

The 5 Benefits of Asset-Based Lending



With 33 million small businesses in the United States, there's heavy competition vying for your target audience's attention.¹ The problem is, not all of these organizations can be successful. Market rivalries can cause cash flow issues, which is one of the main reasons many brands aren't able to continue operating.²

To keep your business running smoothly, asset-based loans can be a great alternative to traditional business loans. Asset-based lending is the process of loaning money in an agreement that is secured by physical collateral like inventory, accounts receivable, equipment, or other property owned by your business.

Want to set your company up for success and accomplish short-term goals? Here are some advantages to choosing asset-based financing:

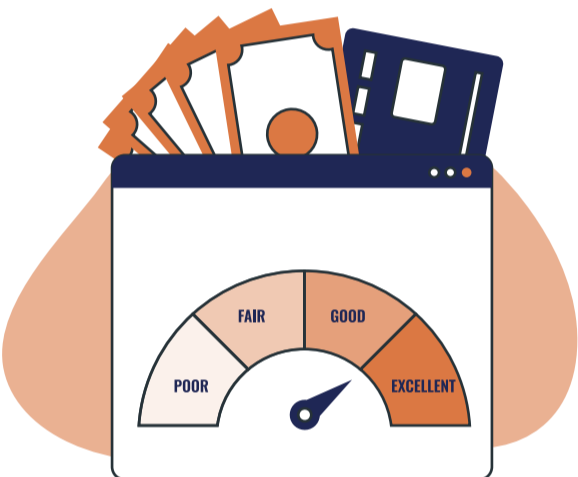
1 Fast Approvals

Acquire necessary funds quicker with asset-based lending because this financing style focuses on the business assets conversion cycle with reliance on the underlying collateral for evaluation.



2 Simple Covenant Monitoring

Take advantage of a less strict debt agreement by simply having proper financial statements, inventory that have an existing market, and a good operating history.



3 More Growth Opportunities

Have more freedom for expansion by receiving the necessary funds for growth, acquisition of new assets, and entry into other markets.



5 Competitive Rates

Receive a lower interest rate than traditional loan methods, making this financing option more affordable for business owners.



4 Improved Liquidity

Address immediate financial needs and invest in income-generating assets by converting tangible assets like accounts receivable and inventory into working capital.



For business owners interested in asset-based lending, Cathay Bank can be a trustworthy partner. You have specific business goals and internal targets you're looking to meet, and our team members can help you accomplish those aims.

Fund expansions, take advantage of mergers, and finance operational expenses with a financing option that's flexible and offers you more cash liquidity. Whatever's on the horizon for your organization, we'll work with you to customize a beneficial financing solution that boosts your bottom line.

Contact a Cathay Bank team member to learn more about our specialty lending services today.

Sources
<https://advocacy.sba.gov/2023/03/07/frequently-asked-questions-about-small-business-2023/#:~:text=There%20are%2033%2C185%2C550%20small%20businesses.net%20jobs%20created%20since%201995.>
<https://www.cbinsights.com/research/report/startup-failure-reasons-top/>