

What Businesses Should Look For In A Bank

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What is the most important asset in your business? People? Products? Technology? No- CASH! Without cash you can't pay your people, you can't invest in your products, and you can't purchase your technology. Without cash, there is no business. A bank will be a *vital* partner in your business and one that can help *or hinder* your success, depending on who you choose. This makes the decision to choose a bank one that should not be taken lightly. Unfortunately or fortunately (depending on how you look at it), there seems to be an endless number of banks to choose from. As you make this decision, think about the following three areas:

1) Minimum Balance & Fees

The first thing to look for is the minimum balance required and the fees associated with an account. This might rule out a good portion of the accounts you had in mind if you don't typically have a lot of cash on hand. Also, be mindful of the fees. Often times, banks will have minimum balance fees, overdraft fees, bank service fees, transaction fees, & more. The two main fees I look out for are the **bank service fees & transaction fees**. The *bank service fee* is a monthly fee that a bank charges for maintaining your bank account. This is not standard for all accounts, so you can definitely avoid this. The *transaction fee* is based on how many deposits, withdrawals, ACH's, etc. you have going in and out of your account every month. Typically, there is a set number of transactions allowed each month and anything over their limit will require a *per transaction* fee. Look for a bank account where you feel confident your business will be under the allowed transaction amount. Assuming your business grows, it might be hard to avoid breaching the allowed transactions (more on this next).

2) Opportunities For Growth

As mentioned, your bank is a *vital* business partner that you will develop a relationship with as you grow. Select a bank that will allow you to grow your account as you grow your business. Make sure you inquire about the ease of which you can upgrade your account. If there is not an easy transition to an "upgraded" account, that bank probably won't be the best business partner for you. You could potentially need a higher transaction maximum, or an account with no *foreign transaction fees* if your business becomes international. You'll need to think about the future when selecting your first business bank account to keep you from having to transition your accounts later on.

3) Integration With Accounting Software

I've seen too many business not consider this, only to find out they have to spend hours manually entering their transactions into their accounting software. While the number of bank accounts that integrate with mainstream accounting software is growing, you can definitely stumble upon banks that don't. This can be one of the biggest pains and causes hours upon hours of work. If you choose a bank that will not automatically sync with Quickbooks, Xero, or whatever accounting system you use, you will have to manually enter or manually upload your transactions. Take it from a CPA- having a bank that integrates is crucial and will give you another level of assurance that your books are accurate come month & year end.

4) BONUS ITEM - Signup Bonuses

I know I said to consider three main things... but don't we all love bonuses? Banks want you to do business with them- and because of that, they offer decent-sized signup bonuses. I've seen anywhere between \$300-\$500. Although this might be immaterial to an established business, for a solo-entrepreneur this can be helpful in getting their business off the ground. Typically, the bank has a few different criteria that you must meet in order to get the bonus. They may look like this:

- 1) Deposit \$25 upon opening the account.
- 2) Make 5 qualifying transactions within 90 days.
- 3) Have a \$500 balance within 90 days.

When comparing a few banks that check all of the above boxes, the sign up bonus they offer may be enough to move one to the front of the pack.

Now that you know what to look for, let the research begin! Check out a [good list](#) of the top rated banks to consider. If you still feel overwhelmed, feel free to reach out to us at [Talent Financial](#) and we would love to help you through this!

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Mike is a founder of [Talent Financial](#), a small business consulting firm that helps businesses with bookkeeping, marketing, recruiting, and operations. He helps business owners focus on the reason they started their business...their talents! Mike is a CPA and loves doing the "dirty work" that most business owners get overwhelmed with.