

Is Your Business Facing Cashflow Issues Due to Covid-19? Hereâ??s An Alternative.

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Did you know? You can use your corporate credit card facility to gain cashflows for your supplier payments, staff salaries, rentals and more. If youâ??re a SME (small or medium enterprise business) owner who has been affected by Covid-19 and youâ??re not keen on going to the bank for a short-term loan to tide over the next few months, try tapping on your unused corporate credit card limit instead.

SME owners have definitely been the worst-hit in this current crisis, with cashflows drying up and business owners struggling to raise working capital to tide over the next few months. A recent report shed light on how it has never been easy for SMEs to secure loans or credit, what more nowâ?¦and that no more than 15% of SMEs in fast-growing economies had access to the credit they required even in good times.

In challenging times like these, donâ??t forget to check if you can tap into your existing credit line(s) to use as working capital for your business.

Most should allow you to borrow within your credit limit for as low as 0% interest for a certain period, depending on your card or issuer. After this period, you can opt to repay the sum either via monthly instalments or in full (if business has picked up by then).

In this way, corporate credit lines can be a more favourable solution than business loans for SMEs who are currently struggling with cash flow problems. You can try this via InstaReMâ??s BizPay solution to convert your unused credit card limit into working capital, at 0% interest for up to 55 days*. InstaReM BizPay makes it possible for you to use your existing credit card limit to process payrolls, pay your suppliers, rent and utility bills.

**Note that 55 days are indicative; actual number of days depends on the terms and conditions of your card issuing bank, so so check before you utilise it.*

In this manner, you could save up to 0.75% on borrowing costs and processing fee charges**. So, if you need an immediate solution to your cash flow woes but are having trouble getting a bank loan, check if this could work for you.

***Assuming you have an overdraft or business loan at an interest rate of 5% p.a. vs. if you utilise a card credit period of 55 days.*

Now that youâ??ve managed to buy some more time for survival, look at how you can pivot your business to adapt to the new normal. If youâ??re in F&B, try tapping into the new trend of food deliveries for folks working from home. Oddle is a great resource to get your restaurant online within minutes. Gifting during this period (to make up for the lack of social outings) has also picked up, so brainstorm how you could package your products into an attractive gift that people would want to send to their friends. For teachers and tutors, teaching online warrants a new approach to designing lesson plans and changing your delivery style, but it can be done, and can in fact be more collaborative than physical classes. (I currently use Zoom for my JC General Paper tuition lessons.) If youâ??re in beauty services, consider home packages for those who are reluctant to remain in an enclosed area at your shop. If youâ??re an events host or speaker, online webinars and live-streaming are natural transitions.

I know it is tough, but the sooner we can adapt to this new norm, the better.

In the meantime, hang on tight.

With love,
Budget Babe

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1. Savings