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SMALL BUSINESS

Credit for the Past, Capital for the Future

Intuit introduces a new lending solution, QuickBooks Capital, to help small business owners grow their businesses

Taija Sparkman • Nov. 20, 2017



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Access to capital is a big problem for small business owners, especially in their early years. According to the Federal Reserve, 70 percent of businesses in their first five years in operation say they need funding to grow, but only 23 percent are able to access the money they need. Intuit recognizes this pain point and is specifically working on new innovations in the lending space to help small businesses get more money. Intuit's new lending product, QuickBooks Capital, is designed to remove friction from the lending process so that new small business owners can thrive.

New small businesses are the engine of the economy, but they face serious challenges accessing the funding they need to grow.," said Rania Succar, Business Leader, QuickBooks Capital, Intuit. "QuickBooks Capital is delivering powerful results for

small businesses – getting capital into the hands of so many credit-worthy small businesses that otherwise felt stuck.”

With QuickBooks Capital, small businesses are empowered to “get credit” for their whole story by using their QuickBooks data to highlight business performance, both historical and ongoing. While most lenders won’t consider loaning to a business that’s been around for less than two years, QuickBooks Capital is able to deliver funding to businesses as young as six months. That’s because many small businesses typically sign up for QuickBooks Online very early in their journey, giving Intuit the ability to understand business performance from “day one.” By loaning to small businesses earlier, QuickBooks Capital helps them build their business credit for future credit they may need.

“From the moment a business signs up for QuickBooks Online, we are giving people the ability to track every data point so that they can see the direction and trend of their business and how they compare to similar businesses. As a result, we’re able to give small businesses credit for their past and capital for their future,” said Succar.

QuickBooks Capital will also help accountants bring high-value solutions to their clients. Small business owners often look to their accountants to determine if a loan is the right one for them or if they should take it. This allows accountants to help their clients ensure they’re in a position to grow, and then help them tap into the availability of loans. QuickBooks Capital is designed to provide feedback on a business’ strong areas, as well as those that need improvement. Accountants can, and should, sit down with their clients to review the outcome and discuss what it would take to be ready for a loan next time

QuickBooks Capital uses advanced data science techniques to give small businesses the ability to demonstrate their credit-worthiness in ways that were not previously possible. For example, Intuit is able to give small businesses the ability to get credit for future profits by looking at things such as open invoices. Using machine learning, Intuit is able to predict when those invoices are likely to be paid, thereby providing an extremely detailed picture of a business’ cash flow.

“Lenders are able to see a business’ quarterly profitability, but they don’t have insight into every transaction a business processes, so they never see the true profitability of the business. While others make their decisions based only on credit card statements, we are able to understand risks in an automated way and can give credit to really young businesses.” said Succar.

The lending process can be very stressful and anxiety-prone for many business owners. In addition to the fear that they won't get approved, many business owners also do not always get transparency into the process and associated fees. The application process alone can often take up to 35 hours, and leave many with no funds to show for their time or hidden fees that make the loan costlier than they can afford. With QuickBooks Capital, the entire process is totally transparent. There are no hidden fees, and Intuit uses the data that already exists within QuickBooks to quickly make a decision on a business' eligibility for a loan.

QuickBooks Capital is designed to "right size" the loan for customers, so they don't take out more than what they can pay. The credit model used for QuickBooks Capital looks at this data, such as customers, sales trends, most popular items, most profitable months and more, to determine the likelihood that a small business can pay back a loan, as well as how much they can afford to pay back. QuickBooks Capital will lend small dollar working capital loans up to \$35,000 for a period of three to six months. Once the loan has been paid off, customers are welcome to apply for a new loan.

"The last thing we want to do is saddle a small business with more debt than they can pay back. Our full picture allows us to make sure that the amount we give them is an amount they can pay back," said Succar. "We know that many small business owners mix their personal credit with business credit. This hurts them down the road when they want to get a mortgage or business loan. However, if they can start taking business debt out early on in the first six months of their business, it not only increases their likelihood they will get approved in the future, but it also decreases the negative impact on their personal credit."

Intuit launched a beta pilot of QuickBooks Capital in February of this year and has spent the months since learning more about small businesses' capital needs. To date, 90 percent of those customers are using those funds to invest in their business' growth. A recent survey found that 99 percent of their beta customers were satisfied with the loan they acquired through QuickBooks Capital. Forty-six percent of the small business owners who have taken out a loan with QuickBooks Capital had never taken out a loan before, and 60 percent of QuickBooks Capital customers wouldn't have qualified for a loan under other lenders' guidelines.

QuickBooks Capital is rolling out this month to current QuickBooks customers in the U.S. Visit www.quickbookscapital.com for more information.

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