

## Local SMEs turn to low-risk growth capital ahead of festive season

Small businesses across the country are turning to non-interest bearing financing options in an effort to secure growth funding ahead of the festive season. The increase in uptake of these products speaks to a more optimistic outlook this year, says independent mobile payments, insights, loyalty and rewards platform, Zapper.



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“Feedback from our merchants who are making use of our advancement product, Quick Capital, points to many smaller operations investing in their business in anticipation of a stronger trading season this December,” says Angelique Landy, Quick Capital and risk manager at Zapper. “Products that don’t attract interest are few and far between and these allow for a low-risk expansion option for many smaller businesses who would otherwise have avoided any improvements until business returned to pre-pandemic levels.”

Zapper’s turnover-based advancement product allows active merchants to secure a cash advance based on expected sales.

“We generally see an increase in uptake around this time of year as merchants gear up for the seasonal sales. While we saw a decrease in new advances due to Covid shutdowns last year, it’s encouraging to see that businesses are once again spending on expansions and improvements,” Landy says.

Because it is not a loan, Quick Capital allows merchants to access capital without incurring interest, making it ideal for merchants looking at business improvements. After a flat initiation fee, repayments are calculated based on a percentage of revenue generated, so if the merchants sees no sales, no repayments are deducted until revenue improves.

“Money is generally spent on upgrades that make a big impact. These include things like buying new equipment, rolling out new advertising campaigns, launching new websites and other quick wins to help attract new business. One merchant used the capital to buy and kit out a second mobile coffee stand. As soon as he had paid that one off, he secured a new advancement to repeat the process. It wasn’t long before he had built out his operations with new stands trading in a number of locations and employing a small workforce to help him run things,” Landy shares.

Landy says qualifying merchants see real benefit from the offering, saying there is a 95% retake rate. A big drawcard is that the merchants can lower their fee if they increase the transactions processed through Zapper.

“Some merchants have eliminated their fees entirely by boosting their transactions processed via Zapper. The incentive is the perfect win-win situation for both our merchants and our company and we believe this is why the offer works so well,” Landy says.

The offer is open to all qualifying Zapper merchants with six months trading data, and annual turnover of more than R1 million. No application is necessary. The company uses a unique scoring algorithm and each qualifying merchant has a bespoke offer loaded onto their merchant portal which is updated each month.

“We assess each merchant based on real-time data. This gives us the most accurate information which is then applied to both the size of the advancement as well as the repayments schedules. This unique industry offering is just one more way Zapper is using data to empower our merchants,” Landy adds.

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