**Small Business Banking**

Many [small businesses](https://www.bill.com/solutions/small-businesses)use the same account for personal and business transactions. While it seems more manageable, the truth is that it makes tracking finances and managing end-of-year taxes much more difficult.

No matter the size of business, they should never combine their business banks account with personal bank account. Besides making organizing & transactions more challenging, they’ll also miss out on benefits like discounted interest rates and higher percent cashback.

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.

Small business banking is meant to address the tasks that need to handle in order to keep the business running smoothly daily, weekly, and monthly, while also helping to plan for the longer term.

**Types of services business banks offer**

**Bank financing**

Financing is one of the most popular banking services among business owners. Financing assists company’s growth and development by providing the needed resources to expand.

To use the funding to expand the business by purchasing products such as inventory, machinery, or other equipment. Bank finance can also help to pay employees on time, repair or improve building, and attend to customers’ needs.

**Cash management**

A cash management account is a business bank product that assists in controlling cash flow. Cash management accounts helps to reduce the time it takes to send and receive payments, track [accounts payable](https://www.bill.com/learning/accounts-payable-process), and monitor the minimum balance in the business checking account.

Cash management services include access to Automated Clearing House (ACH) and electronic funds transfer services that help speed up the processing of payments. These services are essential because they allow to predict when incoming cash will arrive.

**Global commerce**

A global commerce business bank account helps manage invoicing, payments, and financial transactions across different countries. This service also covers businesses from fluctuating exchange rates and trade barriers.

**Credit**

When business needs additional financing, apply for a [business line of credit](https://www.bill.com/blog/fundamentals-business-lines-of-credit). Lines of credit usually have a higher interest rate than a business loan, but the pro is that you can access it quickly if you’re in a pinch.

**Deposits**

A business bank account can hold funds that customers, employees, and investors deposit. You’ll receive a [statement](https://www.bill.com/learning/business-bank-statement)of your deposits regularly and electronic statements that include transactions, balances, and transactions on websites.

A dedicated business checking account can help you pay bills, transfer funds, or settle cash balances. Businesses may also use a non-current account to earn interest on their account balance.

**Payroll**

Most banks offer [payroll management services](https://www.bill.com/learning/payroll) to help you simplify your payroll tasks. Payroll services include:

* The deposit of employee pay cheques
* Sending AHC payments to employees’ bank accounts
* Reconciling payroll information
* Managing benefit plans

Paying employees can be tricky for small business owners when calculating taxes and delivering the right amount on time, so payroll services can help simplify any confusion.

Fraud protection

Fraud has become a massive issue in the business world. In fact, credit card fraud is the leading cause of identity theft in the United States, and businesses are only as protected as their banks.

Nearly all U.S. banks offer fraud protection services that help protect business from financial losses due to fraud and identity theft.

**33.3 million small businesses across the U.S.**

According to the SBA, as of 2023, 33.3 million small businesses exist across the country, employing more than 61.6 million people

**16 million new business applications since 2021**

The years since the COVID-19 pandemic began have seen a significant and unprecedented increase in new business applications — 16 million since 2021 — leading to 2.8 million established new businesses.

**$27.5 billion in SBA 7(a) loans were provided to small businesses**

In fiscal year 2023, the SBA provided $27.5 billion through more than 57,300 7(a) loans to small businesses. Nearly 70% of those were loans of $350,000 or less, the SBA reports.

**50% of SBA microloans went to Black- and Latino-owned businesses**

Small-business owners received $87 million in SBA microloans in fiscal year 2023, and $43.5 million of those loan dollars went to Black- and Latino-owned businesses.

**$7.3 billion in bonded contracts were awarded to small businesses**

The SBA’s Surety Bond Guarantee program, which helps small businesses (particularly those in historically underserved communities) compete for government contracts, aided in the distribution of $7.3 billion in contracting awards to small businesses in fiscal year 2023. Of those, 62% of that total made it to small-business owners from underserved communities.