

Banking Services

AVAILABLE FOR A
SMALL BUSINESS



FDIC



SBA

Agenda

- **Welcome, Pre-Test, Agenda, and Learning Objectives**
- **Business Banking Fundamentals**
- **Choosing the Right Bank**
- **Additional Banking Services**
- **Improve Your Chances of Getting a Loan**
- **Summary, Post-Test, Evaluation**

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 small business owners decide which banking services are best for their business.
- Define several forms of deposit insurance.

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.

Introductions: What Do You Want to Know?

What do you know or want to learn about banking services?



Business Banking Fundamentals

Factors to consider when deciding what banking services you need

- Checking accounts
- Savings accounts and certificates of deposit
- Account access



Discussion Point #1: Banking Services

Discuss the banking services you need.

What are some of the services you try to find in a bank?



Business Banking Fundamentals

Choosing the right bank

- ATM usage and availability
- Customer service and relationship
- Accessibility: drive or walk, parking, drive-through
- Products and services
- Fees
- Deposited funds availability



Business Banking Fundamentals

Checking accounts

- Small business or commercial checking
- Payroll and operating accounts – “Zero balance” feature (sweeps) and fees

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



Do Not Mix Business and 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)

Additional Banking Services

Payroll services

- Prevent potential fraud or forgeries
- Record keeping
- Direct deposit



Additional Banking Services

Cash management services

- Sweep investment account
- Other sweep accounts
- Online funds transfer
- Lockbox service
- Positive pay

Ask your Bank



Business Banking Fundamentals

Savings accounts and certificates of deposit

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



Business Banking Fundamentals

Business account access

- Depositing sales with remote deposit scanner
- Online access

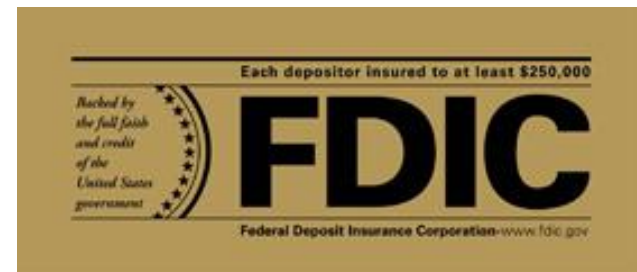


Beware online theft!

Deposit Insurance In-Depth

Deposit insurance covers businesses that have:

- Sole proprietorships
- Corporations, partnerships and unincorporated associations such as not-for-profits and for-profits
- Fiduciary Accounts



Additional Banking Services

Business debit card

- Owner or others
- Convenience and risk



Additional Banking Services

Merchant processing services - expand capabilities and sales

- Credit cards
- Debit cards
- Gift cards
- Online payments and sales



Discussion Point # 2: Banking Service Needs

See page 16 in your Participant Guide.

Use three columns

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

Business Banking Fundamentals

Reconciling accounts

- Deposit accounts
- Remote deposit scanner
- Interest
- Loans



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

Additional Banking Services

Commercial lending

- Financing receivables and purchased inventory
- Lines of credit
- Term loans for fixed assets



Additional Banking Services

Business credit card

- Owner or others
- Convenience and risk



Additional Banking Services

Commercial lending

Small Business Administration

Loan Guarantees



Improve Chances Getting a Business Loan

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



Additional Banking Services

Financing

- Comparison shop
- Understand types of financing



Additional Banking Services

Commercial lending

Ask about:

- Loan details, features, terms, etc.
- Loan types

Find out what you
will need
to provide



Additional Banking Services

Wealth management and retirement planning

- SIMPLE IRA
- 401(k) retirement savings plan
- Simplified Employee Pension (SEP) plan
- ROTH IRA
- Health savings plan



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. Shop around.
- 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.
- 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 C's of credit.
- Build a strong relationship with a lender before, during, and after the loan process.

Summary

- What final questions do you have?
- What have you learned?
- How would you evaluate the training?



Conclusion

You learned about:

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

Pre-Post Test and Evaluation

In your workbook

- If you have not already done so, assess what your knowledge on this topic was *before* you participated in this class.
- Assess your knowledge on this topic *after* taking this class.
- Complete the Evaluation Form. Your feedback is helpful!
- Return both forms to the instructor before you leave. Thank you!

