U.S. Debt Hits $40 Trillion: Why Alternative Business Funding Could Become More Important

Description

By James Schulze

This article discusses the $40 trillion milestone the U.S. national debt reached this week and how it may help increase demand for MCAs and business funding. It also highlights how aged and real-time leads can help funding companies identify and convert business owners who still need capital, growing their MCA / business funding sales in this environment.

The U.S. national debt officially surpassed **$40 trillion** on August 19, 2026, another milestone in the countryâ??s rapidly growing federal debt. For small business owners, $40 trillion can seem like an abstract number with little connection to the day-to-day challenges of running a business. But growing federal debt can have consequences that eventually reach businesses looking for capital. The connection isnâ??t that $40 trillion in national debt suddenly makes a bank stop lending to small businesses. The relationship is much more complicated.

As the federal government continues borrowing enormous amounts of money, that borrowing can put upward pressure on interest rates and compete with private borrowers for available capital. The Congressional Budget Office (CBO) refers to this as â??crowding outâ?• private investment.

For small businesses already struggling to qualify for traditional financing, an environment where capital remains expensive or difficult to access could make alternative business funding, including merchant cash advances (MCAs), more important than ever. And that could create additional opportunities for companies purchasing MCA leads and business funding leads. At The Leads Warehouse, we offer multiple options of MCA leads â?? from basic MCA data leads for SMS campaigns to ultra-high-intent real-time MCA leads (read our blog, â??What Are MCA Leads? Types, Costs, And How Funding Companies Use Themâ?•). As always, scripting matters. Combined with quality leads, recognizing macroeconomic trends within scripting is an effective strategy for new client acquisition.

Why $40 trillion in federal debt is important

The $40 trillion headline isnâ??t happening in isolation. The CBO projects a federal budget deficit of approximately **$1.9 trillion** in 2026, increasing to **$3.1 trillion** by 2036. Federal debt held by the public is projected to increase from approximately **101%** of GDP in 2026 to **120%** by 2036.

That means significant federal borrowing is likely to continue. And, when the federal government borrows, it competes for capital that could otherwise be available for private investment. The CBO explains that greater federal borrowing can increase interest rates and reduce the amount of private investment in the economy. The CBO also projects that short-term and long-term interest rates will remain above their pre-pandemic averages after 2026, with rising federal debt among the forces putting upward pressure on rates.

For businesses, that is important. According to the Federal Reserveâ??s â??Small Business Credit Survey (Report on Employer Firms),â?• approximately **35% to 40%** of small businesses utilize external financing like bank loans, credit lines, or equity investments as primary funding sources. A small restriction in capital due to increased government borrowing could drive many of these businesses to alternate sources of capital.

Small businesses still need capital

Businesses donâ??t stop needing money because financing becomes more expensive. And, in fact, access to capital might be more important as financing gets expensive. They still need to purchase inventory, repair equipment, hire employees, fund marketing, expand locations, cover payroll, manage seasonal fluctuations, and handle unexpected expenses. Higher interest rates can make it more difficult to use credit cards as a means to finance purchases.

A restaurant with a broken refrigeration system canâ??t necessarily wait months for the financing environment to improve. A contractor who needs equipment for a new project may need funding before the project begins. A retailer preparing for its busiest season needs inventory before customers arrive.

Traditional banks remain an important source of business capital, but bank financing isnâ??t always available or practical for every small business. Credit card interest rates are already very high. Underwriting can take time. Credit requirements can be restrictive. Businesses may need substantial documentation or collateral. Some borrowers simply wonâ??t qualify. When traditional capital becomes harder or more expensive to obtain, the need for capital doesnâ??t disappear. Business owners look for alternatives.

Why merchant cash advances could become even more important

A merchant cash advance provides businesses with access to capital in exchange for repayment based on future business revenues or receivables. MCAs are not traditional bank loans, and they generally carry a higher cost of capital. But they can provide something extremely valuable to a business owner: speed and accessibility. For a business that cannot qualify for traditional financing â?? or cannot wait through a lengthy underwriting process â?? the ability to access funding quickly can outweigh the higher cost. That is why the current economic environment could make merchant cash advances increasingly relevant.

Weâ??re not suggesting that $40 trillion in national debt automatically creates demand for MCAs. Rather, continued federal borrowing could contribute to an environment of higher financing costs and reduced private investment. Small businesses still need capital in that environment, potentially increasing the importance of alternative business funding.

What could this mean for MCA companies?

For MCA funders, brokers, and ISOs, increased demand for alternative business funding creates a customer acquisition opportunity. But finding businesses that need capital is different from simply finding businesses. This is where MCA / business funding leads become important.

