

The Shoprite Group's CredX offers businesses better rates and fees in the face of rising interest rates

With the ongoing rise in interest rates in South Africa, businesses are increasingly faced with the daunting task of obtaining affordable financing. And with higher interest rates comes the burden of higher borrowing costs.

CredX, [launched by the Shoprite Group in 2022](#), enables its [suppliers](#) to obtain critical working capital funding at the lowest industry rates. By utilising invoice discounting, suppliers can access funds quickly by tapping into the value of their outstanding invoices prior to meeting the payment terms.

Suitable for suppliers of all sizes, CredX is particularly beneficial for small and medium-sized enterprises (SMEs), for whom cash flow constraints and access to affordable funding are significant business growth obstacles.

Following a tenth consecutive repo interest rate hike, the latest being with 50 basis points to 8.25%, a business with a R2.5 million overdraft at prime is paying nearly R10,000 more in monthly interest since the hike cycle began 18 months ago, an increase of over 67%.

CredX offers a range of benefits to the Group's suppliers:

- **Better rates and fees**, compared to traditional banks.
- **Improved cash flow**: Suppliers receive an upfront payment of 100% of the invoice value, enabling them to meet financial obligations promptly.
- **Flexibility and control**: Businesses have the flexibility to choose which invoices to discount, tailoring their cash flow according to specific needs. And not utilising the facility incurs no costs.
- **Streamlined approval process**: Verified suppliers with matched invoices can receive funding within 24 hours with no additional paperwork required.

Some economists predict an end to the current hike cycle only in 2024, meaning that businesses will continue to struggle to secure affordable financing. Invoice discounting can empower businesses to address their financing needs effectively.

"In the same way we offer our customers a variety of low cost [financial services products](#), we also support the Group's suppliers to navigate a rising interest rate environment by harnessing the benefits of invoice discounting to position themselves for sustained growth," says Jean Olivier, General Manager for Financial Services at the Shoprite Group.

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