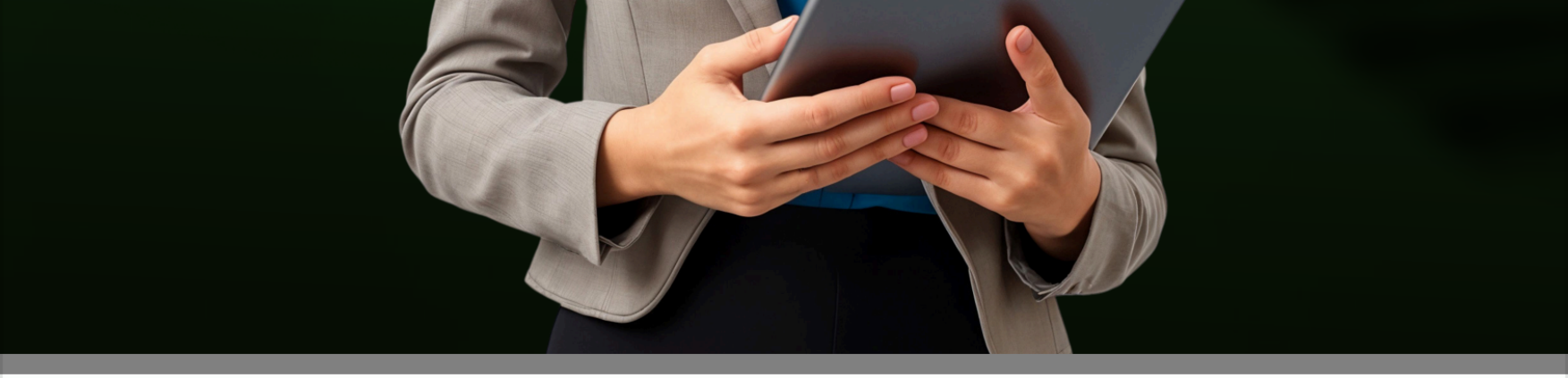
Finance Mutual

financemutual.com

How To Set Up and Offer Financing to Customers?

Part 2



Introduction

Cash flow is the oxygen of the business. Customer financing is the lungs!

If revenue is the heartbeat of a business, then customer financing is what helps it breathe. Without flexible payment plans, even awesome services can suffocate in slow pipelines and stalled decisions.

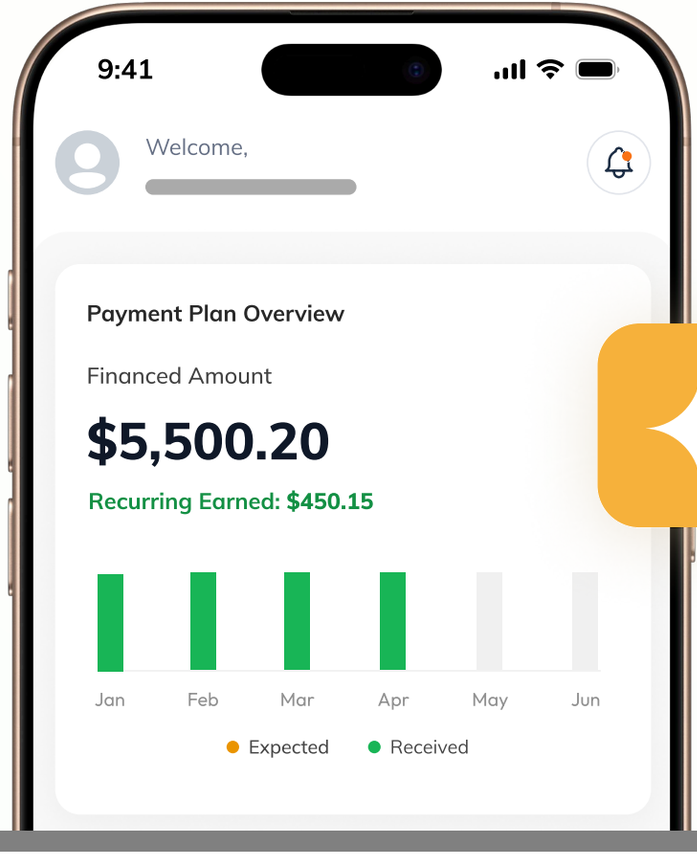
Part 1 of this white paper described in detail the process of setting up the right goals behind setting up financing options, followed by a deep analysis of the many types of customer financing models. The 2nd part will now guide businesses through the following steps:

