Improve cash flow with invoice funding

The Invoice Market, Australia's fastest growing single invoice discounter, provides highly flexible cash flow funding solutions to businesses

What is single ('no lock-in') invoice funding?

Single invoice discounting, also referred to as 'spot factoring', is the sale of an asset - being a current unpaid invoice - to create immediate cash flow.

While the name implies the sale of just one invoice at a time, a business can elect to sell one, many or all their invoices. They are in complete control of when to raise working capital, how much capital and against which debtors.

Single invoice discounting is distinctly different from full facility factoring, which locks the business into a contract (typically 12 months) and requires the business to factor every invoice raised by the business, across its entire debtor book.

Why do businesses use cash flow funding?

Businesses use invoice funding to release cash flow from their debtor ledger, rather than waiting for their customers to pay them.

Invoice funding is on revenue account and therefore accounted for through the Profit and Loss of the business, whereas factoring facilities are a debt facility and are a liability on the Balance Sheet.

Invoice funding provides greater flexibility and enables you to sell a single or a bundle of invoices when needed, without entering into lengthy and potentially expensive contracts.

What is The Invoice Market?

The Invoice Market is a peer-to-peer online platform that matches an approved panel of funders with Australian businesses in need of cash flow, using single invoice discounting. The Invoice Market has advanced over $100 million to Australian businesses in the past 15 months, making it the fastest growing single invoice discounter in Australia.

The online platform can cater for single as well as multiple invoice transactions.

This delivers competitive, transparent and highly flexible invoice funding. The benefit to your clients? A significant reduction in the cost of raising working capital.

Additional income stream for finance brokers

Many finance brokers are looking to diversify their income stream into alternative offerings, and invoice funding is a perfect fit. Debtor finance is now accepted as a commonplace business financing tool for companies. In fact, many business owners look at it as the smart alternative to a debt facility.

Furthermore, it may assist a broker to write more home loans. Let me explain: Business owners have mortgages and employ staff who also have mortgages. By assisting a business owner with their cash flow funding, the broker becomes a valued consultant to the business and then has the opportunity to assist the business and staff with other services.

The Invoice Market pays attractive upfront and trail brokerage for all invoices funded from their referral.

Here are some key things to consider when choosing an invoice funding product and provider for your client:

- Look at the advance rate (that's the percentage of each invoice that can be drawn down). These range from 50 per cent to 90 per cent and the rate can have a significant impact on how much funding your client will receive.
- Does your client understand the contract and know exactly what they will be paying? Don't enter an agreement that is not clear and with all fees detailed.
- What is the notice period for ending the agreement at the end of the original contract term? This can range between three and six months - that's a long time to be trapped in a deal that's not working for the client. With The Invoice Market there are no lock-in contracts.
- How much funding do they actually need? Do they need to borrow (and pay for borrowing) against their entire sales ledger, or could they save by being more selective and only raising the capital when it is needed?
- How much security does the invoice funding provider require from the business and guarantors? The Invoice Market does not require the family house on the line as security. ●

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