

Profitable Credit Decisions

Be Proactive
Know Your Customer!

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Know Your Customer

Is your customer a consumer, sole trader, partnership, limited liability company?

Do you know the trade name and the identification number of your customer?

Do you have the correct contact details of your customer?

Who are the beneficiary owners and who manages the business of your customer?

Do you have the customer's valid VAT number?

When was the business of your customer established?

How many people does your customer employ?

Do you know about the financial state of your customer?

Who are the customers of your customer?
Are they fragmented?

Is the business of your customer sustainable?

Was the industry / business of your customer affected by the Covid-19 crisis? To what extent?

Do you have bank and trade references on your customer?

To be proactive and take profitable credit decisions, businesses need to analyse the credit worthiness of their prospective and existing credit customers

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The firm selling on credit should be aware of the factors affecting the credit worthiness of customers. Reliable and up-to-date information is critical. Sources of information may include:

The Credit Application Form This document should provide the necessary details for the supplier to establish a business relationship with the customer and determine the credit terms and limits.

The Sales Team The sales people are well positioned in the market and can provide pertinent information about the customer, the customer's customers, the market and the competition. Strong ties between the sales and the credit teams are critical.

Onsite Visits Visiting the customer's premises is beneficial to get first-hand information about the infrastructure, facilities, systems, skills and competences of the customer.

Customer's Website The customer's website gives not only the basic details of the customer and its product portfolio but it may also reflect the brand's equity of the customer's business and that of its products and services.

References Trade references and bank references provide useful information about the customer's concern, the history and the current state of affairs of the credit customer.

MACM Membership MACM provides the most pertinent and updated credit-related information to its members effectively. Updates are received on a daily basis.



The Late Payment Directive...

1. Aims to achieve a decisive shift to a culture of prompt payment to reduce liquidity problems. This has been transposed into Maltese law on the 13th August 2012.