What MCA Funders' Back Offices Look Like in 2026

More institutional capital, ten state disclosure laws, and the same daily reconciliation grind

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Summary

In 2026, a merchant cash advance (MCA) funder's back office is being pushed from three directions at once. Capital is more institutional: in the first nine months of 2026, deBanked logged forward-flow agreements, credit facilities and securitizations by small-business funders ranging from $100 million to $1.8 billion (https://debanked.com/2026/09/mid-year-signals-in-smb-financing/), and the investors behind that money expect lender-grade reporting. Regulation is wider: ten states now require some form of commercial financing disclosure, and Texas providers and brokers of sales-based financing must register with the state by December 31, 2026 (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws). Demand is steady: 8% of U.S. small employer firms applied for a merchant cash advance in the prior 12 months (https://www.fedsmallbusiness.org/-/media/project/clevelandfedtenant/fsbsite/reports/2026/2026-report-on-employer-firms/2026-report-on-employer-firms.pdf). Yet much of the work is still done by hand: 88% of funders surveyed still review application documents manually (https://debanked.com/2025/09/moneythumb-and-debanked-release-survey-findings-on-fraud-trends-among-small-business-funders/). The funders that scale are the ones whose books can tie daily remittances, syndication splits and borrowing-base reports back to the bank on a predictable monthly close.

Key findings

1. **MCAs are a steady part of small-business finance.** 8% of U.S. small employer firms applied for a merchant cash advance in the prior 12 months, 7% use MCAs on a regular basis, and MCAs made up 12% of applications among firms that sought a loan, line of credit or cash advance. Source: Federal Reserve Banks, 2026 Report on Employer Firms (Small Business Credit Survey), pp. 8, 12, 14 (https://www.fedsmallbusiness.org/-/media/project/clevelandfedtenant/fsbsite/reports/2026/2026-report-on-employer-firms/2026-report-on-employer-firms.pdf).
2. **Most MCA applicants get funded, but often not in full.** Of MCA applicants, 48% were fully approved, 40% partially approved and 12% denied (N=298). Separately, 10% of small firms with debt said they secured it with "portions of future sales." Source: same report, pp. 8, 17 (https://www.fedsmallbusiness.org/-/media/project/clevelandfedtenant/fsbsite/reports/2026/2026-report-on-employer-firms/2026-report-on-employer-firms.pdf).
3. **Capital is going institutional.** deBanked's 2026 mid-year list includes Forward Financing's $1.8 billion forward-flow agreement and a separate $525 million it secured, Credibly's $260 million securitization, Byzfunder's $170 million inaugural ABS, Fora Financial's $130 million securitization and Mulligan Funding's $100 million ABS (https://debanked.com/2026/09/mid-year-signals-in-smb-financing/). Ratings agency KBRA says it has rated more than $14 billion of U.S. small business ABS over the past decade (https://www.kbra.com/publications/DfrcCvbB).
4. **Ten states now require commercial financing disclosures:** California, Connecticut, Florida, Georgia, Kansas, Missouri, New York, Texas, Utah and Virginia, with more bills pending,

including New Jersey's S1760 (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws).

5. **Texas has a hard deadline this year.** Providers and brokers of sales-based financing must register with the Texas Office of Consumer Credit Commissioner by December 31, 2026; the regulator can seek civil penalties of up to $10,000 per violation, and the law has no de minimis exemption for low-volume providers (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws). California will require a state license for commercial financing of $500,000 or less starting July 1, 2028 under AB 2116 (https://www.consumerfinancialserviceslawmonitor.com/2026/10/california-enacts-new-licensing-and-conduct-regime-for-commercial-financing-providers-and-brokers/).
6. **Document review is still mostly manual, and fraud hits small funders hardest.** 88% of funders surveyed still review documents manually. Funders processing fewer than 100 applications a month reported fraud in 11.8% of applications, versus 5.6% at larger funders. Source: MoneyThumb and deBanked survey, September 2025 (https://debanked.com/2025/09/moneythumb-and-debanked-release-survey-findings-on-fraud-trends-among-small-business-funders/).
7. **In-house finance talent is expensive once fully loaded.** The U.S. median annual wage for accountants and auditors was $83,680 and for financial managers $166,570 in May 2025 (https://www.bls.gov/oes/current/oes132011.htm; https://www.bls.gov/oes/current/oes113031.htm). Benefits were 30.0% of private-industry employer compensation costs in June 2026 ($14.07 of $46.89 per hour) (https://www.bls.gov/news.release/ecec.nr0.htm). That puts the loaded cost of a median-wage accountant at roughly $120,000 a year (our calculation: $83,680 × $46.89 ÷ $32.82 in wages per hour).

