SMB RECEIVABLES GAP

The SMB Receivables Gap: Breaking The Trade Credit Cycle Playbook, a PYMNTS and Fundbox collaboration, is based on survey data collected from more than 1,000 business owners and executives. It examines the tolls that trade credit practices take on American SMBs' cash flows, capital and resources — and explores how they can break the cycle.

IMMEDIATE PAYMENTS

SMB RECEIVABLES GAP

PLAYBOOK

NOVEMBER 2019

BREAKING THE TRADE CREDIT CYCLE

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DELAYED PAYMENTS

LATE PAYMENTS

SMB RECEIVABLES GAP

BREAKING THE TRADE CREDIT CYCLE

ACKNOWLEDGMENT

The SMB Receivables Gap: Breaking The Trade Credit Cycle Playbook was done in collaboration with Fundbox, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

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INTRODUCTION

Successful businesses are constantly looking to boost revenues and minimize expenses, but one cost they frequently bear flies in the face of this principle: the early payment discounts they offer business customers. It is not unusual for United States firms to extend discounts ranging from 3 percent to 5 percent to get such customers to pay sooner than the four weeks or longer businesses typically take. These incentives could add up to a staggering sum, too: PYMNTS' research shows the value of discounts in the U.S. would total $1.7 trillion annually if every firm offered the average rate of 4.1 percent.

Discounting represents just one of the heavy tolls U.S. businesses face when extending trade credit and could be considered a substantial tax on firms. PYMNTS' findings reveal that U.S. companies have an estimated $3.1 trillion suspended in accounts receivable (AR) on any given day, and this "net terms economy" constrains cash flow, hinders daily operations and undermines millions of firms' competitiveness. This is especially true for small and mid-size businesses (SMBs), as many operate on thin margins and lack robust cash reserves.

PYMNTS has focused on trade credit's impacts as part of its SMB Receivables Gap series. The Breaking The Trade Credit Cycle Playbook is based on a survey of more than 1,000 SMBs at varying stages of growth and profitability and across a range of sectors, and our analysis explores how immediate payment platforms can help firms escape trade credit's vicious cycle.

Immediate payment platforms are at the center of PYMNTS' analysis. These point-of-sale (POS) financing services allow suppliers to immediately receive funds and give buyers 30 days to either pay their finance payments or in full. Sellers pay small fees to use the services, but buyers do so only if they revolve their balances.

Our research shows that immediate payment platforms have made limited inroads in the U.S. economy despite their vast potential. Just 13.2 percent of SMBs report using such services, while 49.8 percent have never done so and 19.1 percent have never heard of them.

Many firms have expressed interest in immediate payment platforms despite their limited use, however. Our analysis reveals that 64.9 percent of firms are "very" or "extremely" interested in using such solutions as sellers, and 62.1 percent say the same as buyers. This indicates that these services appeal to businesses on both sides of the ledger.

Higher revenues top a long list of benefits firms believe these platforms could deliver. The share of those that believe such services would fundamentally improve their bottom lines is 55.8 percent, nearly double the portion that would expect no revenue impact. Other advantages include allowing businesses to expand their production capacities, enabling business growth and marketing investments and making day-to-day operations easier.

PYMNTS' research further reveals that the businesses facing the greatest trade credit system challenges are benefiting the least from immediate payment platforms. Early stage firms with low operating margins experience routine cash shortfalls far more often than older players with higher profit levels, but the former are among the least likely to use or know about such platforms. Our survey finds that 56.8 percent of firms facing routine cash gaps rarely use these payment solutions, and many are unaware of their existence.

These insights suggest that immediate payment platforms could help firms escape the trade credit cycle if only businesses knew more about the advantages such solutions offer. The following pages delve deep into how firms use these platforms today, how businesses view such solutions' benefits and what can pave the way toward greater adoption.

KEY TAKEAWAYS

Immediate payment platforms are not widely used today.

Just 13.2 percent of SMBs regularly use immediate payment platforms, while 49.8 percent of firms have never done so and 19.1 percent have never heard of them. Use and knowledge of these services is particularly limited among firms that are smaller, younger and possess low operating margins. Just 8.4 percent of businesses with less than $5 million in annual revenues regularly use such platforms, for example. High-margin firms that have been in business for at least six years are twice as likely as their low-margin counterparts to report regularly using the platforms, at 20.6 percent versus 10.3 percent.

Firms are strongly interested in immediate payment platforms as both sellers and buyers.

A majority of firms are "very" or "extremely" interested in using immediate payment platforms. This holds true regardless of whether they are expecting payments as sellers, at 64.9 percent, or buyers, at 62.1 percent.

SMBs believe these platforms would confer several benefits, including higher revenues.