Step 3: Selecting a Customer Financing Solution

Step 4: Outlining Terms To Offer Financing to Customers

Step 5: Integrating Financing Into the Workflow

Step 6: Launching And Monitoring Performance



financemutual.com

Step 3: Selecting a Customer Financing Solution

- The global consumer finance market size is growing at a CAGR of 7.1%, and is expected to reach around $2,534.8 billion by 2033.
- The business-to-business (B2B) financing is also taking off as B2B BNPL payments will touch $669.5 billion by 2029.

These trends are a testament to the increasing need for flexible financing partners in industries of all kinds. When evaluating financing providers to offer financing to customers, analyze their capabilities, such as:

Credit Decisioning

The customer financing solution should support automated risk assessment through real-time credit scores. Some solutions use AI-powered insights to offer financing to customers. For example, FinanceMutual leverages “AI-driven” financing designed according to each customer, encouraging more on-time payments.

Workflow Automation

A good financing solution works on automating the entire financing workflow. This also includes electronic invoicing to automate payment schedules, collections, and reminders. Look for financing solutions that automate billing through well-designed software or by connecting to CRMs and accounting systems, reducing manual workload.

Analytics And Reporting

Look for robust reporting on important metrics like repayment performance and delinquency rates. These credit insights help businesses optimize credit options. There are financing solutions that offer real-time dashboards. For instance, FinanceMutual emphasizes analytics as one of its core features, where merchants can keep a check on customer behavior.

Integration Options

When choosing from the different customer financing options, it is essential to check whether they offer an easy integration with existing systems. The easier the integration, the faster the launch. FinanceMutual, for example, easily integrates payment plans into a system with an easy plug-and-play solution that works from day one.

Compliance And Regulations

A financing provider should be licensed and legally structured to offer financing to customers in the particular market of business operations. Check if they maintain all necessary licensing and regulatory approvals, handle all customer verification and data-security practices, so that the business can focus on growth without bearing the compliance burden.

FinanceMutual vs. Affirm, Klarna, and Others: Best Customer Financing Options

FM provides businesses with a smarter, more flexible financing solution. FinanceMutual has two variants: “Max Mutual” (the business sets its own payment terms and keeps the entire amount of interest) and “Secure Mutual” (FinanceMutual provides customers with flexible payment options and charges zero merchant fee from businesses).

Here are the key differences between FinanceMutual and other customer financing platforms:

Feature	FinanceMutual	Affirm & Klarna (BNPL)
Business Focus	B2B – Designed for small and large businesses	B2C – Consumer-facing, ecommerce-focused

Customer Experience	Controlled by the business, ensuring brand consistency and authenticity	Controlled by BNPL providers, reducing personalisation for customers
Integration	Thoughtful integrations into various touchpoints of the business's existing systems	Multiple integrations, including API and POS
Financing Flexibility	Custom payment plans based on customer financial profiles	Limited fixed installment options
Risk Ownership	With Secure Mutual, the risk is significantly reduced with protected payments	BNPL provider takes on the risk and pays the business upfront
Use Case Fit	Ideal for high-value services, B2B, and businesses needing tailored terms	Ideal for fast-moving consumer ecommerce

Disclaimer: The information in this table is for general comparison purposes only. Platform features may vary based on individual business needs and plan selections.

Step 4: Designing Terms To Offer Financing to Customers

Deciding the customer financing terms is the next most important step in setting up financing for customers. The terms should align with the business objectives and customer needs. The structure and flexibility of these terms depend on the financing model a business chooses to adopt.

Business-Defined or In-House Financing Models

Some financing models allow and empower businesses to establish their own parameters to offer financing to customers. In such in-house financing scenarios, businesses can:

- **Set Custom Rates and Terms:** Determine interest rates, repayment schedules, and credit durations that align with cash flow requirements and customer profiles.
- **Maintain Control Over Revenue and Risk:** Assume associated risks but retain the full margin, potentially creating higher profitability.
- **Enhance Customer Relationships:** Improve customer satisfaction and loyalty by addressing specific financial situations through tailored options.