Reconciliation: the daily grind

An MCA is a purchase of future receivables, collected in small, frequent remittances rather than monthly loan payments. That means a funder's general ledger has to absorb a high volume of small cash movements: remittances, returned and failed payments, renewals that pay off an earlier position, broker commissions and syndicator distributions. KBRA notes that, unlike term loans and lines of credit, MCAs are not considered debt and give funders more limited avenues of recourse (https://www.kbra.com/publications/DfrcCvbB), which makes accurate, position-level tracking of what has been collected against each advance central to measuring performance.

In practice, the back office has to reconcile three records that rarely match on their own: the funding platform or CRM, the servicing or payment processor reports, and the bank. When those drift apart, every downstream report (investor statements, syndicator payouts, borrowing-base certificates) inherits the error.

The most common break we find when we take over a funder's books: the CRM and the general ledger don't tie out. Deal, payment and balance data in the funder's CRM or servicing system doesn't match what's in the books, so nobody can say with confidence which number is right.

For funder clients, River Edge typically closes the month in about 15 business days.

Borrowing-base and investor reporting

The capital deals listed above come with reporting obligations. A credit facility or forward-flow buyer generally wants to see which receivables are eligible, how the portfolio is performing and whether concentration limits are being met. KBRA's rating of BasePoint MCA Securitization II (Series 2025-1, $102 million of notes) describes exactly these features: a revolving period, eligibility criteria,

concentration limits and a reserve account (https://www.kbra.com/publications/spjBLmnP/kbra-assigns-ratings-to-basepoint-mca-securitization-ii-llc-series-2025-1).

For the funder, this turns a once-a-year audit exercise into a monthly or more frequent production cycle. Position-level data, cash and the general ledger all have to agree before a borrowing-base certificate goes out.

One example from River Edge's work: for an alternative-finance lender, we reconcile roughly 180 loans every month and deliver monthly borrowing-base reporting.

Of the MCA funders that come to River Edge, roughly 30–50% needed catch-up or cleanup work before a lender or investor would review them.

Syndication accounting

Syndication, where outside investors fund a share of each advance in exchange for a share of collections, remains a core part of how many funders extend capacity. KBRA observes that syndication arrangements "increasingly serve to align interests and extend lending capacity" (https://www.kbra.com/publications/DfrcCvbB).

Each syndicated position adds accounting work: tracking each participant's share of funding, collections, fees and losses, and producing statements that tie to the funder's own books. How a funder charges and recognizes syndication fees (up front, as collections come in, or as a profit split) depends on the terms of each agreement, and that choice changes reported income. Getting it right matters for the funder's own financial statements and for the syndicators who rely on them.

Compliance and disclosure

State disclosure laws add a compliance layer to the back office:

- **New York:** disclosures took effect August 1, 2023, apply to offers of $2.5 million or less, cover sales-based financing including MCAs, and exempt providers making no more than five transactions in the state in 12 months (https://www.alstonconsumerfinance.com/states-impose-commercial-financing-disclosure-requirements/).
- **California:** requires providers to file an annual report on the prior year's commercial financing transactions by March 15 (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws), and AB 2116 adds a licensing requirement from July 1, 2028 (https://www.consumerfinancialserviceslawmonitor.com/2026/10/california-enacts-new-licensing-and-conduct-regime-for-commercial-financing-providers-and-brokers/).
- **Texas:** sales-based financing disclosures took effect in September 2025, with registration due by December 31, 2026 (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws).

