

Building the Business Case for Smarter Business Checking

**You provide the account,
we provide the technology**





EXECUTIVE SUMMARY

Small business checking hasn't kept pace with the needs of today's business owners. The result: the largest group of business banking customers, smaller and micro businesses, often rely on free checking accounts that provide little value beyond holding deposits.

This is a missed opportunity.

Most small businesses, and most independent workers — earn well below \$1 million in annual revenue, employ few or no staff, and often use no formal accounting software. They represent the biggest growth opportunity for banks willing to design accounts that meet their day-to-day operational needs.

By building a business checking experience designed for them, financial institutions can:

- Increase account primacy.
- Better serve underserved small business owners.
- Compete effectively with fintech providers like QuickBooks, Square, and PayPal.
- Stand out from local and national banking competitors.
- Offer a business checking experience small business owners are willing to pay for.

The Market at a Glance

Revenue:

Only about 9% of small businesses earn more than \$1 million annually. The vast majority earn far less: non-employer firms (82% of all small businesses) average under \$50K/year in revenue.

Size:

The median small business has 1 – 4 employees, with millions run by a single owner.

Tools:

Fewer than half use formal accounting software; many rely on spreadsheets, paper, or no system at all.

Why This Matters:

These figures reveal that most small business customers are very different from the larger firms banks often interact with. By understanding these numbers, financial institutions can better design products and services that meet the needs of the “quiet majority” — smaller, low-revenue businesses with simple yet essential operational requirements.

What the numbers say about online accounting adoption:

There are roughly 36 million small businesses registered with the SBA in the U.S., plus another 72 million independent workers as defined by MBO partners. Totaling 108 million micro and small businesses.

Intuit reported 6.5 million global QuickBooks Online subscribers in 2023. That is the most recent public date published for subscribers, and a U.S.-only breakdown is not available.

Assuming the majority of those users are in the U.S. (estimate 70%), that would equal about 4.5 million subscribers. That equates to less than 5% of the 108 million combined U.S. small business and independent workers.

The real opportunity isn't about replacing existing online accounting users, it's about serving the overwhelming majority of businesses that aren't using any service today.

Source: U.S. Census Bureau and Autobooks analysis

Accounting and Fintech Data Points

According to a survey from Cornerstone, roughly **60% of businesses would obtain accounting and payment services from a bank when offered.**

Monthly pricing for comparable accounting and receivables solutions ranges from \$20–\$200/month.

65% of SMBs adopt fintech apps because their bank doesn't offer needed capabilities, 54% say cashflow management is their top challenge, and 40% would consider capital if it were more accessible from their bank.

45% of SMBs have skipped their own paycheck due to shortages, 22% struggle to cover basic bills, and 70% hold only ~4 months of cash.

81% of businesses that use fintechs say they would prefer the same capabilities from their primary FI if offered.

The Untapped Majority in Your Portfolio

At most institutions, the largest share of business account holders are not the companies bringing in millions in revenue. They are smaller entities, often solo operations or firms with just a few employees, who maintain a free business checking account. Many even operate from a retail personal checking account because they don't perceive enough value in upgrading to a business-specific account.

These customers are critically important for the future of small business banking. They may not generate large deposits or loan balances today, but they represent high potential for deposit growth and non-interest fee income.

Currently, they are underserved because their day-to-day needs for accounting, payables, receivables, and financial reporting are not met within their banking relationship.

Business checking products have traditionally been built for medium to large businesses, focusing on services like ACH, wire transfers, and positive pay. While valuable to larger clients, these features don't address the broader needs of small and micro businesses. Their priorities include accessing a bank account, paying bills, accepting customer payments, obtaining working capital, tracking transactions, and producing financial reports.

Without these capabilities inside the banking experience, small businesses turn to a patchwork of external services — paying separately for tools like QuickBooks, Square, and PayPal. This creates fragmented workflows and erodes the bank's role as their central financial partner.

The Threat of Doing Nothing

Choosing not to evolve business checking carries real risks.

First, there is **attrition risk**. When a business begins relying on third-party providers for core financial functions like payments, access to capital, and accounting, the bank becomes less relevant. The primary relationship shifts to the provider delivering these tools.

