



# Considerations you should have before providing credit to an international customer

## Tools for small and medium exporters



## The 5Cs of Credit (Theoretical base)

- **Character:** Good will to comply with the financial obligations
- **Capacity:** Ability to respond to the financial obligations regarding the financial stability of the company
- **Capital:** Financial reserves
- **Collaterals:** Assets that could backup the dept
- **Conditions:** General economic conditions related to the customer business



## What to do?

- As long as possible, verify and analyze the 5 cs
- In practice, it results very complex, but at least you should do:
  - Legal and bank verification
  - Trade information verification
  - Credit behavior research
  - Customer assessment



# Legal and Bank Verification

- Search for daily updated information obtained from trustable sources:
  - ✓ Years in business
  - ✓ Company directives
  - ✓ Legal status
  - ✓ On time payment of taxes and duties
  - ✓ Bank transactions related with financial institutions



# Trade Information

- Very useful information, not only for credit purposes, but it also allows to estimate the estimated buying potential from the customer:
  - ✓ Location (Headquarter and subsidiaries)
  - ✓ Size of business
  - ✓ Sales volume
  - ✓ Number of employees
  - ✓ Líneas de Negocio
  - ✓ Markets they serve
  - ✓ Relationship with customers



## Credit Behavior

- Through the direct and specific contact with the suppliers, it could be established a conduct pattern of the potential customer with respect to:
  - ✓ Payments according to credit terms
  - ✓ Number of past due invoices
  - ✓ Excessive requirements and unjustified of credit for unsatisfactory products



# Financial Analysis

- Establish adequate credit terms
- Credit limits according to the paying capacity



## Let us help you...

- Count on Consultants, where we can conduct these analysis in an efficient, professional, quick and fast convenient way.
- For more information, contact us at:  
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