FinanceMutual's Max Mutual is an example of a business-defined or in-house finance model, which allows businesses to create flexible payment options by establishing their own terms, interest rates, and repayment conditions. This model is beneficial for businesses that want to integrate financing seamlessly into their systems and exercise control over the customer experience.

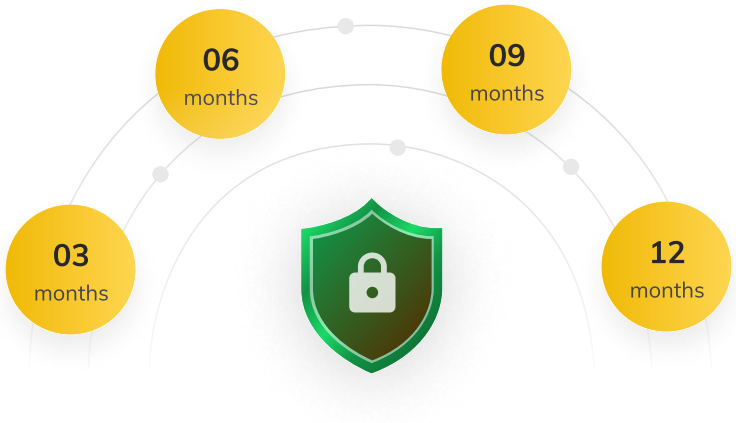
Provider-Managed Financing Models

Other financing providers offer standardized customer financing options. In this model, the financing provider has control over:

- **Predefined Terms:** The provider sets the financing terms, including interest rates and repayment terms.

- **Risk Management:** The financing provider takes on the credit risk, simplifying the process for the business.
- **Streamlined Integration:** These financial solutions often have ready-to-integrate interfaces and compliance frameworks. This reduces the operational burden on the business.

An example is Secure Mutual, which offers financing models where terms are predefined by FinanceMutual. The added advantage is that Secure Mutual does not charge any merchant fees to the business.



financemutual.com

Step 5: Integrating Financing Into the Workflow

Now that the financing model and terms are decided, the next step is to integrate the financing options into the business workflow. This step aims to make customers experience that financing is a natural and frictionless part of the business. Businesses can choose to integrate the financing journey into their websites or in their CRMs and accounting tools, rather than relying on manual steps to offer financing to customers.

CRM Driven Financing Workflows

If the sales team uses CRM software (like Hubspot, Zoho, or Salesforce), financing can be triggered directly without having to redirect customers to separate applications. This results in reduced friction and real-time visibility and simplifies sales enablement.

Accounting Systems Integration

Customer financing options that integrate into accounting systems like QuickBooks and Xero enable businesses to embed financing directly into their billings and collections processes. This may be of high importance for companies with high-value invoices, such as SaaS companies, wholesalers, etc.

With this, businesses do not have to chase down receivables or wait for delayed payments. They can offer customers the option to finance invoices instantly under certain terms and conditions, cutting off the bad debt risk by automating collections.

Step 6: Launching And Monitoring Performance

It is paramount to strive for constant optimization and monitor results from day one. Here is how:

1 Establish Key Performance Indicators (KPIs)

Begin by defining a set of important KPIs to assess how the financing offer is performing.

Metric	Why It Matters
Delinquency/Default Rate	Tracks repayment issues. High rates may require adjusting credit models or customer segments.
Customer Lifetime Value (CLV)	Evaluates the long-term impact of financing on retention and loyalty.
Conversion Rate	Compares how many more leads close due to financing availability.

2 Monitor in Real-Time

Financing platforms provide real-time dashboards and indicative portals that make it easy to track performance. These dashboards may include:

- Live application volumes
- Approvals and financing breakdowns

Repayment status and delinquency alerts

Customer usage trends for products and services

3 Optimize Credit Terms And Criteria

A business should analyze performance data and optimize the credit terms and conditions accordingly. Here are a few examples to understand this:

- **Low adoption rates:** Consider lower interest rates, longer repayment terms, or broader eligibility criteria.
- **High defaults:** Increase down payments or adjust grace periods.
- **Low repeat rates:** Introduce loyalty-based offers to incentivize repeat purchases.