Second, there is the **loss of fee and payment revenue**. Fintech platforms actively monetize payment volume and cross-sell lending and deposit products, often reaching the business before the bank does.

Finally, there is **reduced daily relevance**. Without embedding essential tools into the account experience, the bank becomes a place to store funds — not to run the business. This loss of engagement makes it harder to deepen relationships or cross-sell additional products.

Example: QuickBooks' Evolution

What started as accounting software is now a full financial ecosystem offering a business bank account, payment acceptance, cash flow forecasting, and lending. These services, once exclusive to banks, are now being delivered — and monetized — by non-bank competitors.

The Opportunity

Smarter Business Checking

Let's start with the current state of small business checking.

Most business checking accounts are still designed around the premise that businesses primarily accept cash and check payments from customers. The features and pricing of the account reflect that, separating account tiers based upon the number of items that can be captured within each account type before additional per items fees kick in.

The sample below shows how business checking accounts are typically defined today, based on a review of publicly available product pages from 30 banks and credit unions. It highlights common patterns in how features are positioned and bundled.

	Business Starter	Business Premium
Opening Deposit	\$50	\$100
Interest Earning	No	No
Features	First 300 transactions free	First 450 transactions free
Service Charge	\$0	\$15
Key Benefits	Debit Card Online Banking Mobile Banking e-statements	Debit Card Online Banking Mobile Banking e-statements Access to cash management functionality

Business checking must evolve to meet the needs of today's business owners.

Business owners have moved beyond cash and checks as primary payment methods as customers increasingly prefer to pay by card. To keep up, businesses now need multiple ways to accept payments, including in person mobile acceptance, digital invoicing, and shareable payment links.

Large national institutions are already responding by bundling payment acceptance directly into business checking to strengthen deposit relationships. Chase's QuickAccept is a clear example. Card payment acceptance is positioned as a core feature of the checking account, not an add on, and in some cases has taken priority over legacy features like remote deposit capture on primary product pages.

Embedding payment acceptance, accounting, working capital, cash flow management, and financial reporting directly into the checking account, financial institutions can offer a practical alternative to fragmented fintech tools.

	Business Starter	Business Premium
Opening Deposit	\$50	\$100
Interest Earning	No	No
Features	Digital payment acceptance	Back-office management suite
Service Charge	\$0	\$20
Key Benefits	Online and in-app payment acceptance Access working capital	Automated transaction categorization Real-time profit and loss performance Balance sheet Customer payment reporting Online and in-app payment acceptance

The Functional Needs of Today's Business Owner

Payment Acceptance

Owners should be able to accept card and ACH payments from their customers without having to use a third-party app. When receivables live outside the financial institution, deposits and primacy erode. Embedding invoicing, payment links, and Tap to Pay for mobile banking accelerates payment receipt for the business owner and increases balances held at the financial institution.

Cash Flow Management and Access to Working Capital

Cash flow is the number one reason businesses fail. Update the checking experience to surface live cash-flow views and embedded capital offers when gaps appear through data-driven analysis of their deposit account. Later graduate business owners with repeated usage into a formal line of credit or lending solution offered directly through the financial institution.

Integrated Payables

Add business bill pay inside digital banking so owners manage vendors, schedule payments, and time disbursements without leaving their account. Support ACH or check with real-time movement where available — while giving clear views of upcoming bills, payment status/history, and scheduled outflows to maintain cash-flow visibility. Keep deposits and engagement with your institution by unifying receivables and payables on one platform.

Accounting and Financial Reporting

Automate bookkeeping entries for busy business owners and surface real-time financial reports directly inside online and mobile banking, eliminating reliance on complex third-party software. Reports update automatically as customers get paid or pay bills, with simple CSV exports and access to statement-level views like a balance sheet.

