

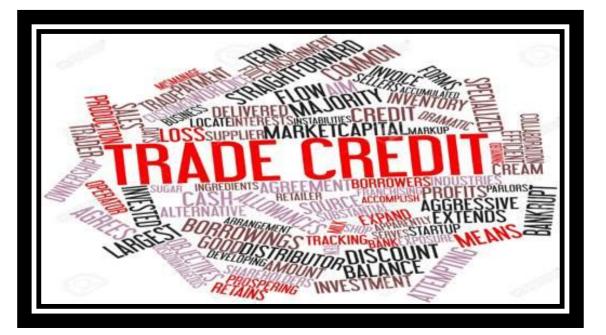
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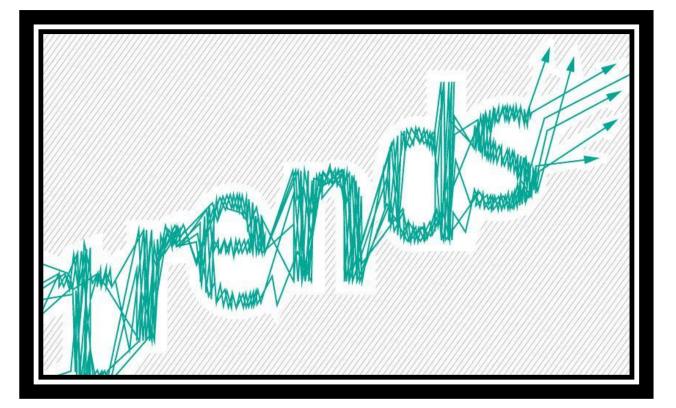


A trade credit is an agreement in which a customer can purchase goods on account, paying the supplier at a later date.

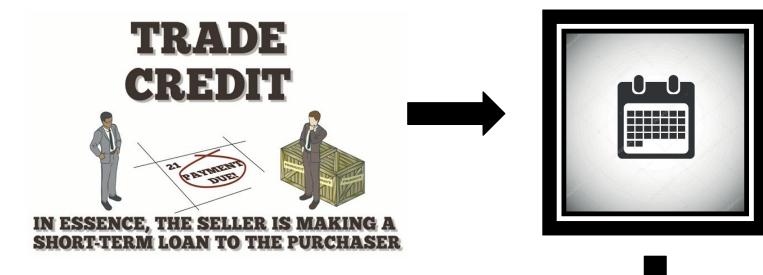


INTRODUCTI ON

Trade credit is most rewarding for businesses that do not have a lot of financing options. After the 2008 financial crisis, traditional financing options for small businesses, such as debt and equity financing, became increasingly limited.



TRADE CREDIT TRENDS



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HOW IT WORKS?



Steve Jobs and Steve Wozniak

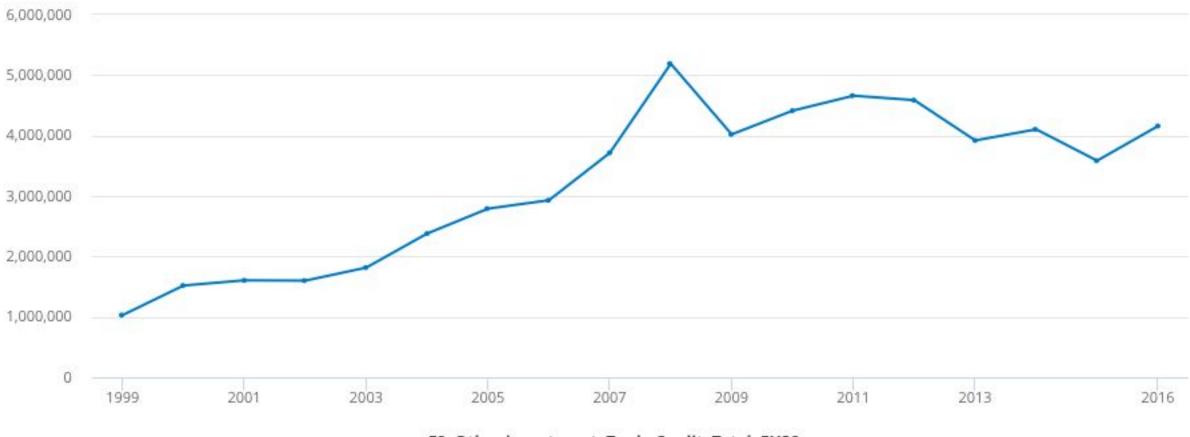




«Byte shop» made an order for 50 computers, for each he paid \$ 500. Jobs immediately agreed, although they did not have enough money, but Jobs found a way out: he received a loan from Cramer Electronics distributor for 30 days.

EXAMPLE

Trade credit in the UK



--- F8: Other investment: Trade Credit: Total: EU28



Trade credit insurers will generally cover two types of risk:

•Commercial risk - the risk that your customers are unable to pay the outstanding invoices because of financial reasons, for example, declared insolvency or protracted default.

•Political risk - non-payment as a result of events outside the policyholder or customer's control, for example due to political events (wars, revolutions); disasters, (earthquakes, hurricanes); or economic difficulties, such as a currency shortage so are unable to transfer money owed from one country to another.



TRADE CREDIT INSURANCE

Disadvantages
higher costs
Bad debts





AND DISADVANTA GES

- https://www.investopedia.com/terms/t/trade-credit.a
 sp
- <u>https://en.wikipedia.org/wiki/Trade_credit</u>
- <u>https://corporatefinanceinstitute.com/resources/kno</u> wledge/other/what-is-trade-credit/
- https://www.abi.org.uk/news/industry-data-updates/ 2013/06/trade-credit-stats/

LIST OF SOURCES

Thank you for attention

