

# Business Banking and Lending

## Business Current Account

Where do you bank?

Who is your Business Manager ?

Where are they based ?

Can you get an appointment ?

Do you need to open online ?

There are a lot of questions when you start looking at if you should open a Business Account and which bank you should go too.

You will need a Business Account to apply for lending at most banks so choose wisely – who is lending and who is not.

Most will offer free business banking for Start up businesses but make sure you find out about the changes after the Free period ends – are they charging per transaction or is it a Fixed Fee ?

Lending charges will vary significantly too..... so your business account may not cost much but how much are you paying for your lending

**first direct**



# Lending Options

Unsecured loans £500- £25,000 – an unsecured loan is a way to borrow money of a fixed amount, over a fixed period with a fixed monthly fee and interest rate.

Benefits to this:- You know how much you are paying and how long for.

Secured loans over £25,000 – Secured loans are secured on an asset such as a property.

E.g. if you were to borrow £80,000 to buy a shop and your payments were not kept up to date the shop would be repossessed – you are also able to secure lending on another asset separate to the business such as your own home.



## Overdraft.

An overdraft is usually between £500 - £25,000 this is an unsecured way of borrowing from the bank – an overdraft is most commonly used for cash flow. E.g. You own a shop and it is reaching the Christmas period, you want to buy extra stock which you know will sell, you may not have the funds in your account to buy the stock so you may need an overdraft.

Overdraft are set to be fluid – using the overdraft then re-paying and using again – going in and out.



# Business Credit Cards

**A credit card intended for use by a business rather than for an individual's personal use. Business credit cards are available to businesses of all sizes, including sole trader.**

**A business credit card is most commonly used to pay for business expenses such as travel/petrol/materials.....**



## Crowd Funding



Crowdfunding is the practice of funding a project or venture by raising monetary contributions from a large number of people – E.g. A baker needs two ovens – this will cost him £8,000. He set up a Crowd Funding page to offer investors a free loaf of bread every week if they invested £100 into his business. He raised the full amount and had regular customers coming in to the bakery every week to pick their free loaf of bread up – when they were in the bakery picking up their free loaf – they bought something else. This also creates a talking point so for example you may have people talking in the pub about how they have invested in you.

It also validates your business idea – if people invest it means they like it if they don't is there any thing you can change or will the idea work?

## Peer to Peer Lending



Peer to peer lending is the practice of lending money to unrelated individuals, or "peers", without going through a traditional financial intermediary such as a bank or other traditional financial institution.

Think Dragons Den – again this is a great way to validate your business, if other experienced business owners believe in your idea then you may be on to a winner.

This would be a great source of gaining contacts and knowledge.

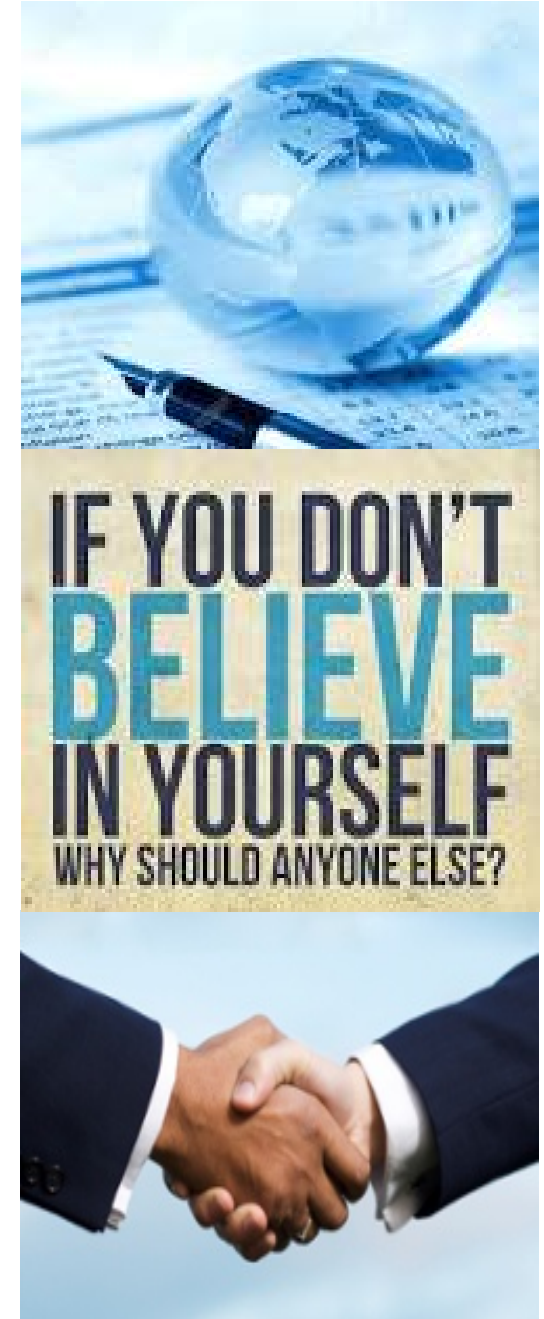
What money have you invested...