KBRA calls this a "growing patchwork of state laws" that creates "operational complexity and potential liability for interstate or national lenders," especially for products like MCAs that "do not naturally fit into APR frameworks" (https://www.kbra.com/publications/DfrcCvbB). For the back office, that means the data used for disclosures and state reports has to come from the same reconciled records as the financial statements.

Staffing costs

Building this capability in-house means hiring for several roles at once: staff accounting, reconciliation, investor and lender reporting, and controller-level oversight. Posted pay at funders gives a sense of the market. Libertas Funding posted a Senior Analyst, Financial Planning and Analysis role in Greenwich, CT at $90,000–$120,000 (https://job-boards.greenhouse.io/libertasfunding/jobs/7797755003), and Kapitus posted a Vendor Governance & Controls Analyst role at $89,700–$143,900 (https://job-boards.greenhouse.io/kapitus/jobs/4433287009). New York State has required salary ranges in job postings since September 17, 2023 (https://dol.ny.gov/pay-transparency-law-fare-grant), which makes pay for New York-based finance roles easier to compare.

Applying the Bureau of Labor Statistics' benefits ratio from finding 7 to the national median wages, a single median-wage accountant costs roughly $120,000 a year fully loaded, and a median-wage financial manager roughly $238,000 (our calculation from https://www.bls.gov/oes/current/oes132011.htm, https://www.bls.gov/oes/current/oes113031.htm and https://www.bls.gov/news.release/ecec.nr0.htm). That is before software, turnover and the time it takes to train someone on MCA-specific workflows.

FAQ

What does an MCA funder's back office do? It records every advance, tracks daily or weekly remittances against each position, reconciles the funding platform, payment processor and bank, pays brokers and syndicators, produces borrowing-base and investor reports for capital providers, and supplies the data for state disclosures and filings.

Which states require merchant cash advance disclosures in 2026? Ten states require some form of commercial financing disclosure: California, Connecticut, Florida, Georgia, Kansas, Missouri, New York, Texas, Utah and Virginia (https://www.venable.com/insights/publications/2026/03/state-commercial-financing-disclosure-laws). Texas also requires sales-based financing providers and brokers to register by December 31, 2026.

How many small businesses use merchant cash advances? In the Federal Reserve's 2025 Small Business Credit Survey, 8% of U.S. small employer firms applied for an MCA in the prior 12 months and 7% use them regularly (https://www.fedsmallbusiness.org/-/media/project/clevelandfedtenant/fsbsite/reports/2026/2026-report-on-employer-firms/2026-report-on-employer-firms.pdf).

How much does it cost to staff an MCA funder's accounting team? The U.S. median wage for accountants was $83,680 in May 2025 (https://www.bls.gov/oes/current/oes132011.htm), and benefits add about 30% of total compensation cost (https://www.bls.gov/news.release/ecec.nr0.htm), so one median-wage accountant costs roughly $120,000 a year fully loaded. Most funders need several roles, including someone at controller level.

Should an MCA funder outsource its accounting? It depends on volume and capital plans. Funders raising forward-flow, credit-facility or syndication capital need reconciled books and repeatable monthly reporting; outsourcing can provide a full team with MCA experience without hiring each role separately.

About River Edge Advisors

River Edge Advisors is an outsourced accounting and fractional CFO firm with a team of 75+, headquartered in Cedarhurst, New York. The firm provides bookkeeping, monthly close, reconciliation, borrowing-base and investor reporting, and CFO-level support, and helps MCA funders raise capital through forward flow, debt and syndication. Learn more at https://riveredgeadvisors.com/.

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