As a small business owner, your financial foundation is essential to running a successful business. Without the right knowledge, tools, and practices in place, it's easy to get off track and overwhelmed. You must ensure you have a solid system to manage your business’ money. Here are our four banking tips to ensure you start on the right foot.

1. CHOOSE A BANKING ACCOUNT THAT MEETS YOUR SPECIFIC NEEDS

It may seem like a no-brainer to open a business checking account, but remember that not all account types are the same. It's essential to shop for a banking option that meets the specific needs of your business. You want to choose a bank to help you easily manage your finances, avoid unnecessary fees that impact your profitability, and support your future growth with convenient branch locations or loan products.

2. FOLLOW THE FIVE C’S OF CREDIT TO ESTABLISH A GOOD BANKING RELATIONSHIP

Your relationship with your bank or credit union should be considered a partnership. It’s worth referencing the five C’s to create a valuable relationship with your bank. The five Cs are a common framework used by lenders to help them assess your creditworthiness and borrowing potential. This framework can also help you understand whether or not you’re in a position to apply for a loan. NerdWallet defines the five C’s as:

- **Character**: a lender’s opinion of a borrower’s general trustworthiness, credibility, and personality
- **Capacity**: your ability to repay the loan
- **Capital**: the amount of money invested by the business owner
- **Collateral**: assets that are used to guarantee or secure a loan
- **Conditions**: the condition of your business (and the economy) and what you’ll use the funds for

Need more help?
Set up a meeting with an RISBDC business expert today by calling (401) 874-7232 or by submitting our [Online Request for Counseling](#).
3. REGULARLY REVIEW AND RECONCILE YOUR BANK STATEMENTS
Don’t just rely on the statements you get from your bank to track expenses and assess your business budget. You must compare your statements against your company ledgers at least monthly. This will help you catch any banking errors or unrecognizable transactions and categorize your expenses so you see where your money is going. The longer you wait to review and reconcile your statements, the more overwhelming the task becomes. More importantly, it can put you at risk of letting avoidable financial mistakes go on too long.

4. CONSIDER WHAT DIGITAL SERVICES YOU NEED FROM YOUR BANK
If you rely on technology for various aspects of your business or enjoy the convenience of easily accessible tools online, consider how your bank supports your particular needs. For example, do you need an automated account system? Do you want to make direct deposits from your mobile phone? Does your business require frequent travel where you need access to your bank from multiple locations? These are vital factors to consider when selecting a bank.

NEED MORE HELP CHOOSING THE RIGHT BANK?
Overall, you want to choose a bank and build a relationship with it based on your specific business needs, comfort level, and trust. It’s worth taking the time you need to select a banking partner. Don’t compromise on essential business needs for the sake of convenience. If you get stuck, we’re here to help. Set up a meeting with an RISBDC business expert today by calling (401) 874-7232 or submitting our Online Request for Counseling.

More RISBDC business-banking resources
SBA Loan Resources
Eight Steps to Landing a Small Business Loan
The Five Cs: What lenders look for when considering a loan
Financial Calculators

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