

4 HACKS

FOR GETTING A BUSINESS BANK ACCOUNT

www.startupcentral.dk

Welcome to our e-book!

Here at Startup Central we strive to help the country's entrepreneurs through Denmark's coolest platform for entrepreneurs. We endeavor for it to be easier, cheaper, and more inclusive to be an entrepreneur in Denmark.

Our goal is to help our members with reaching their goal! We are passionate about helping entrepreneurs become successful and run their dream businesses.

Let's get to what you are here for – the e-book!

INTRODUCTION

Preface

You are looking for a business account, so you (probably) know what it is, but just in case we will run through the essentials of what a business account really is, as well as what you can expect it to do.

A business account is a bank account for business owners, that is attached to your business and its Danish CVR-number/VAT-number. With a business account your business's financial activity will take place through this account. Just like with your private finances where you have a Danish NemKonto, the same applies here with a business account, where this account will function like your business's Danish NemKonto.

Most banks require that you as a business owner have a business account, it is also advantageous that you have a business account, as you will be able to separate your private finances from your business's finances much easier. When your private finances are not mixed in with the business's finances it is also easier to calculate the profits from the business, as well as settle VAT for example.

When it comes to solutions for business accounts, there are a series of parameters you can measure: the business's need (both regarding accounts and the banks policy), prices, processing time and opportunities – as well as overdraft and negative interest rate.

The price for accounts as well as processing time vary by bank, seniority, and your branch of belonging.

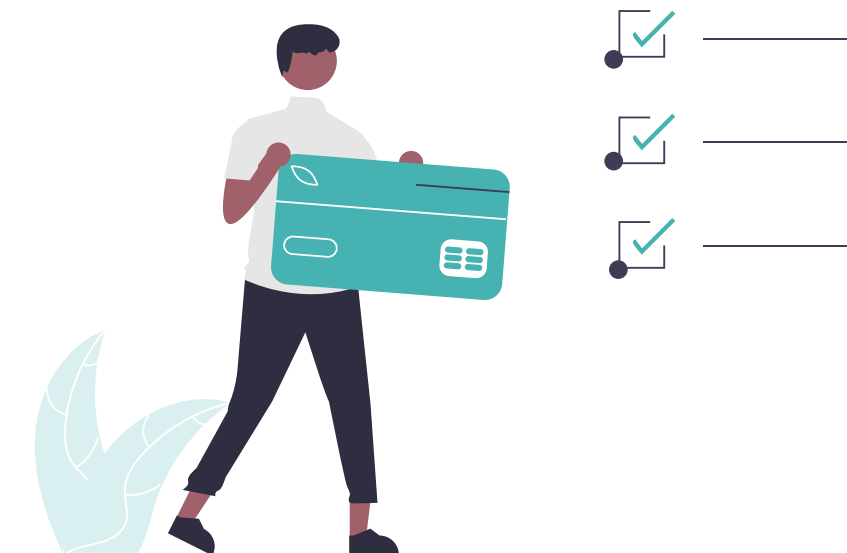
However, one thing that rarely varies is which functions you can expect that a business account will include.

INTRODUCTION

Preface

A Danish business account should include the following functions:

- Credit card (Mastercard Debit) – up to 300 kr. yearly for this optional choice.
- Access to digital bank and mobile app.
- Danish NemKonto.
- Registration of payments to the Danish PBS, supplier services, and payroll service.
- An acceptable deposit interest.
- Possibly unlimited free standard time amount transfers



Now that you have gotten a crash-course in business account 101, we can dive into what this e-book really is about – how YOU can hack your way to a business bank account.

#1 hack

Have a detailed business plan

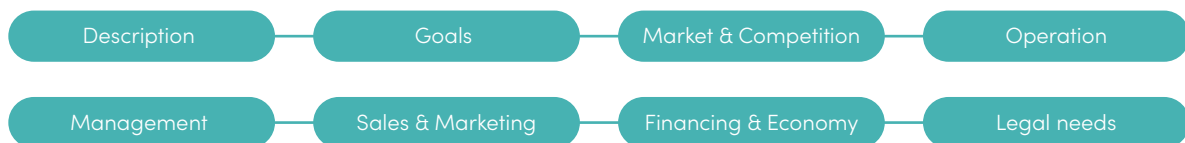
Our first hack to get a business account is to have a detailed business plan.

You have perhaps heard/read about the business plan, Business Model Canvas and other “models” to help map out your business? Since the banks 9 out 10 times mention the business plan in connection with business accounts, this is what we will start with.

The business plan is one of things the banks often ask for to get an understanding of how your business is set up.

