

# Square's latest app update hints at checking and savings accounts for SMBs

Article

The fintech, which provides point-of-sale payment and credit solutions to small and medium-sized businesses (SMBs), may have inadvertently revealed its intention to roll out business

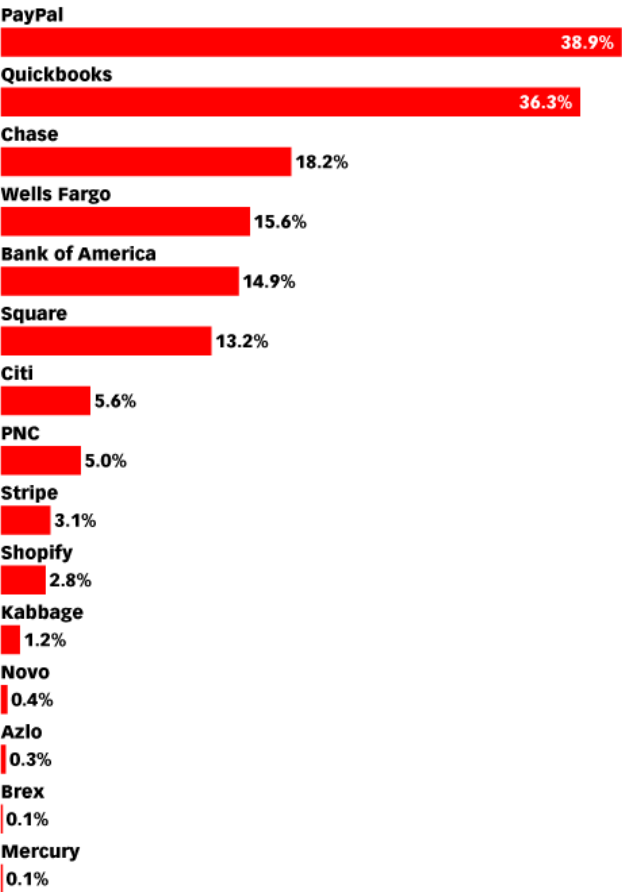
checking and savings accounts, [according](#) to Bloomberg. In addition to previewing the potential depository products, programming language in Square's recent app update suggests it plans to offer customers a **0.5%** interest rate on its savings accounts, and will likely not charge for overdrafts and minimum account balances. Square has not confirmed any upcoming release of checking or savings accounts, but has [reiterated](#) that it will provide loan and deposit products to businesses through its recently [launched](#) small business bank.

**An expansion into deposit solutions could help bolster Square as a formidable contender in an increasingly competitive market.**

- **Large incumbents:** Legacy banks in the US continue to dominate the SMB market and [overwhelmingly](#) remain the main source of advice for US SMBs. As of July 2020, **Bank of America, JPMorgan, and Wells Fargo** [held](#) nearly **47%** of the SMB market, and participation in the Paycheck Protection Program likely [strengthened](#) their positions.
- **Fintech challengers:** Despite its early mover advantage over other new entrants, Square still faces significant threats. American Express-owned alt lender **Kabbage** is [repositioning](#) itself as a one-stop shop for SMBs. In addition, corporate card and rewards fintech **Brex** is making a nationwide [push](#) to attract local business to its multipurpose financial platform, and could expand its banking offering if its Industrial Banking Charter [application](#) is approved.

**Square could use its merchant base to grab market share from well-entrenched incumbents.** Among SMBs, Square is one of the [most-used](#) business platforms, [supporting](#) at least **2 million** merchants worldwide. Its vast network offers an immediate, low-cost access point to upsell its potential deposit products alongside its existing lending solutions. Even JPMorgan CEO **Jamie Dimon** [acknowledges](#) the threat Square presents: He has praised the fintech for [beating](#) his larger institution to the punch with its innovative SMB solution suite.

Leading Fintech Service Providers for US Small Businesses, Feb 2020  
% of respondents



Note: SMBs have up to 20 employees  
Source: 11:FS, "Designing Digital Financial Services That Work for US SMBs," May 21, 2020  
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