A majority of firms feel using immediate payment platforms would positively affect their revenues, with 55.8 percent expecting to see benefits when they act as sellers, nearly twice the portion of those that anticipate no impact. SMBs also believe these solutions would make day-to-day operations easier, as cited by 36.6 percent of sellers, and help expand marketing efforts and business growth, as asserted by 32.2 percent of such firms.

Most firms that suffer cash flow problems do not take advantage of immediate payment services.

PYMNTS' findings show that 56.8 percent of firms with frequent cash shortfalls that require short-term funding have used immediate payment platforms once at most, and some are not aware that such services even exist. Mitigating these shortfalls appears to be a key attraction for the small share of firms that regularly use the platforms, however, with 79.4 percent of them indicating they tapped the services to navigate cash gaps.

Immediate payment platforms are more likely to be used by firms that offer longer payment terms and larger discounts.

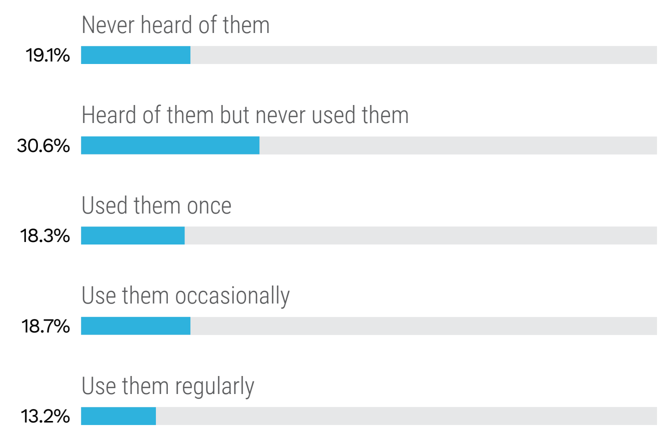
Firms that use immediate payment platforms also tend to employ trade credit tools such as early payment discounts and extended payment periods. Our analysis shows that 55.1 percent of businesses that regularly utilize these services offer discounts of 5 percent or more for early payments, compared to 19.7 percent of those that have heard of but never used them. Among regular users, 25.7 percent extend terms of 61 to 90 days to their customers, compared to the just 10.4 percent of companies that offer such terms and have heard of but never used the platforms.

THE CURRENT STATE OF IMMEDIATE PAYMENT PLATFORMS' ADOPTION

New innovations must typically overcome entrenched business practices before gaining traction. This is especially true in the business-to-business (B2B) commerce space, where paper checks are still common and weekslong payment periods are par for the course. Such is the case for immediate payment platforms, as just 13.2 percent of SMBs regularly use these services. Our research shows that 18.7 percent of firms use such platforms occasionally and 18.3 percent have done so once, while 30.6 percent have heard of them but have never used them and 19.1 percent have simply never heard of them.

FIGURE 1:

Firms' knowledge and use of immediate payment platforms
Distribution of businesses that know about and/or use the services



Source: PYMNTS.com

30.6%

OF SMBs HAVE HEARD OF IMMEDIATE PAYMENT PLATFORMS **BUT NEVER USED THEM.**

BUSINESS PERSONAS

Our study focuses on six groups of businesses:

Early stage, low-margin:
In business for one to five years and losing money or earning up to a 25 percent margin

Intermediate, low-margin:
In business for six to 10 years and losing money or earning up to a 25 percent margin

Established, low-margin:
In business for 11 years or longer and losing money or earning up to a 25 percent margin

Early stage, high-margin:
In business for one to five years and earning a margin of between 25 percent and 75 percent

Intermediate, high-margin:
In business for six to 10 years and earning a margin of between 25 percent and 75 percent

Established, high-margin:
In business for 11 years or longer and earning a margin of between 25 percent and 75 percent

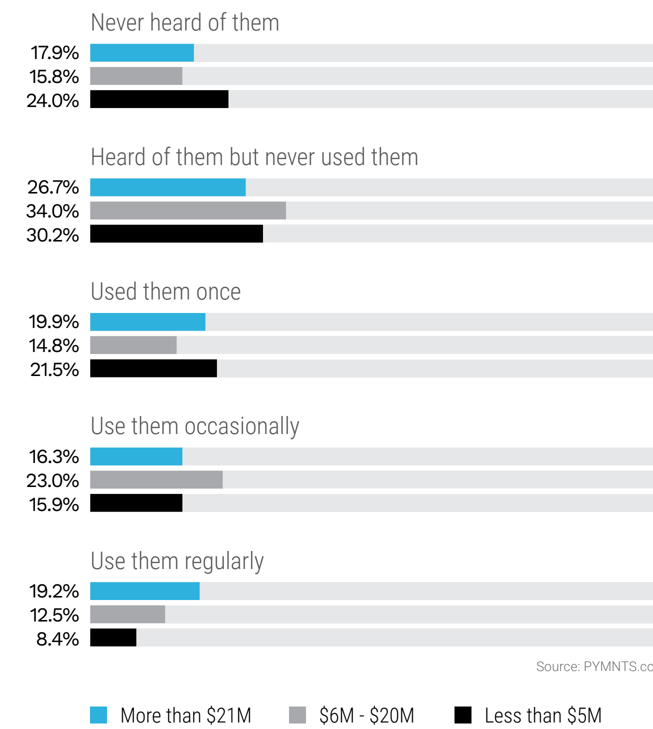
One of the trade credit system's core features is that it creates an uneven playing field for businesses depending on their operation time and profitability. PYMNTS divided firms into personas based on five key differentiators: early stage, intermediate, established, low-margin and high-margin.