4 Get Qualitative Feedback

Beyond numbers, feedback should be gathered through post-purchase customer surveys, customer support logs, and sales team feedback. This may help in identifying problematic aspects like confusing interfaces, unclear terms, and long application times.

Adopting Customer Financing For Small Business

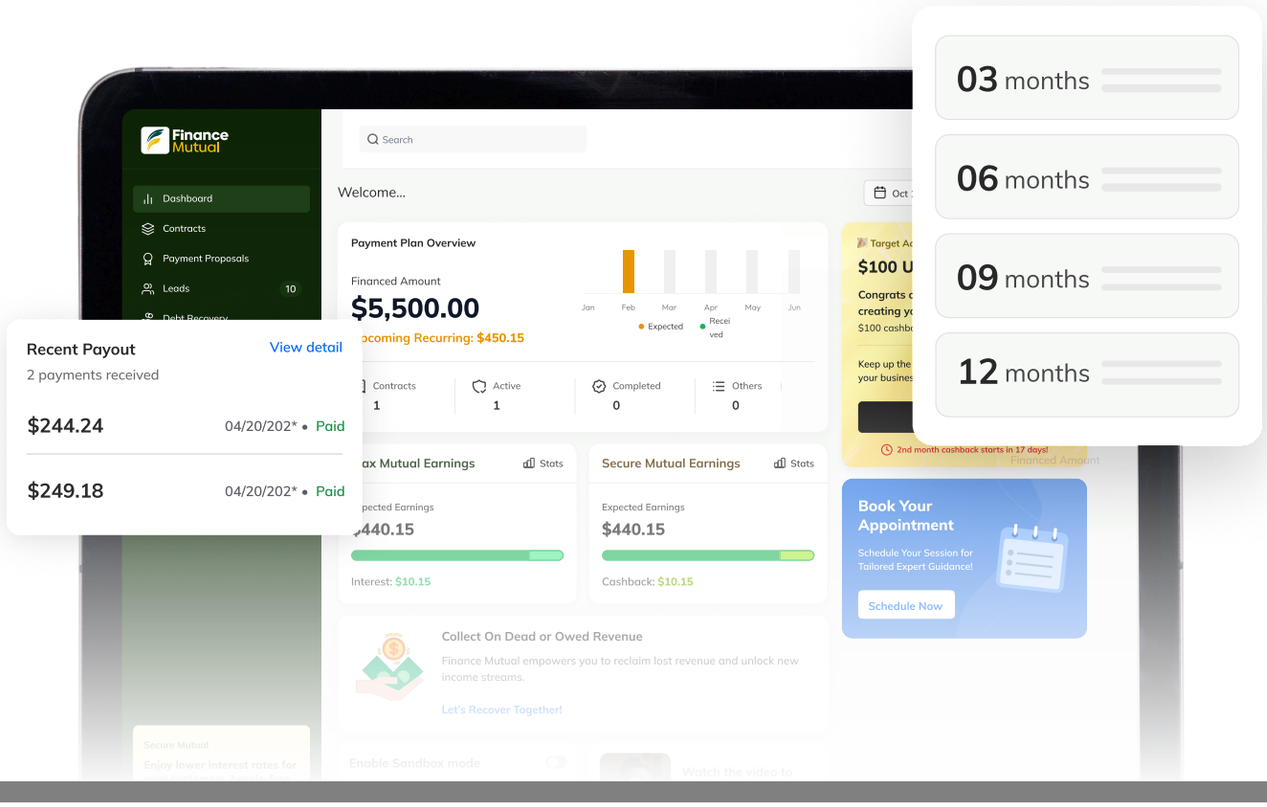
Customer financing may be misunderstood as a platform that only mid-size or large businesses can access and benefit from. However, adopting customer financing for small businesses is an advantageous option in the following ways:

- Small businesses lose revenue as they are unable to monetize high-ticket services. With customer financing, they can unlock this opportunity and allow customers to pay for premium services.