I want someone to invest 100% capital into my business  
doesn't always go down well.

I need £20,000 - I have put £10,000 in and need £10,000 –  
shows you believe in your business.



If you don't invest yourself, why would we want to?

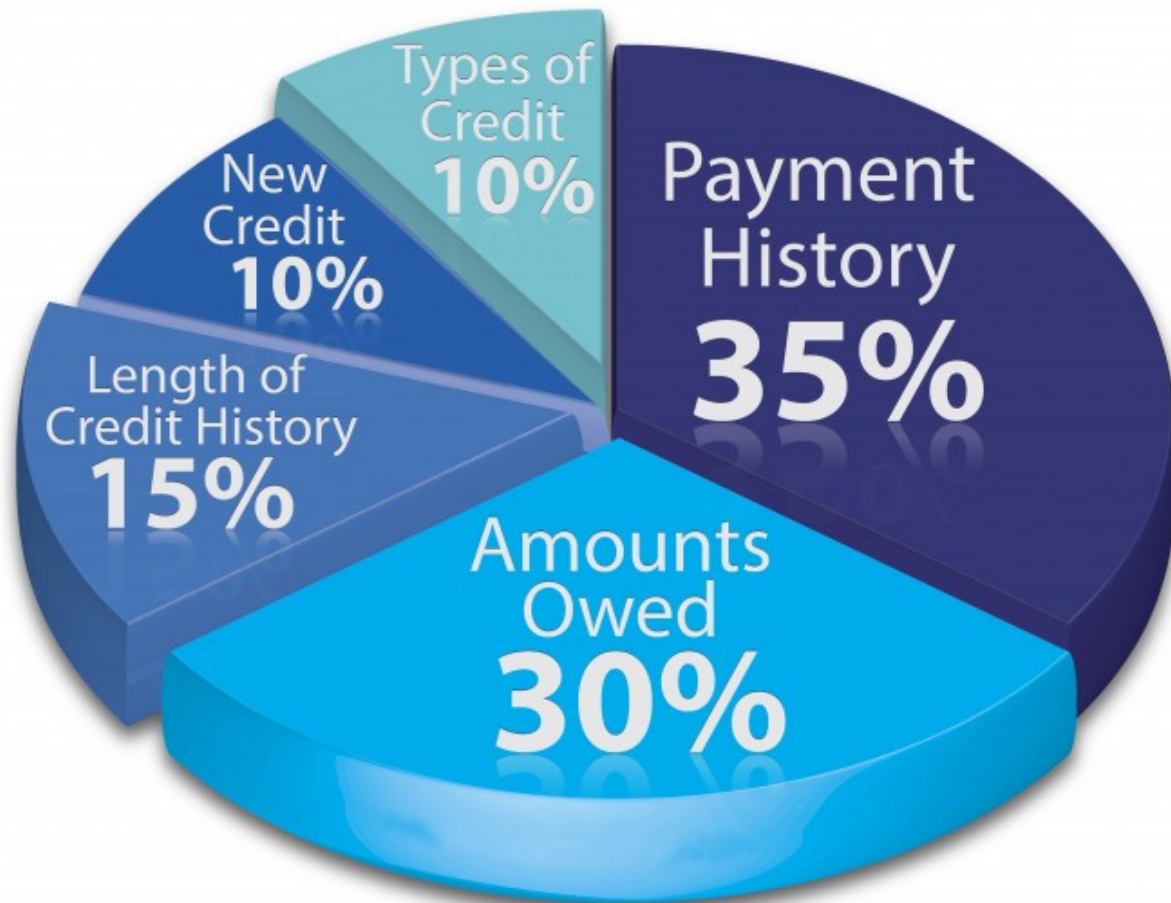


# Affordability

A bank cares about if it is affordable for you more than anything else.

So is it realistic and is it affordable ?.....





## Credit Score

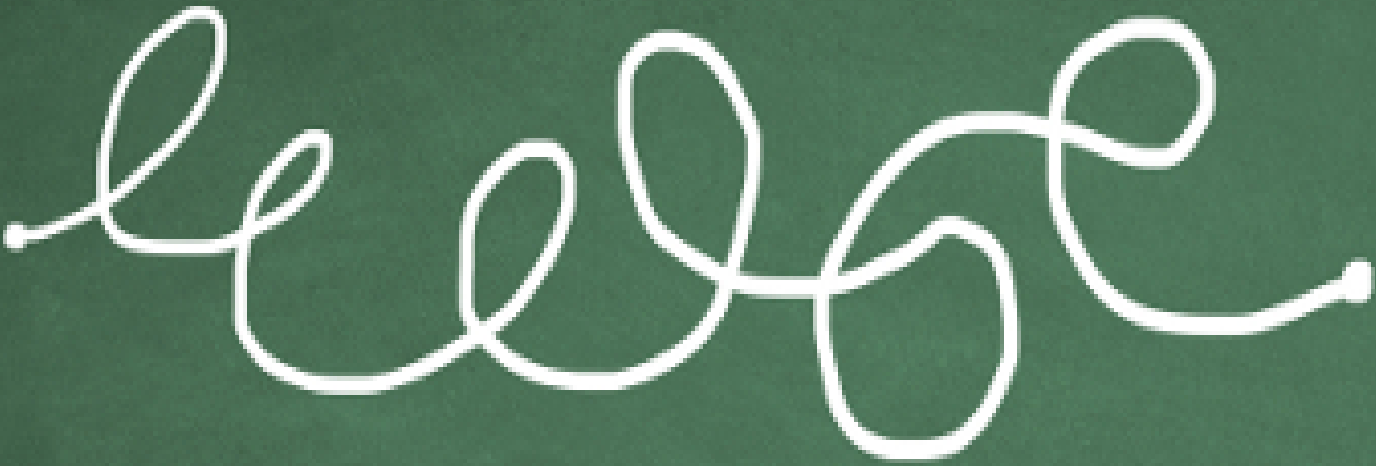
**A credit report is a record of the borrower's credit history from a number of sources, including banks, credit card companies, collection agencies, and governments.**

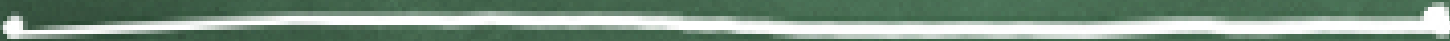
## Business Plan ?

A business plan is a management tool that acts like a guide when you need to plan a new venture, a market action or even expand your business.



- ANALYSIS
- SOLUTION
- PROCESS
- OBJECTIVES
- TEAMWORK
- VISION
- SALES

A  B

A  B

The biggest mistake is to waffle.....  
you have all watched Dragons Den?  
Stick to the point.



# Why should we invest in you ?

What do YOU bring? This is where you need to show, what makes you the ideal investment.



