

A Checklist for Foreign Companies Opening a Bank Account in the United States



Kirthi Mani, Principal, Global
Advisory & Outsourcing



For a foreign company establishing business operations in the United States, is there a right way to open a bank account? Consider the what, why, when, where, and how.

What do you want from the banking relationship?

A bank that offers tailored services to support your specific business needs can be a game-changer. Your banking relationship should go beyond providing transactional activities and lending options to offer you the support, services, and flexibility you need to help your business grow. Convenience and security are crucial, especially if your company leadership is located outside the United States.

When choosing a bank, consider its experience and resources. Banks with specialized financial teams that regularly work with various business models, growth plans, and operational challenges can offer valuable insights. Your banking professional can also be a significant resource for client referrals, warm leads, and networking opportunities. Additionally, your bank may offer tools and services to help streamline your business operations, such as integrating with your accounting software, restructuring payroll and bill payments, improving cash flow management, and aligning your banking and tax goals.



Why you might need a bank account in the United States

There are many reasons why you may need a U.S. bank account. Consider the following:

1. Will you need assistance with investments or business loans? This could include asset management or a high-yield savings accounts. Eligibility for select federal government programs require a company to have a U.S. bank account in place for two years.
2. Will you need a line of credit? If your business has not been operating long enough in the United States to establish credit or has a low credit score, it could be difficult to secure credit lines or business loans.
3. Do you require merchant services, financial consulting, or notary assistance? For example, you may need the assistance of a notary public if you are a retail business. While renewing local businesses tax licenses, you will be required to provide your investor and sales valuations, which must be notarized.

4. How often will you visit the bank? For example, will you need to withdraw cash regularly, have access to ATMs, access a safety deposit box, or need bank-certified checks?
5. Do you need to process U.S. payroll? Nearly all U.S. payroll providers require a U.S. bank account to process U.S. payroll.

If the only reason you need a U.S. bank account is to collect payments from your U.S. customers, there are other convenient options, like alternative payment methods (APMs).

APMs can be categorized as any form of payment that is not cash or a credit card issued by a major bank, such as PayPal.

Additionally, the cloud-based Payments-as-a-Service (PaaS) model allows businesses to utilize various payment options through a single interface, whether consumers are using prepaid debit cards, global bank transfers, international APMs, or local APMs.

Where should your U.S. bank account be located?

When establishing business operations in the United States, investors typically look to open an account with a brick-and-mortar U.S. bank. However, in cases where establishing that type of account may be especially challenging or where your company does not have a significant need for a traditional banking platform, you may find it worthwhile to consider certain banking alternatives.

- **In your home country** — If you sell to the United States or pay suppliers in U.S. dollars (USD), opening a foreign currency/USD account with a local bank in your home country could be an option. A foreign currency account allows you to send and receive funds in multiple currencies, and you could save time (due to streamlined bank transfers) and money (by avoiding short-term currency fluctuations and high fees).

You can also open a merchant account, which links your customers' bank accounts and your company's bank account in order to process electronic payments, including credit card transactions.

- **Online** — Millions of people in the United States use mobile banking. Online banks tend to offer lower fees and higher interest rates on deposit accounts, because they do not incur costs to open and operate a network of physical branches. Like most brick and mortar banks, many online



banks are insured by the U.S. Federal Deposit Insurance Corporation (FDIC). Before engaging with a bank, use the FDIC's online database [BankFind](#) to make sure you are working with a legitimate FDIC-insured bank.

- **Multi-currency digital bank accounts** — These digital accounts are offered by both bank and non-bank services and are available in multiple currencies, including USD. Fees under this option may be less than the fees for currency exchange services charged by most players in the online marketplace.

When should you apply for a U.S. business bank account, and how long will the process take?

- The first step is to create a U.S. entity at the state level. This procedure is generally straightforward and completed documents can be processed within 24 to 48 hours.
- Once the entity is formed, you must file for a Federal Employer Identification Number (FEIN) (Form SS-4). This is the number you will use on your federal tax return. If the company officer who signs Form SS-4 is a U.S. citizen, you can apply for and obtain an FEIN immediately. If not, it could take two to three weeks.
- Once your FEIN is received, you can apply for a U.S. bank account.
- A bank account normally takes around three weeks to open, and in some cases requires an in-person meeting with the bank. A U.S. officer of the business, as designated in company documents, typically attends these meetings and has the authority to make decisions regarding a bank account.

How does a non-U.S. company open a bank account in the United States?

Banks undergo extensive customer due diligence procedures, not only to comply with anti-money laundering and anti-terrorism requirements, but also to guard against reputational, operational, legal, and concentration risks.

The Financial Crimes Enforcement Network (FinCEN) issued "[Customer Due Diligence Requirements for Financial Institutions](#)" (the CDD Rule) in 2018 to amend the Bank Secrecy Act regulations. Under the CDD rule, financial institutions act almost as proxies for law enforcement. Banks must now collect information on client companies' beneficial owners and provide it to law enforcement agencies upon request.

Consider this representative list of documents you may need.

- **FEIN confirmation letter** — An FEIN confirmation letter (or Form SS-4) is required by banks for tax reporting purposes.

- **Corporate documents** — As proof of your entity's creation and how it will operate and conduct its business, required documents may include Articles of Incorporation or Certificate of Incorporation, operating agreements, organizational minutes and bylaws, Certificates of Good Standing, or Certificates of Incumbency.
- **Beneficial ownership information** — Banks must identify any individual who owns 25 percent or more of a legal entity, and any individual who controls the legal entity.
- **Photo identification** — Banks generally require two forms of identification for the beneficial owners and the company representative opening the account; at least one of these must have a photo.
- **Proof of address** — Banks require the company representative to submit a personal proof of address. Foreign bank account statements are usually preferred, although utility bills may also be accepted.
- **U.S. business address** — Most U.S. banks will not open a business account without a physical [U.S. address](#). However, banks may accept the street address of a registered agent or a virtual mailbox service, especially if your business is one in which having a physical branch is impractical (such as purely online sales).

Watch for common pitfalls when opening a U.S. bank account

- **Incorrect or missing information** — This can delay the account opening process by weeks. Communicate with your bank to understand exactly what you need to provide.
- **Check-signing authorities** — Will your checks require one signature or two? Is this for all checks or only for amounts over a specified dollar limit? Set up a system of internal controls and make these decisions before opening your account.
- **DBA versus legal name** — Printing a doing-business-as (DBA) name instead of your company's legal name on checks could pose a problem. Due to increasing online banking fraud, most credit card merchant processors are required to match the entity's legal name to the one on the check.
- **Apostille requirements** — An Apostille is a specialized certificate that verifies a document as legitimate and authentic so it will be accepted in countries that are members of the Hague Convention Treaty. This is not a typical requirement but may arise in specific cases.
- **Minimum deposit** — As this may vary from bank to bank, it is good to verify your bank's minimum deposit requirements for foreign clients.

Whether you are thinking of starting a business, are in the early stages of launching a startup, or have been running a business for several years in the United States, look for a bank that meets the specific needs of your company — not just in the short-term, but for years to come.

About CliftonLarsonAllen

CliftonLarsonAllen exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services. A member firm of the Nexia International network, CliftonLarsonAllen acts as a one-stop-shop, providing Global Concierge Services for our clients. With 7,400 people and more than 120 U.S. locations, we promise to know you and help you. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Disclaimer

This chapter was prepared by Kirthi Mani with CliftonLarsonAllen. Views expressed in this chapter are the author's own, not that of the International Trade Administration. This chapter does not constitute legal advice. Readers interested in investing in the United States should consult legal counsel.

