

Kabbage takes neobank plunge with high-yield checking for SMBs

Article

Fintech **Kabbage** has ventured into neobank territory with a high-yield checking account for small and medium-sized businesses (SMBs), [per](#) CNBC. The new account [offers](#) a **1.10%** interest rate for balances of **up to \$100,000**.

The offering eschews a **minimum balance** and **monthly maintenance fees**. Users will get a debit card, access to partner ATMs for cash withdrawals, and mobile deposits. Although

Kabbage's parent company **American Express** offers depository banking, the fintech's account is underpinned by technology from prolific banking as a service vendor **Green Dot Bank**.

Kabbage's interest rate beats out offerings from other big names in digital-only SMB accounts, a space where rates vary widely. Kabbage's ability to outgun many of its competitors on interest rates may owe to its corporate backing from American Express, whose vast resources mean Kabbage can afford higher payouts than if it were an independent challenger.

- On the lower end, fintech **Brex's** Business account doesn't pay interest on FDIC-insured deposits, though customers can earn a small yield if they invest in a money market mutual fund.
- On the upper end, **Intuit's** QuickBooks Cash business bank account offers a **1.00%** rate.
- Meanwhile, **Square's** upcoming savings account is slated in the middle, with a planned **0.50%** rate.

Stepping into checking will give Kabbage cross-selling opportunities. With its neobanking debut, Kabbage can market the checking account to lending customers—the company's Kabbage Funding product offers SMBs credit lines of between **\$1,000** and **\$150,000**. Conversely, Kabbage can use the new account with its generous interest rate and lenient terms as a way to acquire customers, and then sell lending products to them to grow its bottom line.