

EXPERT BANKING ADVICE FOR YOUR SMALL BUSINESS

How to Pick the Right Bank for Your Small Business

By Bob DeAlmeida
President / CEO, Hamilton Bank

There was a time when selecting a bank for your small business was as easy as walking down to your local bank on the corner and opening a checking account. Today, with technology and more options for funding, it isn't so cut and dry.

Standard account fees can slowly (and sometimes not so slowly) eat away at the bottom line. Ask for a schedule of fees up front from each bank so you can compare apples to apples. Think about the fees that are most likely to affect your business most often. For example, if you do most of your banking after hours at ATMs, ask about the number of no-fee ATMs in your region.

When selecting a bank for your business, ask about the time-saving technologies they have to offer, like electronic employee payments, business-to-personal account transfer, and remote deposit capture. Remote deposit capture allows you to deposit checks electronically to your business checking account using a desktop scanner connected to your PC and the Internet. Scan the checks and then transmit the data and check images directly to us for deposit. Time is money, and your bank should respect that.

A common mistake is shopping around for the least expensive accounts or the cheapest interest rate, rather than seeking out the best service. I find people will often settle for less, but then a year later when their business expands and they need funding, the bank they chose can't provide what they need. They have to start from scratch with a new bank that doesn't know them and doesn't already understand their business, which can ultimately slowdown the lending process.

Hidden fees can also be an issue for small businesses. For instance, when seeking a bank for a fixed-term loan, the rates may initially

sound competitive but then suddenly there are restrictions and fees (previously undisclosed) once the tedious process is already underway. Ask your banker to review your loan proposal from another bank to be sure you're getting the best deal. A good banker will do that for you and will provide an honest recommendation.

Ask your colleagues where they bank and to share their experiences. Do they have an advocate at their bank? Someone who cares more about the growth of their business than meeting a monthly quota? Do they have someone who knows their history? You want someone who can connect you with the right person when your banking needs become more sophisticated—or complicated.

ABOUT BOB DEALMEIDA



Bob DeAlmeida is president and CEO of Hamilton Bank, which operates five Maryland locations and meets the complete banking needs of small businesses, retailers, consumers, and homeowners across Greater Baltimore.

MORE INFORMATION

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