



Accelerating Your Neobank Launch

From planning to accepting deposits,
how to get to market fast.

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Introduction

So you want to become a neobank, and you've done the hard work of designing your product — you have identified your target audience and value propositions, mapped out your revenue model, developed an expert understanding of the laws and regulations applicable to your offering — and now you need to know how to make your plans a reality by plugging into the chartered banking infrastructure in the U.S. You've come to the right place.

In this guide you will learn how to prepare your organization to efficiently launch a neobank via embedded banking.

Included in this guide:

- WHAT TO EXPECT DURING THE IMPLEMENTATION PROCESS
- HOW TO SELECT THE RIGHT BAAS PARTNER AND BANK PARTNER
- HOW TO PREPARE FOR THE BANK DUE DILIGENCE PROCESS
- COMMON PITFALLS TO AVOID FOR A QUICK IMPLEMENTATION
- PROJECT MILESTONES

Note: This guide takes neobank leaders through the process of setting up a neobank via embedded banking. It does not advise readers on the business aspects of designing a neobank offering such as [feature set](#), [economics](#), and marketing. This guide is informational only and does not purport to serve as legal advice.

To become a neobank, you need to partner with a bank

If you are not already a bank with a charter, you will need to partner with a bank if you want to offer deposit products and services to end customers. There are several ways to structure bank partnerships. We've listed the most common methods below:

Two ways to become a neobank:

1. Direct-to-bank

Partnering directly with a bank that will enable your neobank to connect to its system of record. The bank supplies the technology and systems.

2. Embedded banking software

Partnering with a bank and a third-party embedded banking platform that will enable your neobank to connect to the bank's system of record. The [embedded banking platform](#) provides the technology and systems.

For most neobanks, the embedded banking software route is generally the most efficient and cost-effective method to go live. This guide focuses on the steps needed to launch a neobank using embedded banking software.

You can learn more about the differences between going direct-to-bank and embedded banking in the table below and on our blog [here](#).

	TREASURY PRIME	DIRECT TO BANK
ENGINEERING EFFORT	Small	Large
SPEED TO MARKET	6 - 8 weeks	Up to 12+ Months
SETUP COSTS	Lower cost for implementation and project management	Higher cost for implementation and project management
TECHNOLOGY	Modern API with continuous development of best-in-class features	Legacy core banking systems with slower development timelines
SCALABILITY	Multi-bank platform on single API that adapts and scales to your business's growth	Limited to banking partner's capabilities or build on a new bank's core from scratch
COMPLIANCE	Compliance experience and toolkit leveraging pre-integrated vendors upon approval from bank partner	Compliance tools and infrastructure set by banking partner
KYC	Criteria customized to fintech's end-users for optimal user experience	Potential for one-size-fits-all criteria determined by bank
BUSINESS CONTINUITY	Multi-bank network mitigates risk: never outgrow your bank's deposit capacity by easily adding banks with OneKey Banking	Heightened risk with entire tech stack linked to a single bank
VENDOR INTEGRATIONS	Pre-integrated vendor partnerships using our Partner Marketplace or bring your own	Often a single option or may need to create separate workflows to build integrations
CUSTOMER SUPPORT	Dedicated Treasury Prime implementation manager and account manager , along with a direct point-of-contact at the bank	Bank's support team
PRODUCT LINE UP	Mix-and-match available features using our multi-bank network	Limited to a single bank's capabilities



Phase 1: Preparation

1. Select the Right BaaS Partner

2. Bank Introductions

Pick a BaaS partner, bank introductions, prepare for due diligence, test in sandbox

In the first phase of your neobank implementation journey you will be preparing for your bank partnership. This phase is critical to ensuring a smooth and efficient implementation as you'll use this time to select the right partners, align on your requirements, prepare for the bank due diligence process, and begin building your UI. Alignment with your partners is critical here as changes to your requirements can lead to delays down the road.

Finding an experienced BaaS partner can help greatly during the preparation phase. You'll want to ensure you select a BaaS partner with not only the experience, but also the technology and compliance methodology that fit your neobank's requirements. In this phase, the BaaS platform will help you select the right bank partner to fit your needs. Note that this is only the case if the BaaS platform facilitates direct relationships between neobanks and sponsor banks, which is [an important aspect of fintech bank partnerships](#).