Our research shows that high-margin and established firms tend to enjoy more trade credit system flexibility, including longer payment periods, larger discounts and greater financing options access. These patterns extend to current immediate payment platform use.

Intermediate, high-margin firms are twice as likely as low-margin counterparts to report using immediate payment platforms regularly, at 20.6 percent versus 10.3 percent. Younger firms with lower margins are even more likely to be wholly unaware of these payment services, as PYMNTS' findings show that 23 percent of early stage, low-margin respondents have not heard of such platforms and that just 11.1 percent of intermediate, high-margin ones say the same.

FIGURE 2:

Use and knowledge of immediate payment platforms
Share of firms that know about and/or use the platforms, by revenues



20.6%

OF INTERMEDIATE, HIGH-MARGIN FIRMS **USE IMMEDIATE PAYMENT PLATFORMS REGULARLY.**

TABLE 3:

Use and knowledge of immediate payment platforms
Share of firms that know about and/or use the platforms, by persona

	HIGH-MARGIN			LOW-MARGIN		
	Established	Intermediate	Early stage	Established	Intermediate	Early stage
Never heard of them	17.3%	11.1%	19.3%	21.8%	20.7%	23.0%
Heard of them but never used them	31.5%	23.9%	18.5%	40.0%	32.1%	34.6%
Used them once	14.8%	20.6%	18.5%	12.9%	21.7%	22.5%
Use them occasionally	18.5%	23.9%	25.2%	17.1%	15.2%	14.7%
Use them regularly	17.9%	20.6%	18.5%	8.2%	10.3%	5.2%

Source: PYMNTS.com

84%

OF FIRMS THAT EARN LESS THAN $5 MILLION ANNUALLY USE IMMEDIATE PAYMENT PLATFORMS **ON A REGULAR BASIS.**

Our research also outlines a revenue bias when it comes to platforms' current adoption rates. Only 8.4 percent of firms with less than $5 million in annual revenues regularly use such platforms, and 19.2 percent of businesses with more than $21 million say the same.

High-margin and established firms appear to use immediate payment platforms and credit extensions to help them smooth cash flows and maintain market agility. Our findings indicate that 55.1 percent of businesses that regularly use such platforms offer discounts of 5 percent or more for early payments, compared to the 19.7 of firms that have heard of but never used them and offer similar discounts. We also determined that 25.7 percent of firms that frequently use these platforms extend payment terms of 61 to 90 days, while just 10.4 percent of those that have heard of but never used such offerings do so.