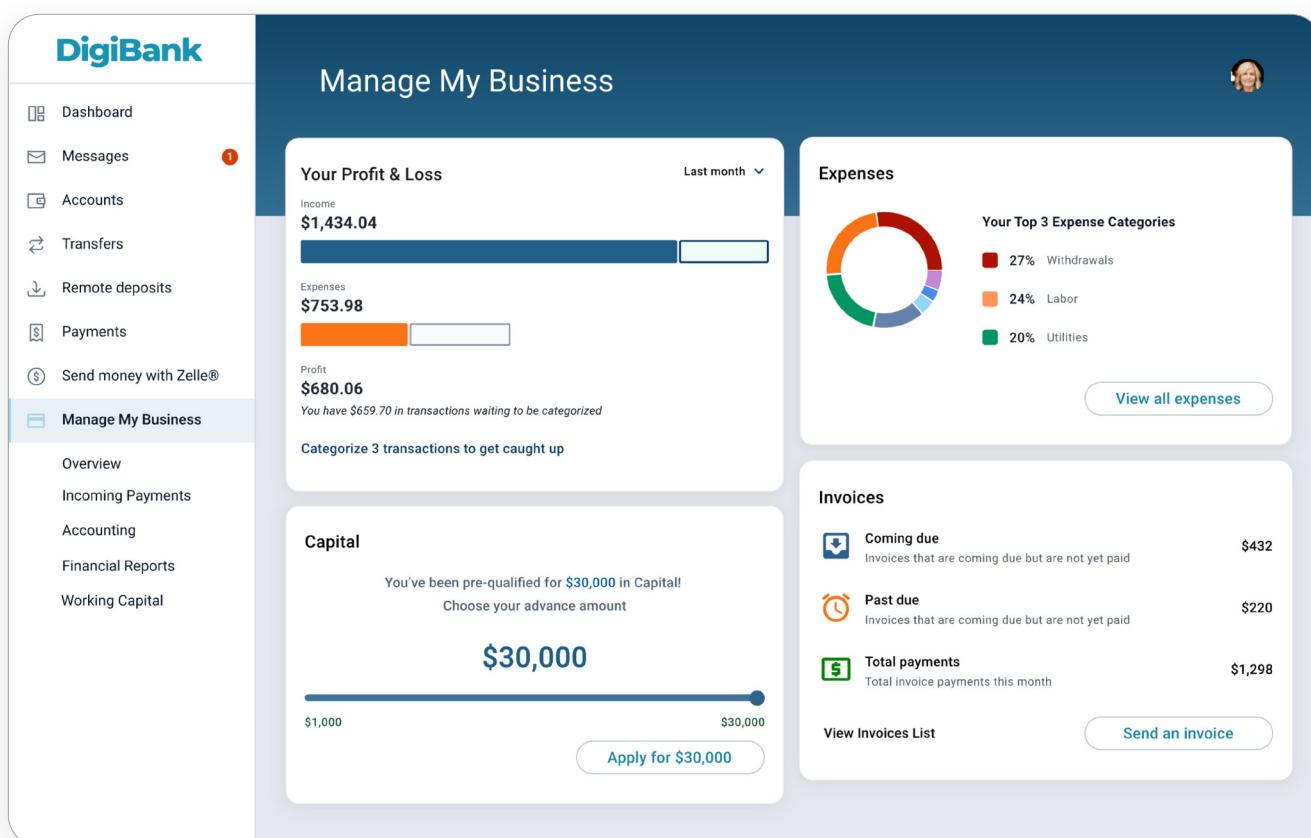
Integration of Smarter Business Checking into Digital Banking

A critical part of modernizing business checking is its integration into digital banking. To become the small business hub, digital banking should offer:

Purpose-built small business dashboards with a consolidated view of incoming and outgoing payments, working capital, profit and loss, and cash flow.

