**Small Business Banking**

* Small business banking refers to banking services and products designed for small and medium-sized businesses. Banks and credit unions often have special divisions just for their small business clients.
* The small business banking products and services typically covers:

1. Payroll and record management
2. Tax services
3. Invoicing and payment services
4. Deposit accounts, including checking and savings
5. Business credit cards, loans, and lines of credit
6. Security and fraud prevention/protection
7. Retirement accounts and/or Health Savings Accounts

* The basic information required to open a business account (online or otherwise) includes:

1. Social Security Number or tax identification number
2. A photo ID
3. Business license or "Doing Business As" registration
4. Partnership agreement or articles of incorporation

* [A small business bank account is designed for managing a company’s financial transactions separately from the owner’s personal funds](https://www.bing.com/ck/a?!&&p=47914277e919a611JmltdHM9MTcyMDU2OTYwMCZpZ3VpZD0zMzk1NjI5Yy01MjRjLTY2NDUtMDhlOC03MWVmNTNiZTY3MDQmaW5zaWQ9NTgzMA&ptn=3&ver=2&hsh=3&fclid=3395629c-524c-6645-08e8-71ef53be6704&psq=what+is+small+business+banking&u=a1aHR0cHM6Ly93d3cuYmFua3JhdGUuY29tL2JhbmtpbmcvYmVzdC1iYW5rcy1mb3Itc21hbGwtYnVzaW5lc3MtYWNjb3VudHMv&ntb=1).
* Reasons we need a business bank account are

1. Accurately track cash flow and expenses,
2. Access funds with a debit card,
3. Simplify taxes,
4. apply for loans,
5. protect business legally,
6. keep customer information secure,
7. appear more professional to customers and
8. other business.

* The average small business bank loan amount is **$633,000.**
* 70% of small businesses have outstanding debt. 56% of small businesses apply for funding to expand their business, pursue a new opportunity, or acquire business assets.
* According to the SBA, as of 2023, 33.3 million small businesses exist across the country, employing more than 61.6 million people.
* In the 2023 survey of small-business owners, 96% say they have a [business banking account](https://www.nerdwallet.com/best/small-business/best-business-bank-accounts).
* Of small-business owners who have business banking accounts, 14% report having less than $10,000 across all of their business banking accounts. Another 13% say they have between $10,000 and $24,999. On the other hand, 55% say they have $50,000 or more across all their business bank accounts.
* Banks earn revenue from small business banking through various avenues, including Interest Income, Service Fees, Deposit Accounts, Merchant Services, Loan Origination Fees, SBA and government Program Fees.

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| **Lender Type** | **Share of Loans Made to Small Businesses (%)** |
| Credit Unions | 7% |
| Small Banks | 33% |
| Medium Banks | 20% |
| Large Banks | 17% |
| Giant Banks | 23% |

**Small Business Lending**

* Small business lending refers to the process by which financial institutions, such as banks, credit unions, and other lenders, provide loans specifically to small businesses. These loans are typically used for a variety of business purposes, such as:

1. Startup Cost

2. Working Capital

3. Expansion

4. Equipment Purchase

5. Refinancing Debt

6. Real Estate

* [Small business lending in the United States refers to**certain loans of up to $10 million to businesses with up to $50 million in annual revenues**](https://www.bing.com/ck/a?!&&p=0c76351a4e918514JmltdHM9MTcyMDU2OTYwMCZpZ3VpZD0zMzk1NjI5Yy01MjRjLTY2NDUtMDhlOC03MWVmNTNiZTY3MDQmaW5zaWQ9NTg2OQ&ptn=3&ver=2&hsh=3&fclid=3395629c-524c-6645-08e8-71ef53be6704&psq=small+business+lending+in+US&u=a1aHR0cHM6Ly9ob21lLnRyZWFzdXJ5Lmdvdi9wb2xpY3ktaXNzdWVzL3NtYWxsLWJ1c2luZXNzLXByb2dyYW1zL3NtYWxsLWJ1c2luZXNzLWxlbmRpbmctZnVuZC9vdmVydmlldy1mb3ItYmFua3M&ntb=1)**.** [The U.S. Small Business Administration (SBA) helps small businesses get funding by setting guidelines for loans and reducing lender risk](https://www.bing.com/ck/a?!&&p=dac1588bdaba8253JmltdHM9MTcyMDU2OTYwMCZpZ3VpZD0zMzk1NjI5Yy01MjRjLTY2NDUtMDhlOC03MWVmNTNiZTY3MDQmaW5zaWQ9NTg3MQ&ptn=3&ver=2&hsh=3&fclid=3395629c-524c-6645-08e8-71ef53be6704&psq=small+business+lending+in+US&u=a1aHR0cHM6Ly93d3cuc2JhLmdvdi9mdW5kaW5nLXByb2dyYW1zL2xvYW5z&ntb=1).
* The best small business loans are:

1. U.S. Small Business Administration with max loan amount of $5 million at min. credit score of 650

2. Bank of America with credit score of 700

3. Fundbox with max loan amount of $15,000 at min. credit score of 600.

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| **Reason for Not Receiving Financing** | **Percentage** |
| Too Much Debt Already | 44% |
| Low Credit Score | 36% |
| Insufficient Collateral | 33% |
| Too New/Insufficient Credit History | 30% |
| Weak Business Performance | 18% |
| Other | 9% |

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| **Loan Size** | **Percentage of Applications from Small Businesses** |
| < $50K | 39% |
| $50K - $100K | 12% |
| $100K - $250K | 17% |
| $250K - $500K | 14% |
| > $500K | 18% |