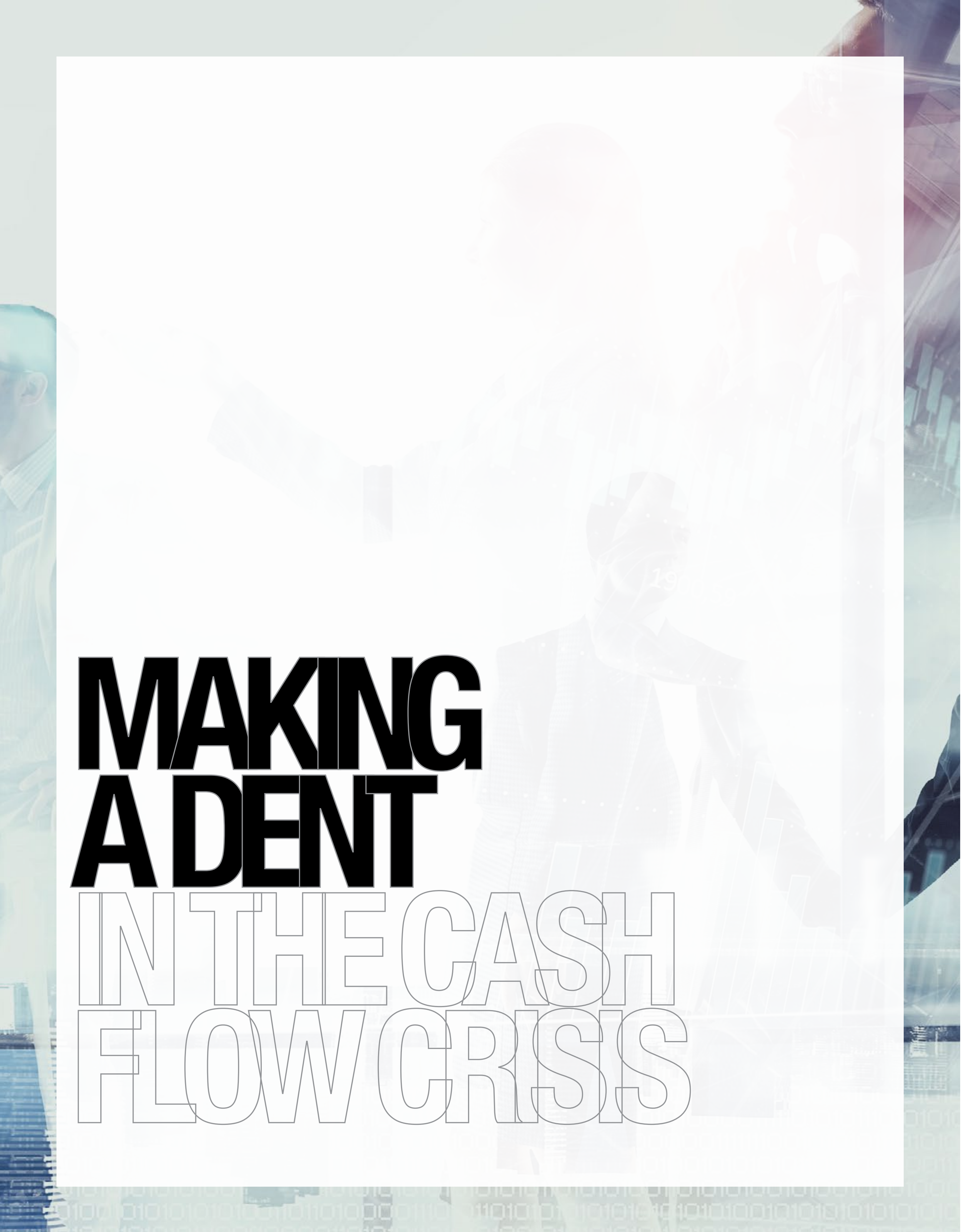
TABLE 4:

Trade credit terms and immediate payment platforms' use
Distribution of firms by length of payment periods extended, scale of discounts offered and use of platforms

	Never heard of them	Heard of them but never used them	Used them once	Use them occasionally	Use them regularly
LENGTH OF PAYMENT PERIODS EXTENDED					
0 days	5.6%	4.7%	5.3%	1.6%	1.5%
1 - 15 days	14.7%	19.0%	17.5%	10.4%	13.2%
16 - 30 days	35.0%	36.1%	33.3%	35.2%	21.3%
31 - 60 days	28.4%	28.5%	30.2%	38.9%	33.8%
61 - 90 days	12.2%	10.4%	12.7%	10.4%	25.7%
More than 90 days	3.0%	1.3%	1.1%	3.6%	4.4%
SCALE OF DISCOUNTS OFFERED					
No early payment discount	18.3%	13.6%	5.8%	3.6%	1.5%
1%	7.6%	9.2%	6.3%	3.1%	1.5%
2%	13.2%	23.1%	14.3%	9.3%	8.1%
3 - 5%	34.0%	34.5%	46.6%	49.2%	33.8%
5 - 7.5%	18.8%	16.5%	22.8%	26.9%	38.2%
More than 7.5%	7.6%	3.2%	4.2%	7.3%	16.9%

Source: PYMNTS.com

The perception that using immediate payment platforms is pricey could be one reason that more profitable firms are likelier to adopt them, as those with tighter finances may be concerned with the services' costs. This exposes the shortcomings of the wider trade credit system, which strains firms of all sizes but especially those at various stages of growth and profitability. One difference between low-margin and high-margin firms is that the latter are more apt and able to tap alternatives like immediate payment platforms.