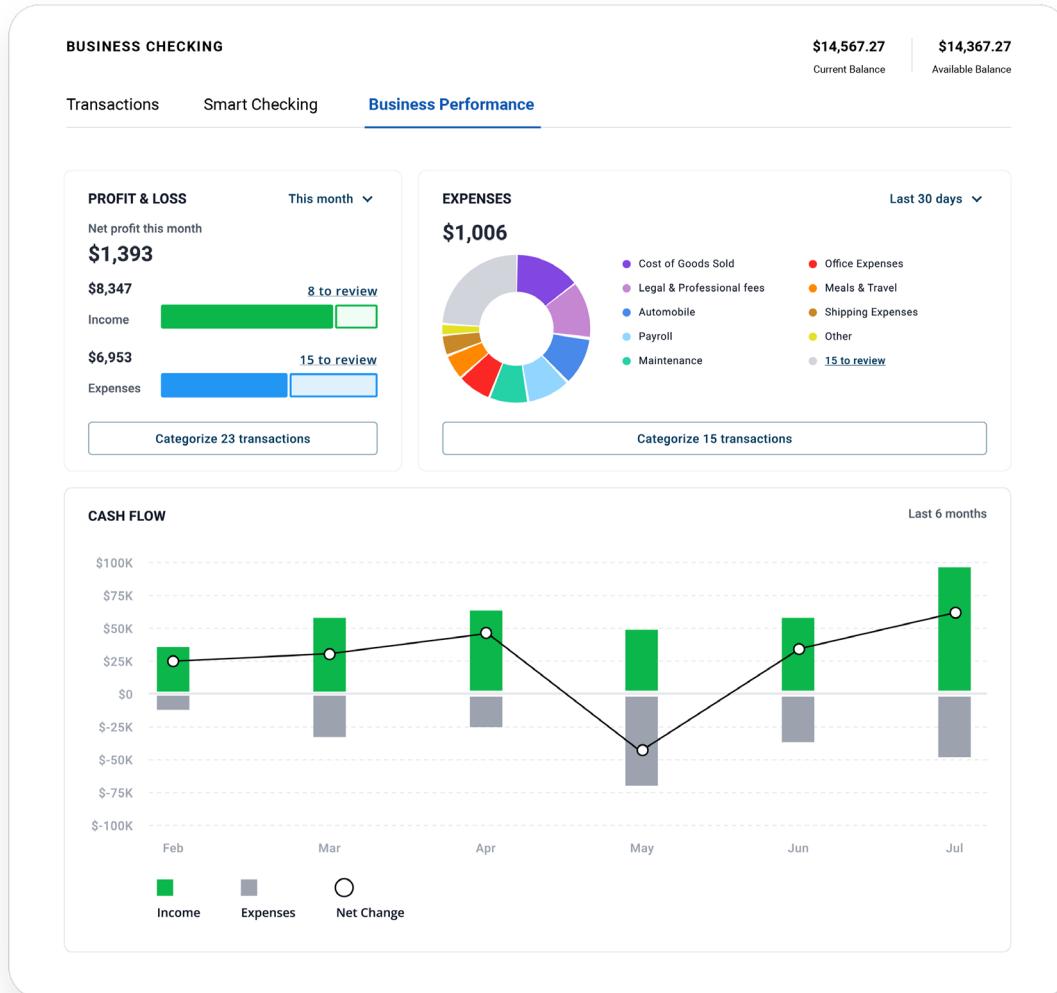
Small business widgets on the home screen so business owners see important trends and alerts, or have easy access to payment acceptance features every time they log in.

Native menu access so tools are easily found without having to navigate through nested menu items.



Transforming Business Checking into a Smarter Banking Experience

Functionality integrated directly into the checking account experience, ensuring all features are connected to the account view the customer already uses daily.



When implemented effectively, this model replaces a fragmented system of banking products, third-party apps, and spreadsheets with one cohesive platform.

Business owners can send invoices, accept card or ACH payments, monitor cash flow, automate accounting tasks, and even access working capital, all from their business checking account that your financial institution offers.

Smart Checking from Autobooks.

You provide the account, we power the technology.

This is your business checking account. You own the product, set the price, and bill the customer. Autobooks provides the embedded technology only. We do not open accounts, hold deposits, price the solution, or bill your customers.

You pay Autobooks to enable the capabilities that power the account inside your digital banking. The upgrade turns checking from an outdated deposit account based upon dated workflows into the business's operating hub, producing fee income you control and customers are willing to pay for.

Time to Get Started

Schedule time with an Autobooks team member to discuss:

- Migrating free business checking, and businesses within free retail accounts, account, into a business checking account worth paying for.
- Integration options with your digital banking provider.
- Deposit impact of enabling integrated receivables and working capital solutions within business checking.
- Reduce treasury team workflow by offering a purpose-built, self-service solution for small businesses.

LEARN MORE:

autobooks.co/smart-checking

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