



# 5 CREDIT HACKS FOR BUSINESSES SUSTAINABILITY




**In Malaysia's dynamic business landscape, maintaining a sustainable and stable financial health is vital for the success and growth of small and medium-sized enterprises (SMEs).**

Among the critical components to achieve and maintain financial stability is credit management. As credit is vital for business management, adopting clever strategies can significantly impact a company's business sustainability.

Here are five verified and relevant credit hacks that can help businesses in Malaysia achieve long-term sustainability.

## 1

### Maintain a Good Credit Score



A good credit score is not only a badge of financial responsibility but also a key factor in securing loans/financings and credit facilities for SMEs.

The Credit Reporting Agency Act 2010 made it mandatory for credit reporting agencies to collect and maintain credit information of individuals and businesses.

To maintain a good credit score, prompt repayment is paramount. This entails making timely payments on credit cards, loans/financings, and other debts.

(Reference: Credit Reporting Agency Act 2010)

## 2

### Build an Emergency Fund



The importance of an emergency fund cannot be overstated. It acts as a safety net to cushion businesses during unexpected financial challenges.

Establishing an emergency fund is a strategic move to mitigate the impact of these unforeseen costs. By setting aside a portion of profits regularly, business owners can ensure they have a safety net in place, reducing the need to resort to credit cards or loans/financings during financial emergencies.

This practice not only bolsters the business' financial stability but also safeguards its credit standing by reducing reliance on external credit sources.

## 3

### Pay Bills in Full and On-time



Timely bill payment is a fundamental aspect of maintaining a healthy credit. Delaying payments or only making minimum payments can lead to high-interest/profit costs and prolonged debt repayment, potentially affecting a business's profitability.

To avoid interest/profit and late payment fees/charges, it is recommended to pay bills in full and on time. This responsible approach not only safeguards your credit score but also reflects positively on your business' financial discipline.

## 4

### Monitor Your Credit Regularly



Vigilant credit monitoring is a cornerstone of financial sustainability. Businesses should proactively monitor their credit activities to ensure accuracy and identify any discrepancies.

In Malaysia, there are business credit agencies that provide businesses with free credit reports, such as Credit Signal by Dun and Bradstreet. By obtaining this report and scrutinising it for accuracy, you can rectify any inaccuracies promptly.

This proactive approach helps you maintain a clean credit record, enhancing your business's credibility and financial sustainability.

(Reference: Credit Scan, 2023)

## 5

### Seek Funding Options



Sustainable growth often requires capital infusion, and SMEs have several funding options available. Exploring these options is a savvy credit strategy. Grants, loans/financings, venture capital, and angel investment networks are avenues that cater specifically to SMEs in Malaysia.

The Malaysian government, through agencies like SME Corporation Malaysia (SME Corp), provides grants and financial assistance to eligible businesses, promoting their growth and sustainability.

(Reference: SME Corporation Malaysia 2023)



**In conclusion, mastering credit management is integral to maintaining a sustainable business in Malaysia.**

These five clever strategies - maintaining a good credit score, building an emergency fund, paying bills punctually, monitoring credit regularly, and exploring funding options - are fundamental steps for entrepreneurs to ensure their business's financial well-being.

By adhering to these practices, business owners can create a strong financial foundation for their business that can support their growth aspirations and withstand economic challenges.



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