MAKING A DENT IN THE CASH FLOW CRISIS

The prevalence of cash shortfalls among SMBs reveals that the trade credit system is not working for many of them, with 56.2 percent of firms commonly experiencing such gaps. This appears to be especially true for less profitable and younger businesses, as 65.5 percent of early stage, low-margin ones report frequent or routine cash flow problems.[1]

It may come as no surprise that cash shortfalls closely correspond to immediate payment platforms' use, and that firms

56.2%

OF SMBs **COMMONLY EXPERIENCE CASH SHORTFALLS.**

TABLE 5:

Frequency of cash shortfalls among users and nonusers of immediate payment platforms
Distribution of firms by incidence of shortfalls and use and/or knowledge of platforms

CASH SHORTFALL EXPERIENCE	Never heard of them	Heard of them but never used them	Used them once	Use them occasionally	Use them regularly
Never	11.2%	5.7%	1.6%	0.5%	2.2%
Rarely	17.8%	21.2%	13.8%	15.0%	6.6%
Occasionally	17.3%	27.5%	30.2%	26.4%	11.8%
Frequently	22.3%	30.1%	42.3%	41.5%	27.9%
Routinely	31.5%	15.5%	12.2%	16.6%	51.5%

Source: PYMNTS.com

[1] The SMB Receivables Gap: The Business Impacts Of Trade Credit. PYMNTS.com. 2019. https://www.pymnts.com/study/smb-receivables-gap-playbook-september-2019/. Accessed November 2019.

facing financial challenges are more inclined to seek solutions. Among the small share of firms that regularly use the platforms, 79.4 percent frequently or routinely experience cash shortfalls.

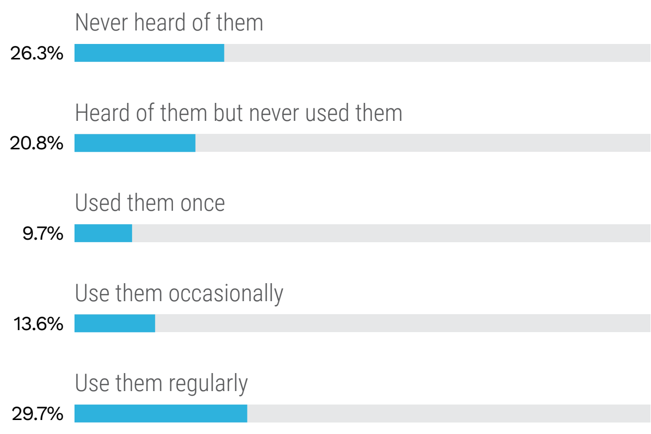
Our research indicates that 51.5 percent of regular platform users face routine shortfalls, defined as those that occur once per month. Another 27.9 percent of regular users say they have frequent cash gaps: those that occur at least twice per quarter.

These findings suggest that the need to address cash shortfalls is a key driver behind immediate payment platforms' adoption. It is worth noting that the pool of regular users is currently very small, however, and is far surpassed by the portion of firms that experience shortfalls.

Most firms that suffer routine cash gaps do not avail themselves of immediate payment platforms, and a disproportionate share have never heard of them. PYMNTS' research shows that 56.8 percent of businesses that frequently experience cash shortfalls requiring short-term funding have used such solutions just once at most. A further 26.3 percent of these firms have never heard of such platforms, exceeding the rate for the entire sample.

FIGURE 6:

Use of immediate payment platforms among firms with routine cash shortfalls
Share of firms with routine shortfalls, by platform usage and/or knowledge



