

# 7 Myths about Equipment Financing You Probably Believe

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70% of equipment in the U.S. is purchased through financing. It's a billion-dollar industry. But there are a lot of misconceptions about how equipment financing works and how to implement it in your business. This ebook dispels 7 equipment financing myths you probably believe.



# Getting Started

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Humans only use 10% of their brains.  
Elephants are afraid of mice.  
Duck quacks don't echo.  
Thomas Edison invented the lightbulb.  
Marie Antoinette once said, "Let them eat cake."

What do these facts have in common? Well, they aren't true. Each one of these "facts" has been proven false. And yet, most people still believe them.

And while it's pretty harmless to believe that elephants are afraid of mice (unless you try to ward off an angry elephant with a mouse), believing some myths can have a serious impact on your business.

Financing options are a key component to close deals and grow revenue. But most sellers aren't fully leveraging the benefits and flexibility of broad financing options. These 7 myths are holding equipment sellers back as they grow their business. Don't let it happen to you.



**Uncover the truth  
behind these 7 myths  
that are keeping  
business owners like  
you from unlocking the  
full potential of their  
customer base and  
maximizing sales.**

# 01

## Myth: Financing is for customers with great credit.

### The facts:

Customers are unique. Your financing options should adapt to meet your customers' needs. Traditional financing options are perfect for people with perfect credit. But new approval algorithms can approve more customers regardless of their credit score.

If you're only offering a traditional credit-based financing plan, you could end up turning away up to 40% of your prospects. 68% of small-to-mid-sized businesses have a credit score less than 680.<sup>i</sup> New businesses with no credit also struggle to obtain traditional financing.

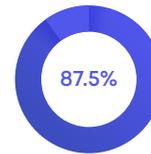
### What to do:

Make it easy for ALL your customers to afford the equipment they need. Adopt a broad suite of financing options to accommodate customer needs and preferences, approve more customers, and close more deals.

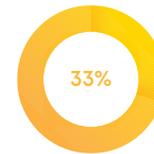
<sup>i</sup> Small Business Credit Statistics, Survey of 189,466 Small Business Customers, Nav, October 2017.

### Consider this:

Clicklease's proprietary algorithm doesn't rely on an applicant's FICO score. They approve 87.5% of applications with scores over 600 and 33% of applications with scores under 600. They also lend to business owners just starting out—half of their approvals have been in business less than 3 years.



We approve 87.5% of applications with scores over 600



We approve 33% of applications with scores under 600



We also lend to business owners just starting out



# 02

## Myth: The customer should start the financing conversation.

### The facts:

Business buyers—especially small business buyers—are extremely price conscious. The first thing buyers want to know is: “Can I afford it?” Make it easy for customers to find the information they’re looking for. Start the conversation by integrating payment options into your site (or storefront) early and often.

This problem is especially prevalent online, where cart abandonment is a real hazard. More than 70% of online carts are abandoned.<sup>ii</sup> Wave goodbye to all those potential customers. But there is something you can do! 56% of customers said they would be more likely to complete their purchase if provided with a variety of payment options.<sup>iii</sup>

<sup>ii</sup> 15 Eye-Opening Cart Abandonment Statistics for 2021, Sleeknote, March 2021.

<sup>iii</sup> Why B2B Customers are Leaving Your Checkout and How You Can Make a Difference, Behalf, May 2014.

### What to do:

Communicate with customers about all their financing options and work with them to find the right one. Understand your financing options and encourage customers to find the one that will work best for them.



# 03

## Myth: Financing is only used for big purchases.

### The facts:

70% of all equipment is financed. Among small businesses, that number is closer to 85%.<sup>iv</sup> This myth is reinforced when traditional financiers only approve purchases of more than \$15,000. But it doesn't have to be this way.

Most financing, credit, and leasing partners manually underwrite, consider, and approve applications. With that long, arduous process, it isn't worth their time to work with most small business applicants.

New proprietary algorithms enable financing partners to automatically process and approve applications. Since they aren't spending man-hours processing applications, they can approve your customers for financing at even lower amounts.

### What to do:

Provide financing options that will approve customers at every price point and credit score. Show customers you can help them solve their buying problems.

<sup>iv</sup> 4 Myths of Equipment Financing for your Customers, TimePayment, January 2020.

Clicklease funds purchases from \$500 to \$20,000—customers most lenders won't work with.



# 04

## Myth: Financing is a headache.

### The facts:

83% of purchasers say financing options—especially long-term payment options—help them make buying decisions.<sup>v</sup> Some business buyers think of their budget in terms of total costs. Others think in terms of monthly revenue and expenses. Payment options actually make budgeting easier for those customers determining a monthly ROI.

A good financing partner makes the process easy and transparent from origination to funding.