Briefly put a business account is an overview of your business and the thoughts you have made about it.

Typically, an overview like this covers eight points:



A business plan can continuously be updated as nothing in this world stands still for long – therefore conditions and needs change all the time and the same applies for your business plan.

Remember, if you change a point on your business plan it effects other points.

To reduce the bank’s risk, it is a good idea to have a Plan B in your business plan (or maybe make another business plan that describes Plan B, this can be added as an appendix in your business account application).

A Plan B doesn’t necessarily mean that you will move, change the name or appearance – you can in most cases move forward with relatively the same terms as Plan A.

The difference is merely that you have reconsidered the risk points with alternative solutions if things should go wrong.

Example: Perhaps COVID-19 made it difficult to have physical arrangements. Here a Plan B could be to digitalize your arrangements to be seen online with “virtual tours”.

Read more about the business plan [here](#).

#2 hack

Be on top of the budget

Our second hack for getting a business account is to keep track of your budgets.

Having a messy or flawed budget is by far the most common reason that applicants get rejected by the banks.

We just have to recognize that the banks are cold, cynical and number-fixated, so if you don't have everything in order, that immediately sets off the red flags with the bank.

Depending on where you are in your entrepreneur journey, there are three budgets you need to have sorted out – but before we tell you more about the three budgets, we have here **seven rules of thumb** you should think about when making your budgets.

The seven rules of thumb for budgets:

- 1. If you have a sole entrepreneurship you need to remember to include your private finances, as the bank doesn't want to see them separated (yet).*
- 2. Get an accountant to go over your budget if you are unsure about anything.*
- 3. Expenses for water, heat, and electricity must be included in the budget.*
- 4. If you have expenses for logistics or packaging in connection with the business, then these must be included in the budget.*
- 5. Halve your expected income for the first half year.*
- 6. Make sure to double the amount for unforeseen expenses – then you are prepared for them.*
- 7. Eventual expenses for inventory, storage, security, and materials must be included in the budget.*

#2 hack

Be on top of the budget

Know your startup costs

If you haven't started your business yet, it is incredibly important for the banks that you are on top of what it will cost to start the business up, as well as an estimate of when your business will begin to be profitable.

What is an establishment budget?

An establishment budget contains all the expenses you have in connection with establishing your business. With an establishment budget you can get an overview over what it costs to start your business.

A lot of expenses in an establishment budget are onetime expenses and as such only have to be paid once, for example office fixtures. However, some expenses can occur again if you for example upgrade your equipment.

An establishment budget contains:

1. Premises
2. Production equipment
3. Store inventory
4. Office inventory
5. Goods purchases
6. Car
7. Advisers
8. Marketing
9. Other expenses



The content depends on what kind of business you run, as well as what needs you have.

We have the template

We have an establishment budget our members can freely use, so they have an overview of what they need to consider.

#2 hack

Be on top of the budget

Know your operational costs

The second step in being on top of the budget is to know your operational costs – simply put what does it cost you to run the business. Some people misunderstand this and think that their business basically doesn't have any costs – and thereby make the mistake of not making a detailed operational budget.

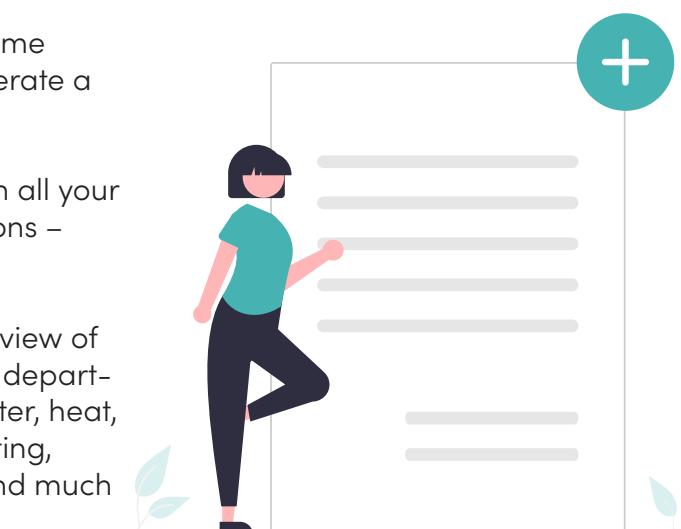
But what is an operational budget and which costs does it actually need contain?

What is an operational budget?

An operational budget gives you some insight into if your business will generate a profit over a certain time period.

