



How to Sell Merchant Cash Advances

Have you been considering [selling merchant cash advances](#) as part of your merchant services business? For the uninitiated, a merchant cash advance is basically when the credit card processor buys the future credit card sales, giving the merchant a lump sum of liquid cash upfront. This sort of deal can be arranged much faster than a loan from a bank, and approval rates are much higher as well. If you sell merchant services, it's a good idea to make cash advances a part of your offerings.

Cash advances can be very lucrative for your business. Not only are they a fairly easy sell for the kind of merchant who needs money fast, but [selling merchant cash advances](#) can result in handsome commissions from the processor. In addition, depending on what program you choose, you can also often provide some of the funding yourself with your own money, which will net you even more revenue. If you're looking for a good added value product to increase revenue, this is a very flexible service that you can sell to the right merchants.

Why would a merchant even need a cash advance in the first place?

Well, there can be many different reasons. They might want the money for growth reasons, for example if they have a great opportunity to upgrade their equipment, but they don't have the liquid cash to do it. Perhaps they are unable to get a normal line of credit for whatever reason and they need to buy inventory in bulk in order to keep costs down. Often, however, you will find that, just as with the more common paycheck cash advances that consumers use, the merchant probably needs the money to cover some unexpected expense or an emergency situation. This is perfectly fine, so long as the merchant is consistently bringing in revenue regardless.

How much the merchant can get depends largely on how much revenue they are bringing in via credit card transactions. Ordinarily, the processor will allow them a loan of between roughly 80% and 120% of their monthly credit card sales.

What do you need to sell a merchant cash advance?

[Selling merchant cash advances](#) doesn't have to be hard, but there are a few key things that you will need. First of all, your processor will have to have a cash advance program, ideally one with the possibility of syndication (which is when you are able to also invest your own money). Next, you will need a merchant that is bringing in at least \$5,000 or so in credit card revenue every month. The processor also won't consider the business unless it has been running at the very least for 12 months and has a record of processing credit cards for at least 6.

How do you find merchants that need cash advances in the first place?

Of course, not all of the merchants that fit the description above will actually need a cash advance. Really, it is a very all-or-nothing issue with not a lot of space in between: a business either needs cash quickly, or it doesn't. Because of the high interest rate, most business owners wouldn't even consider a cash advance of this kind unless they were hurting for a large lump sum of money.

The best way to find these kinds of merchants is to simply ask the ones that you're already working with. Let them know that you offer these kinds of short term loans, and that you can have the money to them within days, instead of weeks or months like the banks. Network with as many merchants as you can, even those with whom you currently don't work with, and make sure that people are aware that you can bring them the liquid cash that they need as quickly as possible.

How do you present the cash advance to clients?

[Selling merchant cash advances](#) is like any other kind of selling in that the presentation is important. Be mindful not to insult your client. The best way to bring up the issue of cash advances is probably when you are consulting with a merchant in order to sell them some other service.

For example, if you are working with a merchant to sell them on a new contract with your processor, mention that you offer merchant cash advances as well. You will find that most of the merchants aren't interested, and this is expected. Do not push it because the fact of the matter is that most merchants genuinely have no use for this kind of loan, and are understandably wary because they are expensive.

However, if the merchant's ears seem to perk up at the prospect of a quick loan, this probably means that he does indeed need some money. Tell him that you can help his business grow and emphasize the ease of this kind of deal. Mention as well that you will be able to help him through the process in person, and that you can take care of much of the paperwork. Make it as easy as possible for the merchant, and try to get them the best deal if you can.

What can you expect to make when you're selling merchant cash advances?

How much you make really depends on a number of factors and also on how much of your own money you're willing to put in. In terms of commissions, this varies a lot between processors as well, and every one of them is different, so make sure to ask ahead of time before you sign up for a program. Typically, though, the higher the factor, the higher the percentage of your commission will be. Also, if the cash advance is for a very short-term period—say, 3 months—your commission will also be higher because the processor is taking less of a risk.

Does [selling merchant cash advances](#) sound like something you would like to try? It all comes down to finding the right merchants in need and partnering with a worthwhile merchant services company.