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Do you want to grow your business?

Find out how with a business loan today.

What is a business loan?

A business loan is a loan specifically intended to help you to grow your business. As with all loans, it involves the lending of funds which is then repaid with added interest. You'll need a business loan if you don't have the capital to invest in your business yourself. Generally, a business loan helps you to either start or grow a business. Business loans also come with either a fixed or variable interest rate, and can be either secured or unsecured loans.

What can you use a business loan for?

A business loan can be used for most aspects of a business. Generally, you can purchase a business, improve your cash flow, rebrand, expand or pay off unexpected debts with a business loan. Short and long term financing is also available, so chances are that there's a right loan waiting for you.

How much can I borrow with a business loan?

If you are thinking about taking out a business loan, you might be wondering just how much you can borrow.

There's no blanket amount that lenders are allowed to offer their borrowers in terms of a business loan. Usually, the amount offered is determined by the size of the business if it's existing, profit margins and its history. Generally, the more secure and profitable your business seems, the more money you will be able to borrow. This is because a more successful company is more likely to repay a loan than a less successful company.

In the case of starting a business, lenders usually look at personal financial history, and the profit estimates of the business. Your lender will also want to know if you've had a loan before, and how successful you were at paying it back.

The types of question lenders will ask you fall into two categories, qualitative and financial-based. Qualitative questions may include whether you have had a default against your business, or something similar. Financial-based queries may include your net profits, and any existing debt.



How hard is it to get a business loan?

It can be harder to qualify for a business loan than a home loan. This is because it's much more difficult for your lender to get an understanding of your repayment capacity. That's because while individuals usually have fairly consistent income and spending habits, business finance can fluctuate month to month. Because of this, you'll have to convince your lender that you can pay back a business loan. Doing this can be time-consuming and involve a lot of paperwork, although it might be easier if you have a good broker to help you with your application.

Don't let this put you off applying for a business loan though. Tiger Finance makes it easy for you to both apply for, and get approved for a loan. Our loan specialists are on hand to help you through everything that you will need to provide.

Short term loan vs long term loan

The length of the loan should be taken into consideration when choosing a business loan. If you only need funding to cover short-term needs, a short-term business loan could be the best option.


If the loan is going to be used to purchase commercial property for your business, a long-term loan could be a better choice. The term of your loan will also be determined by your ability to make repayments. Your lender will most likely take into account your projected income, and your profits and losses.

Fixed rate vs variable rate

In the case of a fixed rate loan, you know what you will be charged over the term of the loan, as the rate does not change. This means that you will pay a set rate until the end of the loan.

With a variable interest rate loan, your repayments are subject to change over the term of the loan. The rate of the loan can change according to market conditions, so you could potentially end up paying a lower interest rate if the market changes. On the other hand, you could also end up paying more if the market rate increases.

It's important to discuss both options with your broker, and work out the best loan for your situation.





The different types of business loans

- **Leveraging your business:**

Running your business can be difficult, especially if you want to expand but don't have the funds to do so. Leveraging can be used to purchase business premises, extend the current premises, and in some instances, can be used to build other commercial investments.
- **Business overdraft loan:**

This type of loan allows you to overdraw funds in your transaction account. Interest is then charged on the amount overdrawn, which continues until the loan is paid off in full. You may also have to pay extra fees and charges. An overdraft loan is usually payable on demand, which means that if the lender demands a repayment, it has to be made immediately.
- **Line of credit:**

As opposed to a loan, a line of credit is not one singular lump sum payment. Rather, it is an agreed upon amount of credit from your lender that you can withdraw as you need it. You only need to pay interest on the amount you use, instead of paying interest on the total sum.
- **Secured loan:**

A secured business loan requires you to use an asset that you have, such as a property or existing business as collateral against the loan. While this usually allows you to borrow more money at a lower interest rate, the lender can sell your asset to cover any debt if you are unable to make your repayments on time.
- **Unsecured loan:**

With this type of loan, you are not required to put up any collateral as with a secured loan. However, this means that you could find yourself facing a higher interest rate because of the lack of security, or a smaller loan amount.
- **Fixed rate loan:**

Similar to other types of loans, a business loan can come with either a fixed or variable interest rate. A fixed rate is set by your lender for a period of time, usually between one and five years.
- **Variable rate loan:**

In a variable rate loan, the interest can be changed month by month at the discretion of your lender.

How to determine which business loan is right for you

Now that you've got all the information that you need about business loans, you will be better prepared to choose the right business loan for your needs.

To reiterate, in order to find the right type of loan, you will need to have a clear picture of how much you will need and how you will use the funds. If you aren't sure how much you need, you may want to create some cash flow projections in order to get a clearer understanding. This will be helpful in determining which type of loan is best for you.

Compare all of the business loans and their rates that you can. There are many types of business loans, and it is in your best interest to make sure you understand the fees, interest rates, terms and conditions.

Can you leverage your business to buy a home?

Business owners who are wanting to get a home would need to apply for a self-employed home loan. Basically, this is a home loan is for people who run their own business. While the application process can be a little different for a self-employed loan, it is still a viable option.

In order to qualify for a self-employed loan, at least two years of tax are usually needed for your application to be approved. Depending on your lender, you may also need to put up collateral as security for your loan.

What is the easiest way to get a business loan?

Choose Tiger Finance!

Our finance specialists can help you find the right business loan for your needs. We understand that there are many business loan options, and Tiger Finance can help you to find the one that suits your needs. If you are one of the many Australians finding getting business loan difficult, Tiger Finance can make the process simple and pain free.

With Tiger Finance, we can get you a loan in four easy steps. You'll have a free consultation with one of our specialists, and we will tailor make you a loan. We'll negotiate with lenders on your behalf before you're approved. Our fast loans mean that you'll achieve your goals much sooner in a hassle free experience.

4 SIMPLE STEPS TO GET FUNDED



1

**FREE LOAN
CONSULTATION**



2

**WE TAILOR
MAKE A LOAN
THAT FITS YOU**



3

**WE NEGOTIATE
WITH CREDIBLE
LENDERS**



4

**APPROVED &
SETTLED**

