

Understanding Credit for Small Business Owners in BC



Why Credit Matters

Credit is a key tool for building and growing your business. It impacts your ability to secure financing, negotiate with suppliers, and access better interest rates in the future, as your business grows. Good credit can open doors, while poor credit can limit opportunities.



How to Build & Maintain Good Credit

- **Get Credit Reports** – Know what is being reported
- **Separate personal and business finances** with a dedicated business or sub bank account.
- **Pay bills on time** – Payment history is a major credit factor.
- **Monitor your credit report** regularly through credit bureaus like Equifax or TransUnion Apps.
- **Keep credit utilization low** – Aim to use less than 30% of your available credit.

Types of Credit Available to Small Businesses in BC

Term Loans (The only loan product offered by SCF)

- Fixed amount borrowed with regular repayments over a set time.
- Often used for equipment and revenue-generating assets.

Business Credit Cards

- Flexible, short-term borrowing for everyday expenses offered by banks and suppliers.
- Helps build a business credit history.

Lines of Credit

- Access funds as needed and pay interest only on what you use.
- Ideal for managing cash flow and seasonal changes.

Supplier Credit

- Agreement with suppliers to pay later (e.g., Net 30 terms).
- Can help with inventory purchases and cash flow.

Managing and Overcoming Debt

To access business credit, you need strong personal credit. Rebuilding starts with a plan

- Assess your debt – know exactly what you owe, to whom, and at what interest rate.
- Prioritize payments – focus on high-interest debt first while making minimum payments on others.
- Negotiate terms – some lenders may offer extended timelines or reduced rates.
- Create a budget – track every dollar and direct extra funds toward repayment.
- Stay consistent – progress may feel slow, but steady effort adds up.

Remember: Many successful businesses have faced debt at some point. What matters most is how you manage it and commit to moving forward.

Disclaimer: This material is for marketing and informational purposes only. Recipients are responsible for their own due diligence. For more business resources, please visit www.stolocf.ca.

Additional information

If you would like to improve your credit score, the first step is getting copies of your credit reports to see what is reporting and if the information is correct.

There are **two** credit bureaus in Canada:

Equifax – Most lenders on the West Coast of Canada pull Equifax credit reports. Because Stó:lō Community Futures purchases Equifax report for loan application, we cannot share it with you.

- The Borrowell app is linked to Equifax.
- There is a form that you can request a **FREE** copy of your credit report from Equifax. It says it charges \$11.95, but that is only if you want the “Beacon” score. If you send off and get a copy of your credit report, Stó:lō Community Futures can meet to chat with you about it.

TransUnion – A credit bureau used mostly by lenders in Eastern Canada.

- You can also find your credit score with CreditKarma, which pulls credit reports from TransUnion.
- If you send off and get a copy of your credit report, Stó:lō Community Futures can meet to chat with you about it.

- Larger banks and credit cards may report to both Equifax and TransUnion.
- Credit cards and cell phones usually report monthly to the credit bureaus, and some loans and mortgage may only report quarterly.
- Getting a secured credit cards can help counteract previous poor credit ratings, especially if you have slow payments or delinquent accounts on your credit report. It is important to have strong payments with other creditors to bring up your score.
- Beacon Scores range from 300 (bad) to 900 (perfect) – 620 is usually the minimum for credit, 660 is average, and 720 and above is excellent.
- Making consistent on-time payments is essential, as payment history is one of the key factors in determining your credit score.
- Try to avoid a lot of inquiries on your credit.
- Your credit score reflects what credit you have and how well you use it. Try to keep balances low.

Rebuilding and improving credit takes time, but with consistency and the right strategies, it is absolutely achievable!

Once you received copies of your credit, book a meeting with Stó:lō Community Futures!

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