OPENING A BUSINESS BANK ACCOUNT

What banks ask for, how to choose one, and options if you're new to the country or have little credit history.

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AT A GLANCE

- A **business bank account** keeps your business money separate, makes taxes easier, and is required by most lenders and investors.
- Bring your **formation papers, EIN letter, photo ID and operating agreement**.
- Compare **fees, minimum balances, deposits and online tools**. Credit unions and community banks can be good options.

Why it matters

A separate account is the foundation of clean books. Lenders will ask for business bank statements, and the Project Underdogs graduation standard asks for a separate business account. See **M-03 Keeping Business and Personal Money Separate**.

What banks usually ask for

- **Formation papers**, such as articles of organization or incorporation
- **EIN confirmation letter** from the IRS. See **B-03 Getting a Tax ID Number (EIN and ITIN)**.
- **Government photo ID** for each owner and signer, such as a passport or driver's license
- **Operating agreement or bylaws**, showing who can sign
- **Business license**, in some cases
- **Information on owners**, including addresses and sometimes SSN or ITIN

Requirements differ from bank to bank. Call ahead and ask for their list.

How to choose a bank

Look at	Questions to ask
Monthly fees	Is there a fee? How do I avoid it?
Minimum balance	How much must I keep in the account?
Transaction limits	How many deposits and payments are free each month?
Cash deposits	Can I deposit cash easily? Is there a fee?
Online and mobile banking	Can I deposit checks by phone and pay bills online?
Connections	Does it connect to my bookkeeping software and payment tools?
Lending	Does it make small business loans or lines of credit?
Language and service	Can I talk to a person who understands my business?

> TIP
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> Choose a bank that **lends to small businesses**. A good relationship there can make your first loan easier later.

If you're new or have little credit

- **Credit unions, community banks and community lenders (CDFIs)** are often more flexible.
- Some banks accept an **ITIN and passport** instead of an SSN.
- If one bank says no, **ask why** and try another.
- **Online banks** may have different document rules, but check whether you can deposit cash.

> EXAMPLE
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> **Nadia** compared three banks for her catering business. A big bank charged a monthly fee unless she kept $5,000 in the account. A local credit union had no monthly fee, free cash deposits and small business loans. She chose the credit union and, two years later, got her first equipment loan there.

Common mistakes

- **Using a personal account "for now."**
- **Ignoring fees**, which add up over a year.
- **Choosing a bank that can't take your cash deposits** if you sell for cash.
- **Not listing the right signers.**

Your checklist

☐ Gather formation papers, EIN letter, IDs and operating agreement

- ☐ Compare three banks or credit unions
- ☐ Ask each about fees, minimums and small business loans
- ☐ Open the account and order a business debit card
- ☐ Connect it to your bookkeeping software

Key words, explained

Word	What it means
Signer	A person allowed to use the account.
Minimum balance	The amount you must keep to avoid fees.
Credit union	A member-owned financial cooperative.
CDFI	A lender focused on underserved communities.

Where to go next

- **M-03 Keeping Business and Personal Money Separate**
- **M-11 Building Business Credit**
- **R-05 Microloans and Community Lenders**

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