

Demystifying lending for small business.

Small business lending can seem intimidating and complicated if you don't know where to start.

But choosing a loan for your business often simply comes down to understanding your options and matching them to your objective. Which is why we've broken down the myths and requirements surrounding small business lending below.

Common business lending myths.



Myth #1:

Only failing businesses need loans.

Fact: Many successful small businesses have limited or varying working capital. A business loan can provide temporary cash flow relief and more freedom to invest in growth.



Did you know? About half of Australian small businesses have a business loan facility other than a credit card.

Myth #2:

You can only borrow a large sum of money.

Fact: Business lending options like lines of credit and overdrafts allow you to only borrow the money you need, when you need it.



Myth #3:

You have to secure a business loan with an asset.

Fact: Options for unsecured overdrafts, business loans and business credit cards don't require physical assets as securities.

Myth #4:

Business loans take a long time to get assessed.

Fact: Depending on your circumstances, and the provider you choose, the outcome of an application can be determined and the loan paid out in a matter of hours.



Steps to apply for a loan.

1. Know why

Understanding the purpose of borrowing is the first step to choosing the right business lending option. You may need help with:

- Bridging cash flow gaps.
- Investing in growth.
- Acquiring additional assets for your business.
- Hiring additional staff.



2. Know how much

Before applying, you'll need to know:

- How much you'll need to fulfil your goals.
- How much you can afford to repay.
- What your repayment schedule looks like.
- How your repayment schedule will affect your cashflow.



3. Know your type

- **Business loans:** generally used for bigger purchases or to support a growth phase.
- **Overdrafts and credit cards:** typically used for smaller expenses and cash flow management.



TIP: Go deeper. [Download our guide to business loans, overdrafts and credit cards.](#)



4. Know your options

Consider:

- Fixed rate vs. variable rate loan options.
- Interest rates, fees and charges.
- [Unsecured vs secured options.](#)

Unsecured options:

- Generally used for smaller amounts of cash.
- Often used to get quick access to funds.
- Lender does not require assets as security.
- Interest rates are usually higher than secured options.

Secured options:

- Generally used when requiring large amounts of cash.
- Paid back over a longer period of time.
- Lender requires assets and proof of ownership as security.
- Takes longer to approve.
- Usually able to offer lower interest rates than unsecured options.



TIP: Our [Business Loan Finder](#) can help you find and compare business loans.

5. Know your paperwork

You may need to provide:

- Financial statements.
- Proof of individual income.
- Bank statements.
- Identification for owners and partners.

And if you're a startup:

- Cash flow projections.
- A business plan.
- A business contract of sale.
- Lease agreement.



A Westpac small business lending specialist can help you find the right loan for your needs. [Call us](#) on 132 142 to discuss your requirements, or [find a branch expert](#) near you.

Help when it matters

