

FEMELA.

The Money Academy

Me and my banker A Love Story

Osnat Peled - May 2017

Oksana was very excited. She just signed her first contract with a new client providing her a long term obligation to purchase her consultancy services for the next 12 months. She decided to open her company and also started making some big plans... renting an office, hiring a personal assistant and even buying a new car.... All the benefits that she had right before she decided to leave her corporate position and start on her own.

The day after the contract has been signed she woke up and went directly to her bank. Cristina her banker knew her already from the last 2 years she was managing her private account in the days she was working as an HR manager in a large corporate. Only now, Cristina was looking at Roxana in another way no longer a fixed salary that is received every monthRoxana was transferred to the SME department where her company file is checked and the whole atmosphere was different...

“ I could not believe that I cannot receive any credit from the bank. This bank has been handling my account for the last two years and I could receive whatever I want, but now it's like I'm starting from zero, I cannot access any type of product in any kind of credit in order to develop my business” . Roxana was frustrated as she didn't know how to take the next step from here.

Think like a banker!

What if you have some money and you think who you wish to lend it Too, would you yourself lend it to Roxana ? Of course not! Same goes with your Bank. The bank is looking to reduce its risks and its not interested to be exposed to un-necessary risks. Every client represents a risk. Roxana, in our case, represents a high risk. If we put our emotions on this side and focus on looking at risks, it will be easier to understand how the banks make their decisions when choosing who to provide credit and whom they cannot support.

Building a relationship.

Well of course it's not about developing a romantic relationship with the bank, but building a history within the bank will help you to have better access to any kind of credit you will Desire is the next step.

A constructive relationship that you will develop with your bank may also provide you access to better financial products, even ones that does not require A guarantee. When the bank sees that you have a sustainable cash flow, sustainable incomes, that your clients are paying on time and that you control your expense, then there appetite to provide you different types of financial product will. Actually, many of the banks today have enough reserved cash (what we call- liquidity) which they can propose in terms of loans to clients but still very reluctant to take risks.

Essential decisions when choosing my bank :

1. Build a plan

It is important when you meet with the bank, to provide a clear statement on your plans. If you are planning to apply for any type of credit it is important to build a clear plan with a potential bank in which you wish to open your account. However you must take in consideration that even when you're respect the plans and you sustain the plan the bank might change their mind. Therefore it is recommended to start a relationship with more than one bank.

2. Check the products

Ask the banker that you need to provide you all the options and financial products they can provide for companies like your. Whether you are a start-up or an existed company the bank should propose you different types of Solutions- credit lines, investment loans, leasing, factoring.... It is better to verify from the start which bank has better financial products and which bank has hire flexibility in providing you access to these product.

3. Meet -compare- negotiate

Choosing the bank is a very important step, therefore it is better to meet with at least five banks which you feel comfortable with, receive all the information, compare their commission, fees and products, and only then taking the decision.

Yes, you can also negotiate, but it will be rather hard to negotiate on fees and Commission in a very early stage of the relationship.

To finalize- keep an 'open eye' on your bank ! If you are not happy don't continue.

Be a smart client if you see that things are not developing in the right way and not in accordance to your plans - Take a step back and move to another bank! Banks are struggling to keep their clients in a very competitive environment .This should be your advantage - use it wisely

Are you interested to learn more?

Join our workshop at the money Academy- 25th of May 2017 18:00-21:00- " me and my banker- a Love Story" is a part of business woman from Romania activities. - In collaboration with Femeia ! www.bwfr.org

Osnat Peled (Israel) serves as General Director of Mentor Finance Private Equity Investemnts, an expert advisor in Mentor Capital & Business Advisory (www.mcba.ro) & the President of Business Women Forum Romania (www.bwfr.org).