



# HOW SMBS CAN SURVIVE THE SQUEEZE WITH ACCOUNTS RECEIVABLE FINANCE

Since the March 2023 collapse of Silicon Valley Bank, Signature Bank, Silvergate Bank, and others, small- and medium-sized businesses (SMBs) encounter a lending void, leading to increased borrowing costs and scrutiny. Fortunately, alternative working capital sources exist on their balance sheets.

# Navigating a shrinking lending landscape

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Shaken by a wave of bank failures in 2023, financial institutions have responded by tightening up and avoiding perceived risks. In turn, this has placed the squeeze on small- and medium-sized businesses (SMBs), many of which rely on bank loans and products to ensure they have enough cash on-hand to maintain and grow their business.



Just 13.2% of small business loan applications were approved at big banks in August, according to the [Biz2Credit Small Business Lending Index](#). It wasn't much better at small banks, where 19.1% of loans were approved.

That means more than 80% of small businesses are being rejected for loans by banks.

And any signs of a speedy return to normal are muted. The latest data from the Federal Reserve shows loan growth at U.S. banks has been at 3.6% on an annualized, season-adjusted basis in Q3 2023, [according to The Wall Street Journal](#). That's about half the long-term average of 7% annual loan growth. In other words, the road to recovery is slow going.

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*At Raistone, we specialize in helping businesses manage their working capital by tapping into cash that is locked up in their balance sheet on a timely basis. Our solutions are not debt, meaning we can address more companies across the credit spectrum, particularly in the midst of a tight lending market.*

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Better yet, Raistone services are complementary to traditional bank products, including loans. So when the market does inevitably return to normal, those businesses will have options. Smart money is diversified, particularly in times of uncertainty. Businesses should operate no differently, having access to different lines of capital so they can pull those levers as needed.

SMBs looking to survive the current credit crunch should diversify and explore various financing options. One strong opportunity is Accounts Receivable Finance from Raistone.



# How businesses can benefit from Accounts Receivable Finance

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With Accounts Receivable Finance, businesses can accelerate payments of monies due to them at a later date. This is particularly valuable as larger corporates are working to extend their payment terms, further squeezing their suppliers in the midst of a bank belt tightening.

Let's say you are a small business owner supplying goods to a client that has extended its days payable from 60 days to 90 days. Your company has the opportunity to take on new clients as your competitors struggle in a tough lending environment, but you need the cash to buy more product and attract new clients. Between waiting another month to get paid, and banks turning you away for loans, your options may seem limited. But they're not.

With Raistone, that 90-day payment from your client can turn into a next-day deposit in your bank account. Now, instead of waiting three months for the cash to appear, you can get back to focusing on what your business does best. And because it is money that is already owed to you, this cash doesn't show up on your balance sheet as debt.



Raistone is proud to help businesses of all sizes survive and thrive, particularly when the flow of capital is restricted. The exit of Silicon Valley Bank and others has presented a challenging situation for many companies, but also poses an opportunity for business leaders to look at their cashflow and diversify. In a downward credit cycle where liquidity is scarce, having access to a robust set of financial tools could mean the difference between boom or bankruptcy.

[Contact Raistone](#) today and someone from our team of financial experts will be in touch to help you access faster financing, larger credit lines, higher advance rates, and lower-cost products.



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