Tips for Small Business Banking

By Fredrick Owen, Business Banking Account Manager

As a small business owner, you face many challenges while navigating your day-to-day business needs. Financial management is an important aspect of doing business. We’ve put together some tips to help you track your business finances and create optimal cash flow using small business banking.

**Use a Dedicated Small Business Checking Account**

A common mistake new entrepreneurs make is to use their personal checking accounts to make business transactions. This can make it harder to track your expenses and introduce reconciliation mistakes.

Most banks offer business checking accounts at a low-to-no cost fee. Taking the time to set up an account will save you time managing your finances in the long run.

**Utilize Mobile and Online Banking Services**

Online banking has changed the way we bank forever. Bill pay services take the guesswork out of paying for expenses, whether you are setting up monthly autopayments or one-time expenses.

Another advantage of a business checking account is you can add employees and give them appropriate access to help you pay for expenses without adding them to your account as an account holder.

**Learn About Borrowing Options**

Most small business owners will need to borrow money at some point to support business operations. Whether you need startup capital or you’re making investments to support growth there are a variety of options available to borrow for your business.

**

Lines of credit

A line of credit allows you to borrow up to a pre-determined amount to pay for business expenses. The repayment amount is based on usage of the credit line and can change depending on your balance. There are two ways you can secure a line of credit.

Personal lines of credit use your personal credit score and assets to secure funds. Typically, this credit source is backed by a home equity line of credit or use of a personal credit card.

Business lines of credit are secured through your business’ credit and revenue history. Newer businesses without credit or revenue history will have a harder time securing a business line of credit.

Business loans

A business loan is a fixed amount of money that is released to you all at once and must be repaid monthly based on the terms determined at the time the loan is approved. If additional funds are needed, you will need to go through the loan process again to secure a new loan.

**Build a Relationship with your Business Banking Partner**

With the rise of online services, it may feel like you don’t need to have a face-to-face relationship with your business banker. However, creating a good relationship and ensuring they’re a good partner for long-term business and financial needs is an investment in your business.