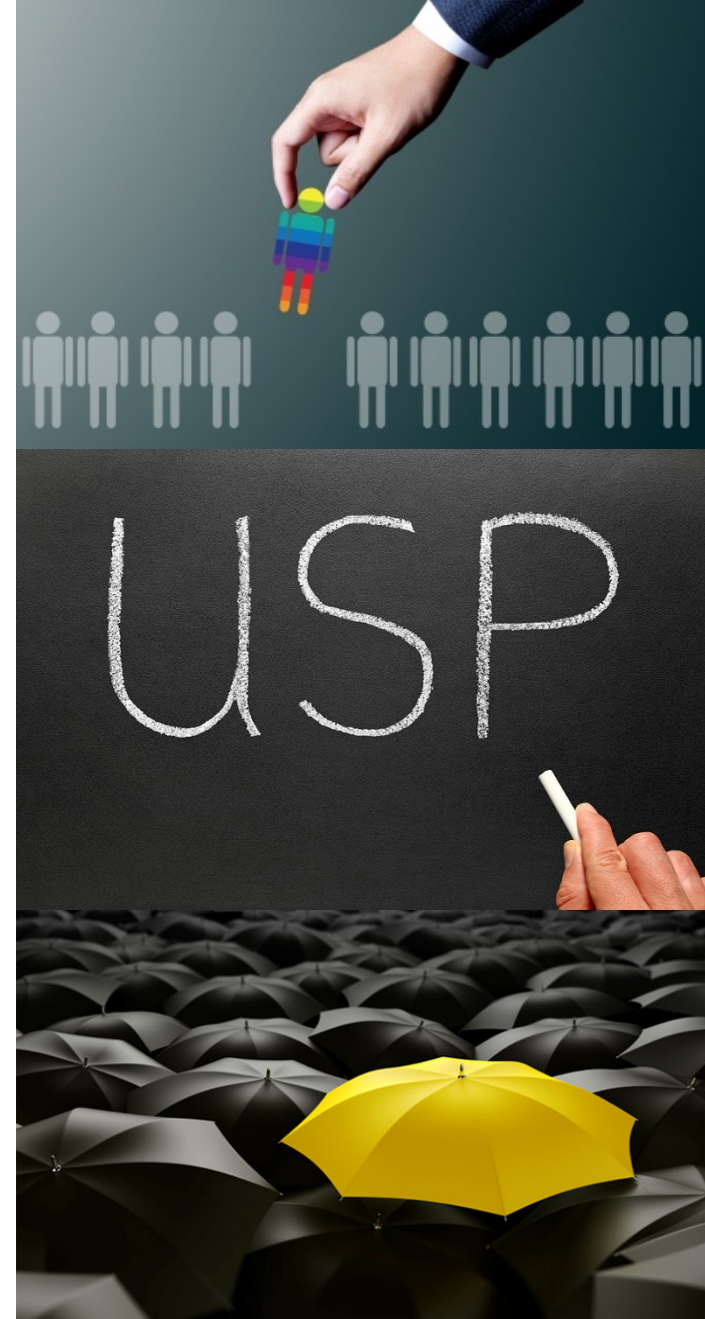
- Tell us about you and why your business will succeed because of you?
- Make it to the point, clear, concise and jargon free.
- Remember someone has to read this and see what you see but not fall asleep!
- Bullet points are your best friend.



## What is your USP?

The unique selling proposition or unique selling point is a marketing tool, first proposed as a theory to explain a pattern in successful advertising.

The USP states that such campaigns made unique propositions to customers that convinced them to switch brands.



# Cash Flow

What do you need ? (How much and what for )

Don't be tempted to ask what do you think?

Make sure you've played around with figures so you know what will work for you.



## Know your figures.

What your turnover ?


What are your net profits ?

What's your projected t/o and profits as a result of the lending?

What are your overheads?

What's the margin you make?

If you say you have a contract which will pay you £ x... prove it!



	Mar	Apr
Start Balance	£	£
Sales	£	£
Expenses	£	£
End Balance	£	£

Do you have any other investors ?

## E.G. Family, Business Partner, Crowd Funding.....



Do you have any other debt?

If so what is it and what are your monthly payments ?  
(Don't think we won't know, it's on your credit file)



**Speak to your Local Business Manager**

**Carley Harrison**

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