1. Select the right BaaS partner for your business needs

Your first step in this process will be to select a BaaS partner that fits your business needs. We advise taking the time to select a partner that can scale with your business. Check out this [blog post](#) for ten questions you should ask your BaaS provider before entering into a BaaS partnership. The following best practices will help you identify the right BaaS platform for your neobank.

☐ Check for neobank-essential features:

Ask the BaaS provider if they support the following features.

- > FDIC insured [bank accounts](#) with unique account numbers
- > [Payment rails](#): [ACH](#), same-day ACH, wires
- > Account funding: account funding via ACH, debit card
- > Monthly statements

☐ Check for nice to have features:

These features are likely not required for your MVP, but if they are on your roadmap, we advise checking if the BaaS provider supports them.

- > Checks, remote deposit capture (RDC)
- > [International wires](#)
- > [Debit cards](#): issuing, program management, premium cards

❑ Check for essential-for-scale features

If you plan to support large deposit volumes, inquire with the BaaS provider about the following features:

- > Additional Deposit Capacity
 - Ask the BaaS vendors what your options are for adding deposit capacity if your neobank exceeds its deposit capacity at its first sponsor bank
- > Additional FDIC insurance coverage

NEOBANK ESSENTIAL FEATURES

FDIC INSURED BANK ACCOUNTS	ACCOUNT FUNDING
PAYMENT RAILS	MONTHLY STATEMENTS

BONUS

CHECKS	INTERNATIONAL WIRES
RDC	DEBIT CARDS
MORE DEPOSIT CAPACITY	MORE FDIC INSURANCE COVERAGE



Good to know: *Treasury Prime customers can add deposit capacity by adding a new bank to their programs with OneKey Banking. This obviates the need to switch sponsor banks as your program scales.*



Spotlight on account funding:

Submitting one's bank account and routing number is no longer the only method to fund a bank account. New account funding methods including ACH pull via Plaid and instant debit card funding via Astra provide user-friendly methods to make the initial transfer of funds into a bank account. Treasury Prime customers have the option to offer either of these services to their clients.

❑ **Check technical availability:**

Are the features you want available via the BaaS platform's API, natively integrated partners, or non-integrated partners? Be sure to ask how the feature availability will impact your implementation and the experience of your customers.

❑ **Check for neobank-essential features:**

One thing to note is that many banking features must be enabled by both the BaaS platform and the sponsor bank. It is thus possible that a bank might not support all your requested features. We recommend preparing a roadmap of the features you'd like to deploy in your MVP and subsequent phases of development and use it as a reference when vetting BaaS platforms and banks.

To ensure the BaaS platform has relationships with sponsor banks that can support your feature set, be sure to ask the BaaS provider the following questions at this stage:

- > Are all the features I want to make available to customers available at one bank?
- > If the features are not available at just one bank, how does the platform handle working with multiple banks?
- > If I must work with multiple banks will I be required to manage multiple ledgers?



Tip: You can get to market and revenue fastest by launching with an MVP and adding on additional products later. We recommend creating a list of must-have vs. nice-to-have features. At Treasury Prime, we generally advise founders to go to market with an MVP composed of bank accounts, ACH, and wires.

□ Inquire about onboarding and compliance

Onboarding is one of the very first interactions a customer has with your company and is deeply entwined with compliance. The Know Your Customer (KYC) check, which is the process of verifying the client's identity when opening an account, is one of the pillars of regulatory compliance. KYC is executed during the onboarding process, and can impact your customers' experience with your business.

Here are some questions to ask your BaaS provider about compliance at this stage:

- > How do you handle compliance and onboarding?
- > Can I create a custom KYC onboarding experience (waterfall) tailored to my customers?
- > How are manual reviews handled?
- > Can I handle my own manual reviews?
- > How long does it take to execute manual reviews?
- > How are manual reviews handled outside of normal business hours?
- > Beyond KYC, are there disclosures I need to work with the Bank on to display to end customers?

□ Ask for customer references

Selecting a BaaS provider is one of the ***most important decisions*** you'll make. Get a sense of what it's like to work with a platform by asking for customer references and reading case studies.