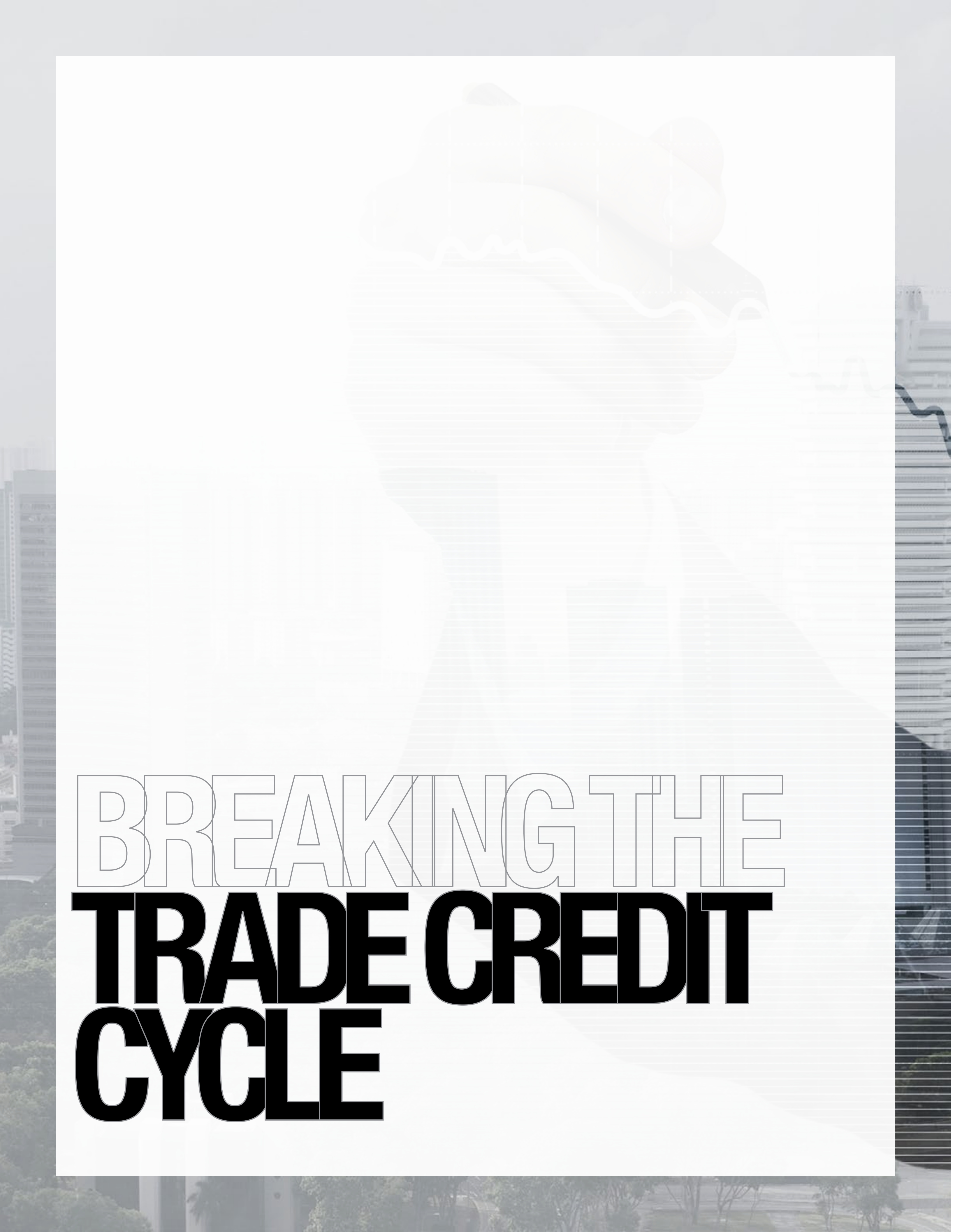
Source: PYMNTS.com

Our survey indicates that immediate payment platforms are barely denting the widespread cash shortfall problem, and just a fraction of the firms that most often experience these issues are using these payment services with any regularity.

This low usage rate stands in stark contrast to SMBs' interest in immediate payment platforms, and the benefits they expect such solutions to deliver extend beyond the simple avoidance of cash crunches.

56.8%

OF FIRMS WITH **FREQUENT CASH SHORTFALLS** HAVE NEVER USED IMMEDIATE PAYMENT PLATFORMS OR HAVE DONE SO ONLY ONCE.



BREAKING THE TRADE CREDIT CYCLE

One of the trade credit system's defining features is that firms tend to match the terms they receive from suppliers with those they extend to customers, thus keeping — or attempting to keep — their balance sheets even. A single late payment can sabotage these plans, however, and this fragility holds especially true for SMBs.

That reality explains one of our survey's more notable findings: SMBs express similar levels of interest in using immediate payment platforms when offering goods and services as they do when paying for them. Our research shows that 64.9 percent of firms are "very" or "extremely" interested in the platforms as sellers, while 62.1 percent say the same as buyers.

High-margin and established businesses tend to have stronger interest in these solutions as sellers, while younger firms and those with lower margins say the same as buyers. This suggests that being able to promptly pay suppliers is especially compelling for those on shakier financial ground.

64.9%

OF SMBs ARE **"VERY" OR "EXTREMELY" INTERESTED IN IMMEDIATE PAYMENT PLATFORMS WHEN ACTING AS SELLERS.**

62.1%

OF FIRMS ARE "VERY" OR "EXTREMELY" INTERESTED IN IMMEDIATE PAYMENT PLATFORMS **WHEN ACTING AS BUYERS.**

Intermediate, low-margin firms appear more interested in using the platforms as purchasing tools rather than to collect payments, with 38 percent of those in this group expressing "extreme" interest in doing so for the former purpose compared to 32.6 percent for the latter. In contrast, 43.9 percent of intermediate, high-margin firms are "extremely" interested in using the platforms to receive funds. This compares to the 38.3 percent of respondents from the same group that are "extremely" interested in making payments via these payment solutions.

These insights reveal a bigger picture: that SMBs envision using immediate payment platforms as holistic solutions to both quickly collect funds and promptly settle their own invoices, in turn potentially helping firms break trade credit's vicious cycle.

