

Checking and savings accounts round out Square's business banking suite

Article

The news: The fintech, which provides point-of-sale payment and credit solutions to small and medium-sized businesses (SMBs), [expanded](#) its offering to savings and checking

accounts. As part of the move, it is rebranding **Square Capital**—its lending product—as **Square Loans**.

More on this: Square's new banking solutions are currently available to its customers and will complement other parts of its business.

- **Square Savings:** The FDIC-insured accounts carry a **0.5%** annual percentage yield, and will not be subject to minimum deposits, balance requirements, or account fees. Businesses can automatically save a portion of each sale, and could direct the funds into customizable folders designated according to the goals they've chosen.
- **Square Checking:** The accounts are provided through **Sutton Bank**, Square's partner bank, and build off the success of the **Square Debit Card**—which businesses could use to immediately spend the funds in their checking account. Customers can make instant transfers between their Square Savings and Square Checking accounts for free, and are also spared any account minimums, overdraft fees, and recurring fees. Also, businesses soon will be able to deposit checks directly into their account through the **Square Point of Sale** app.

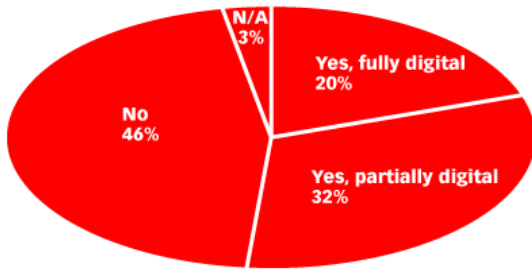
The bigger picture: Square's new products strengthen its competitive position in the escalating SMB banking arms race underway among fintechs.

- US-based corporate credit card provider **Brex**— which **raised** an impressive **\$425 million** Series D round in April of this year—counts SMBs as **45%** of its customer base. The fintech has ambitions to grow this cohort even further: It **rolled out** an SMB-focused, multi-purpose financial platform alongside its capital raise, and in May, it **directed** a nationwide marketing campaign at local businesses.
- **Revolut**, which recently **noted** its business accounts more than doubled to **500,000** in 2020, has also set its sights on the US. Its **\$800 million** in freshly raised **capital** could give the UK-based neobank enough firepower to make a strong foray into the US.

The big takeaway: Square's merchant base represents a vast resource it can tap into to get ahead of its well-funded opponents. It already **supports at least 2 million** merchants globally and is one of the **most-used** business platforms by SMBs. Square can immediately begin upselling its new platform to this large audience—and promote how SMBs that centralize their banking activity in a single location can benefit if they shift funds to its new savings and checking accounts.

Business Customers' Ability to Digitally Apply for Small-Business Deposit Accounts According to US Banking Executives, July 2020

% of respondents



Note: numbers may not add up to 100% due to rounding
Source: Bank Director, "2020 Technology Survey" sponsored by CDW, Aug 31, 2020

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