Spotlight on feature availability through multiple banks: *A problem you might face is finding a bank partner that supports the entire range of features you want to offer in your product. At Treasury Prime, customers can use [OneKey Banking](#) to develop a wider range of products with multiple banks using a single technology integration and ledger.*

2. Pick the right bank partner for your business needs

In this phase, the BaaS provider will introduce you to potential bank partners that may fit your neobank's requirements. In these meetings, both you and the sponsor bank will try to determine if your goals, compliance plans, and requirements align in a way that will yield a mutually beneficial partnership.

Selecting the right bank partner is yet another mission-critical decision, so you will want to be able to clearly articulate your elevator pitch and business plan, and arrive at the meetings prepared with questions. We find that entering these meetings with a desire to sell your vision and a willingness to collaborate with the bank helps speed the process of finding the right partner.

To ensure the most efficient meetings, we recommend preparing the following before you meet with banks:

☐ Pitch deck to explain your business plan to the bank

The bank needs to be able to understand your business in order to evaluate your suitability as a potential partner. Be prepared to describe your business model, financials including funding, customer geographies, and more in detail. To ensure a productive meeting the deck should include the following elements:

- > Overview of your neobank business
- > Current activity (if live)
- > Roadmap with MVP and phase II projects (this can be organized as a list of need to have vs. nice to have)
- > Timing
- > Financials including revenue source, projections, cash flow, and funding
- > Customer acquisition and growth plan
- > Usage projections such as bank accounts, payments, etc.
- > Customer profile and geographies
- > Flow of funds



Spotlight on direct bank relationships: *not all BaaS providers will introduce neobanks directly to sponsor banks. Be sure to ask if you will have the ability to have a direct relationship with your sponsor bank. Check out [this blog](#) post for more information about the benefits of a direct relationship with your sponsor bank.*

□ Questions for the bank

Selecting the right bank partner is one of the most important decisions your company will make. Not all banks are the same, so you'll want to find one that aligns with your goals and operating style. We recommend asking these questions during your meetings with banks:

- > How many fintechs do you have live?
- > How long did it take to get them live?
- > What were some of the challenges going live?
- > What kind of fintechs are you looking for?
- > What is your ideal depositor profile?
- > What's your ideal customer/fintech partner profile?
- > How fast are you trying to grow with respect to deposits?
- > How hands-on are you typically with fintech clients?
- > How do you prefer to handle transaction monitoring, KYC?

□ An ideal customer onboarding process

While a finalized onboarding process is not required at this stage, it helps greatly to enter conversations with potential bank partners having done some research about KYC requirements and having a rough idea of how you would like to manage onboarding. Expect the bank to ask you how you plan to handle KYC and manual reviews.



Spotlight on KYC: Treasury Prime offers a native integration with the identity decisioning platform, Alloy, for KYC. KYC requirements are gathered during the account application process and automatically shared with Alloy. If the application passes, the account is opened in seconds. Applications flagged for manual review can be decisioned by you in the Alloy dashboard.

□ **Research on transaction monitoring**

Transaction monitoring is the practice of monitoring a customer's transactions to detect potentially suspicious activity based on deviations from anticipated behavior of users. Most transaction monitoring tools are automated software solutions that generate alerts based on preconfigured rules aimed to identify suspicious activity. Similar to onboarding, while you do not need a firm transaction monitoring plan at this stage, be prepared to discuss how you can collaborate with the bank in this area. Entering these conversations aware of [BSA/AML laws](#) and the role your organization will play to help your bank partner maintain regulatory compliance will ensure a fruitful meeting.

Keep in mind that some banks prefer to handle transaction monitoring, while others prefer it to be a joint effort. We see great partnerships born when neobanks approach this conversation open to collaborating with the bank on transaction monitoring.

Check out these resources to learn more about BSA/AML regulations:

- > [How are Neobanks Regulated?](#) — Treasury Prime
- > [Bank Secrecy Act](#) — Office of the Comptroller of the Currency
- > [A history of the Bank Secrecy Act](#) — FDIC
- > [The Treasury Prime Fintech Fraud Best Practices guide](#)
- > [The Fraud Fighters Manual](#) — Unit21

□ **Prepare for bank due diligence**

Due diligence is an element of onboarding that can slow a neobank implementation as gathering the required documents and policies and procedures for the bank can sometimes be a lengthy process. We recommend preparing for the due diligence process as early as possible to ensure an efficient implementation.



