

Five reasons your startup won't get financing

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Startups face numerous challenges when it comes to getting financing. Firstly, many banks lend money on the basis of the four C's of credit. These are capital (assets linked to your business), collateral, capacity (a track record showing the business earned sufficient income to cover its loan repayments) and character (usually a good credit rating).



Image via Ventureburn

Since it is difficult for startups to have all of these C's, it is, therefore, difficult for startups to get loans from banks.

Secondly there many non-bank financing sources for startups, such as the three F's, angel investors, venture capital firms, government institutions or even development finance institutions (DFIs). All of these have their own specific requirements.

Whichever non-bank institution you seek finance from, here are five main reasons why your application may be rejected:

- You have no customers
- You are oblivious to risks
- You have the wrong attitude
- They are the wrong investors
- Your approach was inept

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