

Customer Credit Poses a Hidden Cash Flow Risk, Expert Finds

Customer credit impact on cash flow is often overlooked, despite nearly half of all B2B invoices going unpaid by the due date.

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EINPresswire.com/ -- Leading [invoice factoring company Viva Capital](#) says improved customer credit controls could protect cash flow and safeguard businesses across the nation. Additional details are available in "[Customer Credit Impact on Cash Flow for Businesses](#)," now live on VivaCF.net.



Past-due customer invoices can create cash flow challenges for businesses.

CUSTOMER PAYMENT RISK LEADS TO BUSINESS CASH FLOW RISK

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*Armando Armendariz,
Director of Business
Development of Viva Capital*

Businesses routinely deliver goods and services weeks before receiving payment, leaving their cash flow exposed to customer delays and defaults.

- > Sales on Credit: Nearly half of all B2B sales in the U.S. are made on credit.
- > Payment Terms: 45 days is the average payment term offered on invoices.
- > Overdue Invoices: Just 52 percent of invoices are paid by the due date.
- > Bad Debt: Five percent of B2B invoices become bad debt and are written off.

“Cash flow problems can often be traced to customer credit decisions, yet the connection goes unrecognized,”

explains Armando Armendariz, Director of Business Development of Viva Capital. “Customer

credit controls limit payment risk before it accumulates in receivables.”

STRONG CUSTOMER CREDIT CONTROLS CAN REDUCE PAYMENT RISK



Armendariz notes that businesses can reduce the risk of late payment and non-payment by evaluating customer risk before offering terms and continuing to monitor accounts after credit is approved.

- > Customer Credit Checks: Business credit reports, trade references, public records, and financial statements can highlight payment risk before a balance begins to grow.
- > Risk-Based Limits and Terms: Credit limits, deposits, payment windows, and order sizes can be matched to the customer’s financial strength and payment history.
- > Receivables Monitoring: DSO, aging reports, credit limit usage, and changes in payment behavior can alert businesses when an account requires closer review.
- > Invoice Factoring: Factors evaluate customer creditworthiness, provide immediate payment on eligible invoices, and manage collections. Non-recourse factoring may also protect against specific types of non-payment.

“Credit checks estimate risk before a sale; receivables show how customers handle their obligations,” Armendariz adds. “Strong controls use both to keep exposure within limits the business can absorb.”

Those interested in [learning more about invoice factoring](#) or who want to request a complimentary quote from Viva Capital may do so by visiting VivaCF.net.

ABOUT VIVA

Founded in 1999 in El Paso, Texas, and often regarded as one of the best factoring companies, Viva Capital Funding helps B2B businesses of all types accelerate cash flow through specialized funding solutions like invoice factoring, accounts receivable financing, and asset-based lending. Their simple qualification process makes it easy for small and mid-sized companies to secure vital funding, even without credit or time in business. Additional information is available at VivaCF.net.

Armando Armendariz
Viva Capital Funding
+1 915-615-6664

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