The Value of Sharing Your Company's A/R Data

Companies that choose not to share their accounts receivable data often cite a number of concerns about data security or customer privacy as their reasons for not doing so. None of these hold water, and unfortunately for these companies, they're missing out on a number of benefits, financial and otherwise, that are afforded to businesses that do make this data available to credit report providers and industry groups.

However, the biggest benefactor of data sharing often isn't the company that does the actual sharing. It's their customers. Access to credit has been a major issue as the United States continues to wend its way out of a devastating recession and into real, lasting growth. Small businesses especially have faced enormous challenges in acquiring even a fraction of the credit they need to stay afloat, and yet many of these companies are still committed to paying their suppliers according to terms, and doing everything in their power to stay current on their bills.

A customer that makes that effort deserves to have their good behavior rewarded. The best way for suppliers to do that is to share their A/R data to help their good customers build credit profiles, so they can hopefully get the financing they need to become great customers.

Sharing A/R data also benefits the contributor's industry by helping to weed out scammers. A lot of companies only share data for that reason, because the more that this information is available, the more difficult it is for criminals to work their way into an industry to defraud companies of money and product. It also minimizes and industry's losses from fraud, because scam companies can be identified much more quickly.

Beyond preventing fraud, sharing data makes it easier for banks, regulators and policymakers to assess industries, as well as the actual state of the economy. So much of what state and federal regulators do comes down to what the problem *appears* to be rather than what the *actual* problem is. The issue isn't always that things are terrible, but that things seem terrible. But that gap between what policymakers know and what they think they know becomes a lot smaller when a broad swath of an industry shares its data.

Finally, perhaps the strongest argument for sharing A/R data could be that the more companies do it, the greater the benefits are for everyone. If every company in the U.S. contributed their data, not only would it create a real bond among credit professionals across industry, region or company, but it would also make credit decisions quicker, easier and much more reliable. That's something every company should be able to support.

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