TABLE 7:

Interest in using immediate payment platforms
Share of firms that are interested in the platforms as sellers and buyers, by persona

	HIGH-MARGIN			LOW-MARGIN		
	Established	Intermediate	Early stage	Established	Intermediate	Early stage
AS SELLERS						
Extremely interested	35.8%	43.9%	33.6%	21.2%	32.6%	27.7%
Very interested	30.9%	30.0%	32.8%	33.5%	39.1%	30.9%
Somewhat interested	15.4%	15.0%	17.6%	25.3%	20.7%	24.1%
Slightly interested	11.1%	10.0%	10.9%	12.9%	6.5%	13.1%
Not at all interested	6.8%	1.1%	5.0%	7.1%	1.1%	4.2%
AS BUYERS						
Extremely interested	29.0%	38.3%	37.8%	22.4%	38.0%	24.6%
Very interested	35.2%	34.4%	26.1%	28.8%	32.1%	28.3%
Somewhat interested	16.7%	16.1%	18.5%	23.5%	17.4%	19.9%
Slightly interested	11.7%	8.3%	14.3%	15.9%	10.9%	20.4%
Not at all interested	7.4%	2.8%	3.4%	9.4%	1.6%	6.8%

Source: PYMNTS.com

THE BOTTOM-LINE BENEFITS OF IMMEDIATE PAYMENT PLATFORMS

Immediate payment platforms enable firms to receive funds more quickly than they would through traditional trade credit practices. These solutions do not boost the total number of accounts firms have or how much money they are owed, but a majority of respondents believe the platforms would have the net effect of increasing their revenues. Businesses thus regard such offerings as tools that could fundamentally improve their bottom lines.

Our research reveals that 55.8 percent of SMBs believe immediate payment platforms would positively affect their revenues when selling. This rate is approximately three times that of those that say such services' availability would not affect revenues, and this consensus holds true regardless of firms' profitability levels and time in business. PYMNTS' analysis also shows that 58.3 percent of firms believe the platforms would boost their revenues when acting as buyers.

55.8%

OF SMBs BELIEVE IMMEDIATE PAYMENT PLATFORMS **WOULD BOOST THEIR REVENUES WHEN ACTING AS SELLERS.**

TABLE 8:

The predicted revenue impact of immediate payment platforms
Share of firms that believe revenues would increase as sellers and buyers, by persona

	HIGH-MARGIN			LOW-MARGIN		
	Established	Intermediate	Early stage	Established	Intermediate	Early stage
AS SELLERS						
Revenue would increase	60.5%	59.4%	59.7%	58.8%	58.2%	41.4%
Revenue would not be affected	28.4%	27.8%	28.6%	27.6%	28.3%	39.3%
Revenue would decrease	4.3%	7.2%	7.6%	7.1%	11.4%	12.0%
Unsure	6.8%	5.6%	4.2%	6.5%	2.2%	7.3%
AS BUYERS						
Revenue would increase	64.8%	63.9%	54.6%	55.3%	59.8%	50.8%
Revenue would not be affected	24.1%	21.7%	27.7%	28.8%	23.9%	29.3%
Revenue would decrease	4.3%	11.1%	10.1%	5.9%	12.5%	14.1%
Unsure	6.8%	3.3%	7.6%	10.0%	3.8%	5.8%

Source: PYMNTS.com

Early stage, low-margin firms appear to be the sole outliers in this pattern. They tend to be more skeptical about positive revenue effects, with 39.3 percent stating platforms would not affect their revenues and 41.4 percent reporting they would do so beneficially.

Higher revenues are the main benefit firms expect from immediate payment platforms, but companies believe such services can offer other advantages. Additional perks include easier day-to-day operations, expanded marketing efforts and business growth, more inventory purchasing ability and boosted production capacity.

The secondary benefits firms expect differ depending on their profitability and time in operation, however. High-margin SMBs view making day-to-day operations easier as platforms' second-greatest advantage, for example, and this benefit is cited by 43.8 percent of established and 42.2 percent of intermediate businesses in this category.

Marketing and business growth loom large as benefits for younger firms, which may prioritize expanding their market presences. PYMNTS found that 37.2 percent of intermediate, high-margin firms cite marketing and business growth as a potential platform benefit. This compares to 35.9 percent of intermediate, low-margin and 32.8 percent of early stage, high-margin ones who say the same.

Firms using immediate payment platforms as sellers, on the other hand, consider making inventory purchasing easier a potential benefit, regardless of profit levels or time in business. Early stage, high-margin ones stand out, with 33.6 percent reporting easier inventory purchasing as a plus. Expanding production capacity is another key benefit, especially for intermediate, low-margin firms, with 35.3 percent indicating they believe immediate payment platforms would enable them to do so.

