

Intro to Business Banking 101



Agenda

- Welcome
- Business Banking Fundamentals
- Choosing the Right Bank
- Additional Banking Services
- Improve Your Chances of Getting a Loan

Learning Objectives

- Identify the banking services commonly available to a small business and explain how these services work
- Identify the advantages and disadvantages of each of the banking services
- Explain how business owners decide which banking services are best for their business

Learning Objectives, cont.

- Describe some benefits of building effective long-term relationships with a banker or lender
- Describe the role of a personal credit score in the lending process
- Explain the benefits of separating business and personal bank transactions

Business Banking Fundamentals

Factors to consider when deciding what banking services you need

- Reputation of Business bank
- Experience and knowledge of banker
- Checking accounts
- Savings accounts & certificates of deposit
- Credit products
- Treasury Management products
- Account access
- Additional banking services

Business Banking Fundamentals

Choosing the right business bank

- Customer service, reputation and experience and knowledge of banker
- Products and services
- Fees
- Account access

Business Banking Fundamentals

Experience and knowledge of Banker

- Adds value to your organization by understanding your organization
- Proactively delivers tailored financial solutions to help you succeed
- One main point of contact for you and staff
- Focus on the needs of your organization
- Puts an emphasis on listening more than selling

Business Banking Fundamentals

Checking Accounts

- Small business or commercial checking
- Operating and payroll accounts

Do not mix business and personal transactions
(no “co-mingling”)

Do Not Mix Business & Personal Transactions

Avoid “co-mingling”

- Ensure accurate bookkeeping
- Avoid tax consequences

Follow a proper protocol to transfer funds (ask your bank for how to generate a record of activity)

Business Banking Fundamentals

Savings accounts & Certificates of deposit

- Savings accounts- limitations on withdrawals and types of accounts
- Certificates of deposit

Business Banking Fundamentals

Credit Products

Revolving Credit Options:

- Business credit card
- Business line of credit

Commercial Loans:

- For purchasing or financing owner-occupied real estate, new construction or expansion
- Working capital
- Strategic initiatives

Equipment Financing:

- Purchase or lease options

Business Banking Fundamentals

Treasury Management Services

- ACH
- Lockbox
- Wires
- Fraud services
- Merchant services
- Remote Image Deposit

Business Banking Fundamentals

Account Access

- Online Access
- Branch
- Banker

Business Banking Fundamentals

Additional banking services

- Payroll Services
- Business Insurance

Business Banking Fundamentals

Protecting your business from online theft

- Use strong passwords and change frequently
- Ensure computers have latest operating system and anti-virus security updates
- Avoid using public wireless hot spots in areas like airports or cafes for online banking activity
- Ensure your staff thinks critically about emails and phone calls to identify suspicious behavior
- Consider establishing a dedicated computer for online banking and cash management

Discussion Point #2: Banking Service Needs

Use three columns:

- Column 1: List of services you need new
- Column 2: List of anticipated services for the next six months to a year
- Column 3: List services you plan to get in the next two years, or see as future needs of the business
- Assign a date to have each service in place or re-evaluated. How will your banking services needs change over the next two years?

Improve chances of getting a business loan

- Develop the five C's of credit
 - Character, capacity, capital, conditions and collateral
- Do your homework, ask questions
- Build long-term relationships with your banker
- Improve your personal credit score

Key Points to Remember

- Choose the right bank for your financial needs
- Banks offer a wide range of loan and deposit products and services to meet your needs. Become an informed decision maker
- Keep your business and personal accounts separate
- Take precautions to avoid fraud or other preventable losses

Key Points to Remember, cont.

- Establish a cushion for unexpected expenses, perhaps in a savings account or line of credit
- Know your personal credit score. If it is low, take steps to increase it
- To improve your chances of getting a loan, develop the five 5's of credit
- Build a strong relationship with a lender before, during, and after the loan process

Conclusion

You learned about:

- Evaluating your business and what banks have to offer
- Different bank accounts and services
- Questions to ask
- Building a relationship over time, based on your needs