Tip: Get a head start by using our [due diligence checklist](#). This resource guides you through the materials you should be prepared to produce during the due diligence process. Note that the exact documents required by your sponsor bank may differ from those listed in the checklist.

□ Test API in sandbox environment

It's never too early to start testing the API in the sandbox, if made available by the BaaS platform. Be sure to test the critical features you wish to include in your neobank. If testing in the Treasury Prime sandbox, we recommend testing the following functionality:

- > Account opening — [Apply API](#): Person Application endpoint, Business Application endpoint
- > Payments: [Create an ACH](#), [Create a Wire Transfer](#)
- > [Card issuing](#)

□ Start building your front end

You'll want to ensure you're done building your front end by the time the technical work on the implementation is completed. For a speedy launch, we recommend starting work on your front end as early as possible.



Spotlight on compliance: *As of the publication of this guide, neobanks are not directly regulated. Despite this, we strongly encourage all neobanks to create robust compliance policies and procedures to protect their customers and their business. While your sponsor bank is the regulated financial institution and ultimately the entity currently subject to regulatory oversight, collaborating with your bank partner on regulatory compliance can confer the following business benefits:*

- > **Smooth onboarding** — *screening bad actors out and letting legitimate applications pass*
- > **Preventing business disruptions** *such as those caused by regulatory action or being kicked out of the sponsor bank*
- > **Maintain a good reputation** — *ensuring your platform does not become a vector for money laundering, fraud, tax evasion, or terrorist financing*
- > **Maintain customer trust**
 - *Protect your customers by stopping bad actors from accessing your ecosystem*
 - *Prevent identity fraud, transaction fraud*



Phase 2: BaaS platform MSA

-
1. Sign the BaaS platform MSA
-
2. Work through the bank due diligence process
-
3. Continue working on your front end
-
4. Continue testing the API in sandbox

Finalize agreement on MSA, bank due diligence

You've now identified the BaaS platform you would like to work with, and have been presented with the master services agreement (MSA). You have also selected a bank partner that fits your neobank's requirements. The sponsor bank will present you with its due diligence requirements, which you must complete before your neobank goes live. During this phase, you'll spend time reviewing and signing the BaaS platform MSA as well as working through the bank due diligence requirements.

Keep your neobank project on track by executing the following:

- ☐ **Sign the BaaS platform MSA**

You want to make sure the MSA is aligned to your goals, so reviewing is a necessity. Be aware that redlining can add time to your implementation process.

- ☐ **Work through the bank due diligence process**

Each sponsor bank has their own due diligence requirements. At this stage you will have received the requirements for your sponsor bank's due diligence process. You will likely work through due diligence requirements until shortly before your program goes live. Keep in mind that the due diligence process is notorious for slowing the implementation process, but you can avoid unnecessary delays by getting a head start gathering your documentation. See our general [due diligence checklist](#) here. If this is your first time going through a bank due diligence process consider hiring a compliance consultant.

- ☐ **Continue working on your front end**

- ☐ **Continue testing the API in sandbox**

At this stage your BaaS partner will likely give you an implementation guide for technical stakeholders which will help your team understand the scope of work. Test the API calls mentioned in the guide. If you decide to work with Treasury Prime, you will receive the Treasury Prime Integration Guide which details the technical journey and division of labor regarding your program.



Tip: *Submit all due diligence requirements at once to prevent delays.*



Phase 3: Kickoff and Implementation

Formal project kickoff

Sign bank partner MSA

KYC & transaction monitoring setup

Attend weekly implementation meetings

Complete building your front end

Project kickoff, bank partner MSA

After signing the BaaS platform MSA your neobank project will officially kick off! You will work with an implementation manager who will ensure your team and the sponsor bank's team are moving in tandem. At this time you will also set up your KYC and transaction monitoring processes.

In this phase you will complete the following:

☐ **Formal project kickoff with the BaaS platform and bank partner**

After you sign the MSA with your BaaS partner, you will be assigned an implementation manager who will be responsible for leading your implementation project. The implementation manager will hold an official kickoff meeting during which you will review:

- > Project scope
- > Products being implemented
- > KYC
- > Production testing
- > Roles and responsibilities
- > Project timeline

Both your team and the sponsor bank's team will attend this project kickoff. If your MVP includes debit cards, the timeline for cards will be discussed at this time.