- Small businesses may operate on tight margins because of inconsistent payment cycles. Partnering with an efficient customer financing platform helps them get paid regularly while the customer pays in flexible amounts.

- Customer financing establishes small businesses as trustworthy and willing to work with all kinds of customer budgets.

- As they expand their payment options, small businesses can even compete with larger brands and exceed their offerings. They can boast maturity, professionalism, and a customer-first approach.



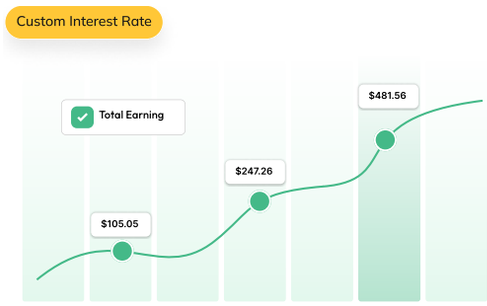
FinanceMutual: A Flexible Customer Financing Platform for Businesses

As an AI-powered financing platform, FinanceMutual enables businesses to offer customized payment plans to their customers. FinanceMutual leverages

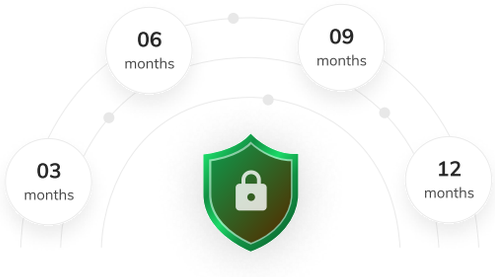
Artificial Intelligence to tailor payment plans as per the financial reality of each customer, enforcing fewer defaults and more on-time payments.

FinanceMutual provides two types of customer financing options:

Max Mutual lets a business set its own terms and keep 100% of the interest.



SecureMutual streamlines recurring customer payments without any merchant fees.



Both these plans are designed to give businesses complete control over cash flow and pricing to enhance profitability.

One of the most significant advantages of FinanceMutual is that it offers a flexible configuration and easy setup. Businesses can simply sign up, create their profile, and design tailored payment plans with custom interest rates and repayment schedules that suit their business goals and customer budgets.

Key Features:

AI-Powered Recommendations: AI analyzes customer data and financial reality to optimize payment recommendations with intelligent, dynamic, and data-driven financing solutions.

Full Control and Transparency: Max Mutual allows businesses to set their financing terms and earn interest, while Secure Mutual offers steady payments without any hidden fees.

Broad Applicability: Payment plans work across industries and transaction sizes. From healthcare to education, automotive to professional services, any business can embrace efficient customer financing solutions.

Ease of Integration: FinanceMutual offers a simple plug-and-play solution without any technical headaches. The solution works from day one to offer financing to customers.

Proven Results: FinanceMutual has produced a 25% Reduction in Payment Defaults and a 45% increase in transaction size with flexible payment plans.

Valuable Customer

Testimonials for FinanceMutual

FinanceMutual's clients attest to the platform's impact:

"FinanceMutual flexible payment plans have been a game-changer for our business... Their system is easy to integrate, and the customer support is top-notch."

-Sarah W

"Working with FinanceMutual has been a breeze... The ability to offer customized payment options has allowed us to attract more customers while maintaining consistent cash flow. It's the kind of partnership every business needs to thrive.

-John M

"FinanceMutual offers more than just financing; they offer a solution. The platform is intuitive, and the team is always available to support us. Our customers love the flexibility, and we love the predictable revenue stream."

-David P

"As a growing business, managing cash flow can be tricky... FinanceMutual payment plans have given us the ability to offer our customers what they need while ensuring we're paid on time."

-Laura T

If you wish to offer financing to customers, go through a step-by-step strategic setup and choose the appropriate financing model for your business. If you believe in setting up your own financing terms and earning through interest, a solution like Max Mutual is the right choice. However, if you aim for protected payments and do not want to spend on merchant fees, Secure Mutual will work well for your business.

Make an Informed Choice and Begin Your Customer Financing Journey With FinanceMutual!

Book A Demo Now