Quality merchant cash advance leads identify business owners who have demonstrated potential interest in business funding. Depending on the source and age of the MCA lead, that interest may have occurred minutes ago or months ago.

The Leads Warehouse works with MCA companies using several types of business funding leads, including real-time and aged MCA leads. Each requires a different sales strategy.

Real-time MCA leads require speed and patience

Real-time merchant cash advance leads represent businesses that have recently expressed interest in funding. The advantage is obvious: the business owner is actively considering capital. The challenge is competition and timing. A business owner searching for funding may speak with multiple companies. That means an MCA company paying for fresh MCA leads needs the technology and staffing to respond immediately.

Speed-to-lead is important. Speed-to-lead allows for quick closes, but even more importantly, it allows an MCA company to be the first in establishing a relationship with the merchant. At The Leads Warehouse, client-provided metrics regularly show **50%** of deals take **90** or more days to close (Ask for The Leads Warehouseâ??s matrix of the number of calls vs. connections vs. contacts to closes). A merchant that develops a value-added professional relationship with a lender over a 90-plus-day period of time will almost certainly utilize that lender when capital is needed.

Real-time MCA leads shouldnâ??t sit in a CRM waiting for someone to notice them. The entire process â?? from lead delivery to distribution to the first contact attempt â?? should be tested and optimized. Fresh intent only has value when the sales operation can capitalize on it. Winning not only means writing deals on day one, but writing them 90-plus days later.

Aged MCA leads create a different opportunity

Aged MCA leads can offer MCA companies a very different acquisition strategy. These are business owners who previously expressed interest in funding but whose leads are being purchased later.

The lower cost per lead allows companies to purchase significantly more prospects for the same marketing budget. And business funding needs can change quickly. A business owner who didnâ??t need capital three months ago may need it today. Inventory requirements change. Equipment breaks. New contracts are won. Payroll increases. Seasonal needs arise. A business that previously investigated funding therefore remains a potentially valuable prospect. A timely, quality message creates many â??right time, right placeâ?• opportunities for funding companies.

Another angle an MCA funding company can work with aged MCA leads is consolidation of positions. A merchant that has opted in months ago might already have positions. Using consolidation messaging on a separate campaign can garner additional wins for an MCA funding company.

This makes aged MCA leads particularly well suited to companies with strong outbound sales operations, CRM automation, multiple contact channels, and disciplined follow-up.

MCA lead strategy matters as much as lead source

Buying merchant cash advance leads isnâ??t enough. Real-time MCA leads require immediate response and are a relationship development opportunity. Aged MCA leads require persistence and volume. Both require agents who understand business funding and can quickly identify why the business owner needs capital. Scripts should reflect the source and age of the lead. Technology is also critical. MCA companies working large volumes of business funding leads need effective CRM automation, clean caller IDs, compliant SMS infrastructure, email deliverability, and a structured contact cadence.

The companies that get the most from MCA leads arenâ??t necessarily the companies paying the least per lead. Theyâ??re the companies that build the best process around the leads they purchase.

Conclusion

The national debt crossing $40 trillion doesnâ??t mean traditional business financing is disappearing. It does highlight the scale of federal borrowing and the longer-term pressures that borrowing can place on private capital. The CBO projects federal debt to continue climbing relative to the economy and specifically identifies crowding out of private investment as one consequence. Small businesses arenâ??t going to stop needing capital. If traditional financing remains expensive or difficult to access, alternative business funding could become increasingly important for businesses that need money quickly. That could make the opportunity equally important for MCA companies capable of reaching those businesses.

For funders, brokers, and ISOs, now may be an especially important time to evaluate their MCA lead generation strategy, including real-time MCA leads, aged MCA leads, and other business funding leads. The Leads Warehouse has worked with MCA companies and business funding providers for more than 20 years, providing MCA leads and business funding leads to help companies build their sales pipelines and reach business owners looking for access to capital. Are you ready to talk about how you can grow your MCA / business funding sales pipeline?

About the author

James Schulze is the President and CEO of The Leads Warehouse, a marketing data company with over 20 years of experience in bringing lead generation solutions to companies selling into the home, automotive, financial, insurance, health and life, and legal sectors. He works directly with clients to optimize conversion strategies and ROI across multiple verticals.

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If you are serious about growing your MCA / business funding business, the right blend of sales leads is critical. Our team works with funding companies to maximize their ROI on MCA sales leads. Call **1-800-884-8371** or visit The Leads Warehouse to get started.

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