



What to know before you borrow: **How private lenders stack up against banks**

Ever feel like banks make it too hard to get the funding your business needs? You're not alone. In this guide, we break down how traditional bank financing works—from term loans to lines of credit—and show you where private lenders might offer a better path.

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Understanding traditional bank loans

Banks may offer better rates or loan sizes, but can be hard to qualify for.

Banks offer a range of financing options: term loans, lines of credit, SBA loans, and equipment financing.

Financing Type	Term Length
Term loan	1 to 10 years
Line of credit	3 to 10 years
SBA loans	Up to 25 years
Equipment financing	3 to 7 years
Working capital loans	3 to 24 months

Rates vary, too—ranging from **6.54% to over 11%**, depending on the type of loan and your credit profile. SBA 7(a) loans, for example, can fall between **10.5% and 14%**, with variable rates reaching **up to 15.5%**.

Banks can often offer more money and better rates long-term; but they have strict eligibility criteria. You'll need **strong credit, a proven business track record, and clean financials**. Many banks also require **collateral or a personal guarantee**—even if your business performance is solid.



Your funds may take weeks or months to come through. Once you're approved, repayment schedules are often fixed, with **limited flexibility** on how you use the money.

If you're planning for a long-term investment and have a strong financial history, a business bank loan may be a good option for you. But if you're reacting to market shifts or trying to cover short-term needs, banks can slow you down.

Understanding private business lenders

Private lenders offer quicker funding options—without the red tape.

If waiting weeks for a bank decision doesn't work for you, you're not alone. Many small businesses find they need quick cash for emergencies or to act on opportunities.

Private business lenders—especially revenue-based ones like Credibly—were built to serve the unique challenges business owners face by prioritizing speed, flexibility, and ease.

Unlike traditional banks, private lenders may not require strong credit, deep financial history, or heavy collateral. And while some private lenders deal in collateral-based financing, **revenue-based financing providers** use your sales.

Financing Type	Term Length	Factor Rates
Merchant cash advance	3–24 months	As low as 1.11
Line of credit	3–24 months	As low as 1.11
Working capital financing	6–24 months	As low as 1.11
Invoice factoring	N/A	1%–5%
Long-term loans	Up to 10 years	Flexible rates and terms
Equipment financing	Varies by lender and asset type	Varies by lender and asset type

Note: Private lenders often focus on revenue, not credit history or heavy collateral.

The approval process is simpler, too. With revenue-based financing, you won't be asked to give up equity, or be required to have a perfect credit score. If your business is performing, we'll look at that first.

There are trade-offs. Shorter terms and more frequent remittance schedules are common. You may not qualify for as much as you would with a long-term bank loan—but **you'll get the funds faster** and on terms that work for your day-to-day operations.

“Credibly’s revenue-based financing gives business owners the capital they need—without tying it to collateral. It’s a faster, more flexible way to grow without giving up control.”

— Chad Cohen, VP of Sales, Credibly

Key differences between banks and private lenders

If you’ve ever applied for funding at a bank, you already know the stack of paperwork that comes with it. Long approval times, rigid requirements, and a one-size-fits-all approach can delay access to capital—sometimes for weeks or months.

Private lenders move faster, require less, and focus more on where your business is going—not just where it’s been.

Typical documentation requirements

Documentation Requirements	Traditional Banks	Private Lenders
Business tax returns	✓	
Personal tax returns	✓	
Financial statements (P&L, balance sheet)	✓	
Collateral details	✓	
Debt schedules	✓	
Time in business	✓	✓
Credit score	✓	✓
Revenue verification	✓	✓
Business bank account	✓	✓

Approval speed

Banks: Can take weeks—or even months—to approve due to deeper underwriting and credit review

Private lenders: Approvals in as fast as 2 hours, with funding possible in as little as 4 hours from approval

What’s different?

- Private lenders underwrite based on **recent cash flow**, not financial history—banks do the opposite
- Private lenders often use automation and technology to streamline the financing process while banks can be slower to implement new procedures due to regulations

Flexibility and fit

Banks: Set terms and payment schedules, with little room for customization

Private lenders: Adjust terms based on your business’s real situation—good for seasonal dips, short-term needs, or fast growth



What it takes to qualify

Banks:

- Strong credit history and score
- Personal guarantees
- Long time in business
- Consistent profitability
- Collateral

Credibly:

- 6+ months in business
- 550+ FICO score
- \$20K+ in monthly revenue
- Revenue deposited into a business bank account

Cost of capital

- **Banks:** Lower interest rates, but harder to qualify for and slower to fund
- **Private lenders:** Higher cost due to more flexible qualification—but you trade speed for price

Credibly's financing in action

Small business owners face different challenges—but they all need fast, reliable financing to move forward. Whether it's buying inventory for a trade show or launching marketing to grow a client base, the right partner makes all the difference.