<sup>v</sup> 4 Myths of Equipment Financing for your Customers, TimePayment, January 2020.



### What to do:

Choose a full-service financing partner. When considering a partner, make sure you can track an applicant's progress from start to finish without ever getting bogged down in the paperwork. Also, look for a dedicated representative to help with any application.



# 05

## Myth: Financing takes too long.

### The facts:

This is partially true. Old-school financing is a notoriously long, arduous process full of paperwork, red tape, and run-arounds. A bank loan typically takes 60-90 days to process an application. 7.5% of small business reported having to wait more than 6 months to hear about a loan application.<sup>vi</sup>

And customers have noticed. 14% of Gen Z business owners would be willing to go through a root canal for a 2-day loan process.<sup>vi</sup>

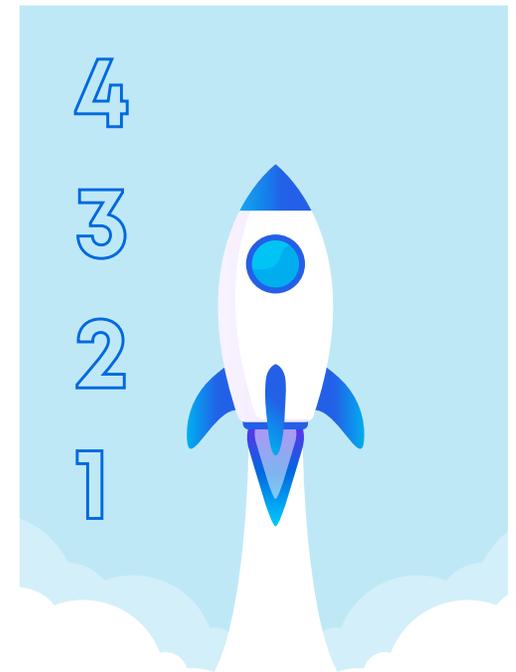
Fortunately, traditional financing isn't the only option anymore. High-tech options can approve applications in minutes—even seconds—for the smaller amounts that small businesses typically need.

### What to do:

Find a new partner that approves prospects quickly and easily. Don't settle for "pre-approvals." Work with finance partners that make applying easy—with no extra hoops to jump through.

<sup>vi</sup> *Some Small Businesses Had to Wait Longer Than 6 Months to Hear About a Loan Application, Small Business Trends, June 2019.*

Clicklease approves customers in just 4 seconds—without a credit check. Apply in minutes. Get an answer in seconds.



# 06

## Myth: Financing is expensive.

### The facts:

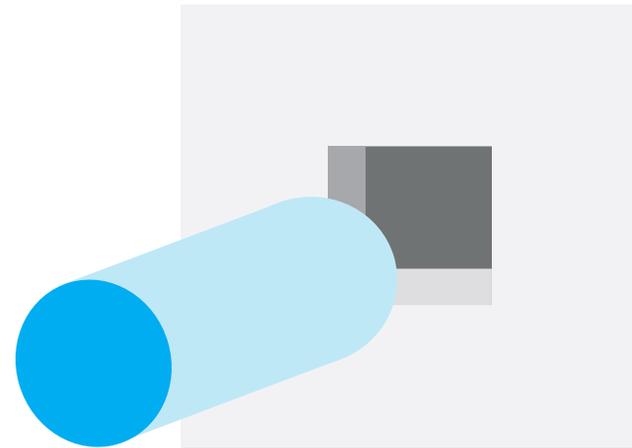
Financing should be flexible. Old-school financing relied on matrices and set interest and fees. They'd even charge sellers for submitting an application. With better technology, financing partners can get a better picture of an applicant's financial situation and create a customized payment plan that fits their needs. It makes an expensive purchase more affordable.

Small businesses operate on especially small margins. Providing a wide variety of financing options gives you the flexibility to say yes when cash isn't an option.



### What to do:

Provide options for customers with every budget and price point. Remember: financing isn't one-size-fits-all.



# 07

## Myth: Financing doesn't have anything to do with sales.

### The facts:

Offering multiple payment options is one of the highest-impact things you can do to increase conversion and grow sales. First-time finance partnerships have shown an average sales growth of more than 16%.<sup>vii</sup>

And 75% of customers who use a payments solution like Clicklease say they would have walked away empty-handed without a pay-over-time solution. They also spend more money than they would have if they had to pay cash.



### What to do:

Increase sales, margins, average order value, and conversion rates with Clicklease. Our mission is to make small business dreams possible through the power of affordable payments. With Clicklease's unique approval process, customers can more easily use their full approval amount. We've been shown to increase average order values more than 41%.

<sup>vii</sup> 4 Myths of Equipment Financing for your Customers, TimePayment, January 2020.