An operational budget must contain all your expenses for the business's operations – hence 'operational budget'–

Here you need to have a clear overview of all the expenses for all the different departments in the business: pay, rent, water, heat, electricity, internet, phones, accounting, website, services, fuel, insurance, and much more.



In the operational budget you also must take into account all of the revenue there is from products and services, they therefore also have to be written into your operational budget. The revenue includes among other things sales of goods as well as inspection fees and fees. The operational budget shows you if you have profits or deficits once all your expenses for operations are paid.

We have the template

We have an operational budget template that our members can freely use, so they have an overview over the revenue and expenses in the business and thereby have an estimate of the future budget.

#2 hack

Be on top of the budget

Be on top of your liquidity

The third step is being on top of your liquidity in the business. If you know when the money goes into the account and when they will be withdrawn – then you have your finger on the business's pulse.

But what is a liquidity budget and what role does it play in your everyday life?



What is a liquidity budget?

Briefly put a liquidity budget is the economy of your business – what you expect to earn and what expenses you expect in a manageable document.

A document that should hopefully have a bunch of green (positive) numbers on the bottom-line.

If there is money in the account, then there is money to pay the bills.

The document will show you if your business has a good or bad liquidity, if your business is good or bad at paying its short-term expenses.

The liquidity budget can help improve your future actions from an economical standpoint.

If you already have established your business and have a turnover, then this budget is incredibly important to have, so the bank can see that you have a handle on the finances in your business.

We have the template

We have a liquidity budget template that our members can freely use, so they have an overview over their liquidity and through that can improve their economic decisions.

#2 hack

Be on top of the budget

Here you can find some bonus tips that can help you get an overview over your budgets.

Monthly budget

In a monthly budget you need to split your business's turnover and expenses that occur over a month. By putting the turnover and expenses up against each other, you can get to your business's profits in the month in question and thereby figure out how much you can withdraw for yourself. Regarding the expenses it is important that you take into account all the expenses – both the regular and irregular.

When you make the budget and have to give an estimate of what your turnover will be, you can compare to previous months. If your business is brand new and you therefore can't compare with a previous month, then you must try to give the most realistic estimate on what your turnover will be.

Yearly budget

In your yearly budget you must input your business's regular and irregular expenses and turnover for a whole year. You can make the budget based on your business's accounts from the year before. The yearly budget gives a great overview and is what the banks want to look at.

The balance

The balance gives an overview over the value of your business's assets and liabilities. The assets in a business are what the business has of value and that can in principle be sold and converted to money.

It can for example be stock, cars, real estate, machines for production, securities, deeds, and more.

The liabilities in your business consist of raising capital, and can be split up into own capital, Provisions as well as debt obligations. Passives can for example be VAT, bank debt, primary taxes, and more.

When you have to calculate assets and liabilities, it is important that they match and give the same amount. If this is not the case, then there has been a mistake in the accounting, and it has to be done again.

Example: Liabilities can be VAT, bank debt, and primary taxes, and more. When you have to calculate assets and liabilities it is important that they match and give the same amount.

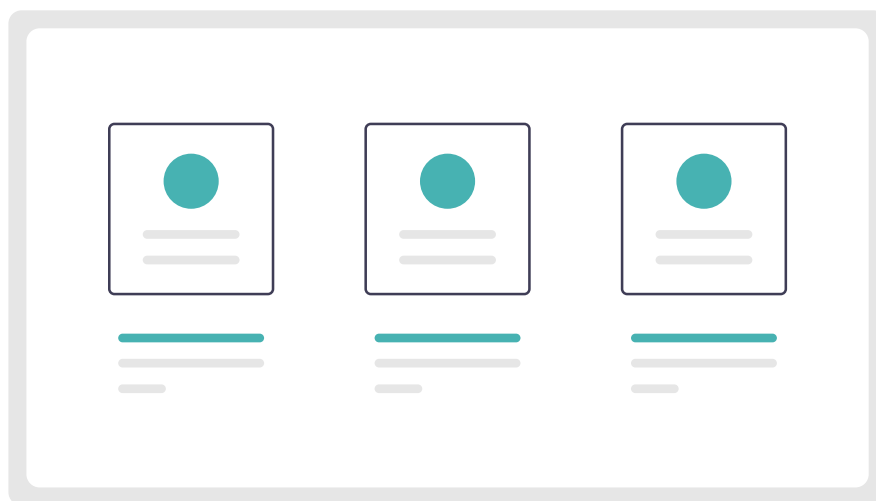
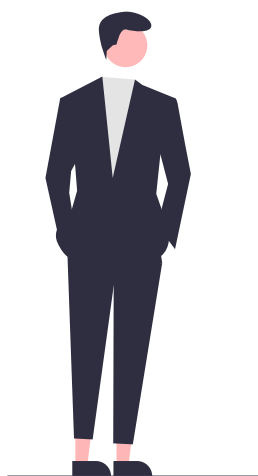
#3 hack

Nail the elevator pitch

The third hack for getting a business account is that you need to be on top of your elevator pitch. You might know about a pitch from Shark Tank or the Danish version Løvens Hule, but what is an elevator pitch really?