TABLE 9:

The benefits of immediate payment platforms
Share of firms citing select benefits of the platforms as sellers, by persona

	HIGH-MARGIN			LOW-MARGIN		
	Established	Intermediate	Early stage	Established	Intermediate	Early stage
Revenue would increase	46.3%	48.9%	43.7%	32.9%	31.0%	25.1%
Make day-to-day operations easier to run	43.8%	42.2%	28.6%	40.0%	37.0%	27.7%
Help expand marketing efforts and grow business	33.3%	37.2%	32.8%	33.5%	35.9%	22.0%
Enable easier inventory purchasing	33.3%	30.6%	33.6%	33.5%	33.2%	26.7%
Expand production capacity	34.6%	33.9%	34.5%	28.2%	35.3%	26.2%
Increase product development efforts	36.4%	34.4%	31.9%	22.9%	32.1%	24.1%
Increase capital expenditures (exc. production capacity)	32.7%	30.6%	35.3%	25.3%	33.7%	26.2%
Allow faster hiring	30.2%	30.6%	16.8%	21.2%	25.0%	27.2%

Source: PYMNTS.com

CONCLUSION

The trade credit system is not working for many U.S. businesses, especially SMBs. Many must wait four weeks or longer to receive B2B customers' payments, straining their operations and compelling them to offer early payment discounts that cut into their profits.

PYMNTS' research suggests that SMBs are ready for digital alternatives that can move funds within a fraction of a second instead of weeks or months. Our data finds that more than 60 percent of SMBs are "very" or "extremely" interested in immediate payment platforms, and this interest applies to those selling goods and services as well as purchasing them. A majority of SMBs believe that using platforms would increase their revenues.

Just 13 percent of firms regularly use immediate payment platforms, and more than 25 percent of those with routine cash shortfalls have never heard of them. This means there is a large and untapped opportunity for companies that serve SMBs to consider immediate payment platforms, one that applies not only to SMBs but also to marketplaces such as Brandwise that facilitate commerce between SMBs and consumers.

Outreach and education are going to be key to driving greater adoption of these payment solutions, especially among the early stage and low-margin firms that tend to be more skeptical about their benefits. Businesses or marketplaces that facilitate B2B transactions should consider the following points:

- **COST:** Fee structures should be straightforward, and expenses should be counterbalanced with the far greater costs associated with extending credit.
- **SIMPLICITY:** Emphasize the ease of applying for or using credit with immediate payment platforms within existing POS systems.
- **KNOW YOUR AUDIENCE:** Outreach should be tailored to firms based on their operating time, profitability and sectors.
- **AR AND ACCOUNTS PAYABLE (AP) UTILITY:** Stress the platforms' usefulness in expediting payments for both buyers and sellers.
- **CASH FLOW:** Improving liquidity is key to driving immediate payment platforms' adoption.
- **FOLLOW-ON BENEFITS:** These payment platforms can improve firms' daily operations and help them expand marketing, purchase inventory and extend production capacities.

METHODOLOGY

The SMB Receivables Gap series examines how U.S. businesses pay for the products and services they sell to other firms. We surveyed 1,031 businesses from a wide variety of segments concerning their use of trade credit, outstanding AR and AP and interest in immediate payment platforms, among other related topics.

Within the sample, 33.5 percent of respondent companies have been in business for more than 11 years, and 36 percent have been operating for six to 10. In addition, 33.9 percent of our respondents are firm owners or founders, while 32.1 percent are vice presidents, directors or managers. In terms of sector, 30.1 percent operate in building materials, 23.9 percent in apparel, accessories and shoes, 23.3 percent in consumer electronics, 11.5 percent in gifts and housewares, 6.4 percent in staffing and/or recruiting and 4.8 percent in landscaping.

FIRM PERSONAS:

We classified surveyed companies into six categories — established, intermediate or early stage companies with high or low margins — that remained consistent throughout the analysis.

- Those earning up to 25 percent margins were labeled as low-margin, while remaining three categories were comprised of firms considered high-margin.
- Surveyed companies were also categorized by how many years they had been in operation, with early stage representing firms in business for one to five years, intermediate including those in business for six to 10 years and established pertaining to those in operation for 11 years or longer.

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

Fundbox

At Fundbox, we help democratize access to business credit. We use technology, data science and common sense to connect small businesses with previously unattainable financial options. With simple registration and a fast, automated application process, Fundbox offers credit limits up to $100,000 and can transfer funds as soon as the next business day. We help thousands of small business owners across the U.S. gain more control over their finances so they can succeed and grow.

ABOUT

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at SMBReceivablesGap@pymnts.com.

THE TRADE CREDIT DILEMMA

An in-depth look at how outdated B2B practices are putting SMBs in crisis

SMB RECEIVABLES GAP PLAYBOOK I

Trade terms when selling and buying

SMB RECEIVABLES GAP PLAYBOOK II

The Business Impacts Of Trade Credit

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