☐ **Sign bank partner MSA**

As with the BaaS platform MSA, you'll want to review this contract carefully. Keep in mind that redlining can add time to the implementation process.



Tip: *To expedite the contract review process, ensure both you and your counsel are available to respond to requests.*

☐ **KYC & transaction monitoring setup**

Ensure your KYC and transaction monitoring programs are set up during this phase. If accessing KYC and transaction monitoring through your BaaS provider, your implementation manager will guide you through the process to set up your instances. If managing your vendors independently of the BaaS provider, ensure you're maintaining clear lines of communication with your bank partner on your choice of vendor, how you're going to execute the checks, and the access they'll have to the data.

☐ **Attend weekly implementation meetings**

Your implementation manager will schedule weekly implementation meetings to ensure the project progresses according to plan. These meetings are an opportunity for the three parties (your organization, the sponsor bank, and BaaS platform) to ask questions and resolve issues before they become roadblocks. Attending these meetings can help ensure the project progresses apace.

☐ **Complete building your front end**



Phase 4: Testing in Production

Partners prepare to go live

Enter the production environment, mint API keys

Test API in the production environment

Explore adding additional features

By now you've passed your sponsor bank's due diligence and have signed the bank MSA. Your front end is also complete, and you're almost ready to start onboarding customers — congratulations! In this last stage your partners will be busy putting the finishing touches on your implementation and then you'll spend some time testing the API in the production environment before going live.

The final steps of the implementation process include:

☐ **Partners preparing to go live**

During the last few days of the implementation your partners will be hard at work finishing tasks that need to be completed to launch your program. Soon after you sign the bank MSA, your sponsor bank will open the bank accounts required for your program. The BaaS platform will then ensure API calls can be made to those accounts.

☐ **Enter the production environment, mint API keys**

When the technical implementation is complete, you will be invited to the production environment. If using Treasury Prime, you will be invited to the production Developer Dashboard where you will be able to mint API keys and invite your team. We recommend that Treasury Prime customers onboard their teams to the Developer Dashboard as soon as possible.

☐ **Test API in the production environment**

As a best practice we recommend testing in the production environment before going live. Similar to testing in sandbox, we recommend testing API calls relevant to your product to test expectations about funds flow and production data. At a minimum you should test the following:

- > Account opening: [Apply API](#) and KYC
- > Payments: [Create an ACH](#), [Create a Wire Transfer](#)
- > Webhooks: [Webhooks](#) allow the Treasury Prime API to notify your application when certain events occur
- > Issue cards: [Card API](#), [Card Controls](#) (if part of the MVP)

☐ **Explore adding additional features**

Now that you have successfully navigated your neobank implementation, it's a great time to start exploring additional features to add to your program.

Below you'll find a list of features that are commonly requested by Treasury Prime customers.

- > **Enhanced FDIC Insurance** — collaborate with your sponsor bank to extend FDIC insurance from \$250k to tens of millions for each end user account
- > **Adding an additional bank partner with OneKey Banking** — OneKey Banking is a multibank product that enables neobanks to add additional bank partners to their programs. With OneKey Banking you can add additional banks for deposit capacity, risk management, or feature access — all while managing just one technical integration and one ledger. OneKey Banking gives neobanks the convenience of working with multiple banks, but the simplicity of working with just one bank.
- > **Debit cards** — white label debit cards can be added if you are seeking [interchange revenue](#)

And there you have it.

Is it possible to launch a neobank quickly?

Absolutely!

With the right partners, a little bit of preparation, and a clearly defined MVP you can set yourself up for an accelerated launch.

It's worth emphasizing that the speed of your launch will be determined by the speed at which all three partners (you, the BaaS platform, the sponsor bank) move. Therefore if a quick launch is one of your goals, investing time up front to find the right partners with the right experience will pay dividends in the future.

If you still have questions or if you're ready to launch, [get in touch with our experts](#).



[TREASURYPRIME.COM](https://treasuryprime.com)

ABOUT TREASURY PRIME

Treasury Prime is an embedded banking software platform that connects companies to the largest network of reputable banks and product partners. Having led over 100 successful embedded banking implementations, Treasury Prime is the trusted partner of neobank founders seeking to launch quickly.

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