Loan Rejection Challenges Plaguing Small Businesses

With just 38 percent of small businesses getting approved, loan rejection challenges are creating a substantial cash flow crunch for Main Street.

EL PASO, TX, UNITED STATES, November 28, 2024 /EINPresswire.com/ -- Leading invoice funding company Viva Capital says loan rejection challenges are increasing for small businesses, resulting in denials for most applicants and creating significant operational hurdles. Additional topic coverage is available in "Overcome Loan Rejection: Next Steps for Business Financing," now live on VivaCF.net.

The report draws on data from the latest Small Business Credit Survey by the Federal Reserve Banks, which notes that nearly two-thirds of applicants are denied business loans. The concern persists throughout business financing as a whole, leading to roughly 50 percent of applicants receiving rejections.

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> *Armando Armendariz*

"The top reason small businesses apply for funding is to cover operational expenses, so these loan rejections have a direct impact on their ability to stay afloat," says Armando Armendariz, Director of Business Development and Partner of Viva Capital. "These challenges also throttle growth, putting small and midsized businesses at a disadvantage."

Armendariz notes that common reasons for loan rejection include credit challenges and insufficient time in business, which can take a year or more to address. Cash flow limitations are an additional concern that can hold back small businesses, which Armendariz describes as a “catch-22.” The business must boost cash flow to qualify but will likely be unable to do so without a cash injection.

“In this market, small businesses must rethink their approach to funding and look beyond traditional financing,” Armendariz explains. “Don’t accept a loan rejection at face value. Be tenacious in resolving issues and exploring alternative funding options,” he advises.

Armendariz says that the business lending market and these loan rejection challenges are behind a surge in invoice factoring applications. The funding solution doesn’t rely on traditional lending criteria like the business’s credit score or time in business. Instead, businesses sell their unpaid invoices and receive most of an invoice’s value upfront, providing instant cash flow to alleviate operational strain and fund business growth initiatives. Most B2B companies invoice clients after work or goods are delivered quickly.

To learn more about invoice factoring and receive a complimentary rate quote, visit Viva Capital at VivaCF.net.

ABOUT VIVA
Founded in 1999, Viva helps B2B businesses of all types accelerate cash flow through specialized funding solutions like factoring, accounts receivable financing, and asset-based lending. Their simple qualification process makes it easy for small and mid-sized companies to get vital funding despite lack of credit or time in business. Additional information is available at VivaCF.net.

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