B.A.B.E WHOLESALE CO

From retail roots to wholesale success

Industry: Retail & Wholesale

Product: Merchant Cash Advance

Use of funds: Inventory for trade show

Callie and Chellsie, co-founders of B.A.B.E Wholesale Co., saw a chance to expand—but they needed inventory upfront for a major industry trade show.

They worked with Credibly to get funds through a merchant cash advance and had the money they needed—fast.

"The process was so fast and easy—I'm a lifer for sure."

— **Chellsie, Co-Founder**

Why they chose Credibly:

- Friendly, knowledgeable funding experts
- Simple application
- Fast turnaround
- Automatic remittances—no extra work

Their boutique brand now supports over 7,000 retailers across North America.

LOVEFREEDOM SOLUTION

Industry: Professional Services

Product: Merchant Cash Advance

Use of Funds: Marketing & client acquisition

Lorry Lombard launched LoveFreedom Solution to help others find jobs and train new recruiters. Just months into business, she had clients—but needed capital to grow.

Credit challenges held her back from most lenders. Even Credibly had to say no at first—but they didn't walk away.

Lorry stayed in touch. She improved her revenue. Then one of Credibly's financing experts checked in—and this time, she got funded.

"Deven didn't give up. He kept trying until we found something that worked."

— **Lorry Lombard, Owner**

Now, Lorry's building her brand, expanding her reach, and showing other entrepreneurs what's possible when someone believes in your vision.

Which should you borrow from?

What to consider before deciding on a lender

When deciding whether to work with a bank or a private business lender, the first step is to define your needs and evaluate your business's financial health. It can also be helpful to talk to a financing expert to understand your options.

Category	Banks	Private Lenders
Approval speed	Slower—can take weeks or even months	Fast decisions, often same-day funding
Application process	Complicated, with strict review	Simple and streamlined
Qualification criteria	Requires strong credit, financial history, and business track record	Based on revenue and sales performance
Use of collateral	Often requires collateral or a personal guarantee	Often unsecured or low collateral requirements
Loan structure	Fixed repayment terms and limited flexibility	Tailored to your business model and cash flow
Types of financing	Term loans, lines of credit, SBA loans, equipment loans	Merchant cash advances, working capital, invoice, factoring, lines of credit
Ideal for	Long-term investment if you meet all requirements	Short-term needs, fast cash flow gaps, unexpected costs

Smart moves before you borrow:

- **Check your credit and financials**

Stronger performance can help you unlock better terms.

- **Compare multiple offers**

Use quotes to your advantage and negotiate repayment options that fit your cash flow.

- **Ask how the remittances work**

Daily, weekly, or monthly? Pick what keeps your cash flow smooth.

- **Have assets? Leverage them wisely**

If you're open to offering collateral, it may lower your rate—but only if it makes sense.

- **Know your loan structure**

Some options come with fixed payments. Others are revenue-based. Make sure it works for your business model.

What Credibly has to offer

We evaluate what matters most—**how your business earns and operates now**. If you've got revenue, we'll work with you to get the funding you need.

What you get with Credibly:

- ✓ **Apply online in minutes**
Get funding at your convenience
- ✓ **Minimal documentation**
We don't ask for mountains of paperwork to get started. You just need 3-4 months' business bank statements to apply.
- ✓ **Fast funding—sometimes in 4 hours**
Once approved, funds hit your business account directly
- ✓ **Tailored products to fit your needs**
Working capital, merchant cash advance, business line of credit, SBA options, and more*
- ✓ **Consistent remittance schedules**
Automatically remit daily or weekly
- ✓ **Revenue-first underwriting**
We assess performance, not just credit history
- ✓ **4.8 stars on Trustpilot**
Trusted by thousands—over \$2.5 billion funded and counting
- ✓ **Real support, not a bot**
100% U.S.-based experts ready to guide you through every step



Credibly's financing is built for small business owners who need speed, trust, and control.

We make it easier to move your business forward.

[Get Started](#)