is openly recognised by the Government as well as key financial commentators as a significant contributor towards the financial recovery for growing SME businesses in the UK. But why?

- o Banks want to lend more securely – Invoice Finance involves payment against a current asset in the business rather than an historic balance sheet. No wonder then that, after the banking crisis all high street banks recognise that invoice finance is a core product which should be widely available to all their commercial clients.

- o Banks want to lend more securely – Banks are under increasing pressure to lend more money to Small to Medium sized businesses and when you consider the above point, invoice finance is a very easy way of achieving this.

- o Growth in the market - There are now over 20 lenders in this space ranging from the high street banks to independents offering bespoke products. This highly competitive marketplace results in driving prices down for the customer.

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## Are the exit fees high?

Yes they can be- like any contract there might well be penalties for early severance of a contract. The industry has received some bad press for this and like many other areas of banking, has sought to reduce these wherever possible and make them more transparent. There is also a code of conduct which handles complaints and is there to ensure customers are treated fairly. Touch also provide a free service which offers guidance for any of our customers should a problem occur.

## Key Points

- Customer will be paying more for invoice finance overall but receive up to **four times** the amount of cash flow benefit in moving to invoice finance from a bank overdraft (see attached examples).
- Facility can **grow** in line with the businesses requirements
- Many of the negative views of invoice finance are unfounded or outdated, the product has **evolved** to a commercially acceptable and **affordable** funding option.
- Knowing where to source the **best lender** is essential as all providers offer slightly different products and approaches.
- Touch are able to provide business owners with a **no obligation** comparison between their current banking facilities and invoice finance for a 10 minute investment of their time!

## Contact Touch Financial today

Speak to an expert at Touch Financial on 0800 157 7342 for free, no obligation advice or alternatively visit [www.touchfinancial.co.uk](http://www.touchfinancial.co.uk) for more information.



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