

Brighter Banking

Simple DIY banking tips for rural & small business

Your track record can impact the way that your Bank may treat you now & in the future. It's also helpful to be conscious that you have a Risk Grade (RG) which is a financial risk score in the eyes of your Bank. Whilst it's not necessarily beneficial to be aware of your specific RG score or your bank may not disclose it, there are a few simple things you can do to maintain a positive long term working relationship with your Banker...

- Communicate with your lender constantly & develop a strong working relationship with your local manager & staff. Healthy communication between all parties is one of the most important aspects of dealing with your bank & moving forward positively into the future.

- Familiarise yourself with banking terms, language and products, and improve your financial literacy so that you can know & understand what your lender is saying to you. If you don't understand something, always ask for clarification before agreeing.

- Be pro-active & develop a viable financial plan for the future of your business. Don't expect your bank to do this for you. Have your financial data accurate & up to date and put together a realistic & achievable plan that shows your bank both your risks & projected cash flows.

- If you are struggling with serviceability with your bank, be honest and open, have your plan ready and be open to negotiate with them but don't commit yourself to something you know that you will not be able to meet. Ensure you get all commitments in writing and keep copies of your financial documents and loan records.

- Consider that your future plan may possibly need to be an exit strategy if you honestly feel that you will not be able to meet your financial obligations or improve your situation. This is always a last resort for banks & businesses so it is ideal to seek professional advice from a qualified debt mediator or other financial professional during this process.

- Usually banks are flexible & understand that your business may not be viable right now but it is very helpful if you can demonstrate that you have the means to improve your situation into the future - meaning that developing your plan now is crucial for the survival of your business.

- Don't put yourself under pressure or rush into signing off on new finance. Ensure that you thoroughly read through all of the documentation, that you know & understand what you are entering into and if possible, have a qualified professional peruse your documents before signing.

- Be sure to get in writing from your bank a statement of all items that your institution has placed up as security against your finance. Knowing what assets are encumbered under finance is vital for your own forward planning and assessing the future direction of your business.

Would you like more information or referral to a qualified financial consultant?

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DO

- Constantly communicate
- Develop a good relationship with your banker and know who you're dealing with
- Be open and honest
- Have up to date financial data

DON'T

- Get angry or aggressive
- Expect the bank to reduce your interest rate or extend time on funds
- Commit to anything that you can't meet
- Ignore deadlines or requests

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Drought Relief Program

*This program is part of
the Australian
Government's drought
assistance package.*