It is called an elevator pitch because you have to be able to complete your pitch in the time of an elevator ride. The elevator pitch is therefore a short and precise presentation of what your business does, what value your business creates for the consumer, which needs your business covers for the consumer, and potentially how your business differentiates itself from competitors.

If you get asked what you do, then you can without hesitation present your business in a short and precise way, assuming you are on top of your elevator pitch. By having a good handle on the elevator pitch, you avoid being in a situation where you have a hard time explaining what your business does.



If you are looking for investments, or have plans to do so, then we have a pitch-deck tool our members can freely use.

#4 hack

Avoid overdrafting

Our last hack for getting a business account is, avoid overdrafting!

It sounds weird because of course you try as hard as you can to avoid overdrafting, as no one wants to be in the minus on their account. But when you apply for a business account, then the bank will check your private finances to see if you overdraw your account (and how frequently).

Overdrafting can be a clear indicator that you don't have a handle on your liquidity, which was covered a bit further up in the e-book (page 9).



THE END

You are now ready to apply

Now you have gotten our 4 hacks for getting a business account. It is not a magical guide for how to EASILY get a business account.

On the contrary it is some tips for how to make some preparations, as we from experience know that these points are ones that the banks care about when they evaluate whether they want to have you as a business customer.

Below we have made an overview of some guiding prices for a business account with different banks. It is not a complete list with every single bank, but just what we have 'sniffed out' through thousands of conversations we have had with entrepreneurs.

Business bank account overview with 1 account - Startup Central						
These prices are but guidelines. Last updated 1st of January 2022.						
Bank	Starter price	Payment rate (pr. yr)	Rate (kr.)	Yearly expenses	Price 1st year	Wait time
Lunar	0 kr.	1	2.450 kr.	2.450 kr.	2.450 kr.	ca. 3 uger
Danske Bank	4.000 kr.	12	279 kr.	3.348 kr.	7.348 kr.	ca. 3 uger
Danske Bank (privat)	2.000 kr.	12	140 kr.	1.680 kr.	3.680 kr.	ca. 3 uger
Nordea	4.800 kr.	12	95 kr.	1.140 kr.	5.940 kr.	ca. 3 uger
Nordea (privat)	2.400 kr.	12	95 kr.	1.140 kr.	3.540 kr.	ca. 3 uger
Nykredit	3.000 kr.	12	119 kr.	1.428 kr.	4.428 kr.	ca. 3 uger
Sparekassen Kronjylland	4.000 kr.	12	125 kr.	1.500 kr.	5.500 kr.	ca. 3 uger
Sparekassen Fyn/Sjælland	2.500 kr.	4	800 kr.	3.200 kr.	5.700 kr.	ca. 3 uger
Jyske Bank	500 kr.	12	250 kr.	3.000 kr.	3.500 kr.	ca. 3 uger
Revolut	0 kr.	12	200 kr.	2.400 kr.	2.400 kr.	ca. 1 uge
N26	0 kr.	12	36 kr.	432 kr.	432 kr.	ca. 1 uge
Sydbank	3.895 kr.	12	155 kr.	1.860 kr.	5.755 kr.	ca. 3 uger
Sydbank (privat)	1.295 kr.	12	115 kr.	1.380 kr.	2.675 kr.	ca. 3 uger
Arbejdernes Landsbank	3.000 kr.	12	250 kr.	3.000 kr.	6.000 kr.	ca. 3 uger
Stadil Sparekasse	1.000 kr.	1	13 kr.	13 kr.	1.013 kr.	ca. 3 uger
Nordfyns Bank	2.500 kr.	4	1.750 kr.	7.000 kr.	9.500 kr.	ca. 3 uger
Ringkjøbing Landbobank	0 kr.	1	350 kr.	350 kr.	350 kr.	ca. 1 uge

NB! The colored columns are foreign neo banks. This means that you manually have to set up the Danish NemKonto on your account.

The price depends on the collected range of business and the risk assessment made by the individual banks.

If you are a private customer (often a standard requirement) in the bank you create a business account with, you often will have more negotiation leverage.

Good luck with your application.

Best rocket-regards,
Team Startup Central

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