



COMMERCIAL CREDIT: WHAT EVERY COMPANY NEEDS TO KNOW

- **Credit exchanged from one business to another is considered commercial credit.** It's also referred to as trade or business credit.
- **Commercial credit is the economy's largest source of business financing by volume.** It exceeds even bank loans, with literally billions exchanged daily.
- **Commercial credit is different than consumer credit.** The dollar amounts exchanged are often much larger, and most transactions are conducted on an unsecured basis.
- **The timeliness of a decision to extend or not to extend credit is often much more crucial in the business setting.** Delays can negatively affect a potential debtor's business.
- **A company's commercial creditworthiness is constantly being assessed and updated by its creditors.** Analysis continues as the business relationship does, and it doesn't end with a credit decision.
- **Like in the consumer arena, businesses use commercial credit reports.** Commercial credit reports help suppliers increase the accuracy and speed of their credit decisions.
- **A commercial credit profile must be built by the subject of a commercial credit report.** This begins when a company incorporates and then develops its credit history by receiving credit and paying its bills.
- **A company doesn't have to pay to see its commercial credit report.** Instead, companies can contact every credit reporting agency in order to see their own credit report and address any discrepancies.
- **Having a commercial credit profile can protect a business owner from liability.** This becomes important if the business runs into trouble. Many small business owners use their own personal credit to run their companies, but this places their own personal finances at risk.
- **The exchange of commercial credit information fuels the extension of business credit nationwide.** Buyers should encourage their suppliers and vendors to report their payment behavior to reporting agencies in order ensure that they have an accurate credit report and are able to get access to new business credit.