EXECUTIVE SUMMARY

Tangerine can win the one-person businesses Canada forms each year by removing their paperwork

Every fact comes from public sources; every recommendation is a hypothesis to test in week one.

Situation. Tangerine, Scotiabank's wholly owned digital bank, sells business savings only: a Canadian-dollar account at 2.10–2.70% and a US-dollar equivalent, and opening one requires a business chequing account at another institution plus a personal Tangerine profile first. A chequing launch reported for October 2026 changes that (date unsourced here; confirm it before relying on the sequencing below), and it arrives as Payments Canada's Real-Time Rail (instant account-to-account payments) goes live and Canada's consumer-driven banking regime opens its first data-sharing phase.

Complication. Scotiabank holds 17% of Canadian small-business relationships nationally, second to RBC at 19%; whether it leads the sub-five-employee band is unverified (week-one question 3). Four challengers — Relay, Float, Keep and Venn — have taken the workflow layer of cards, spend controls and cash-flow views; Relay alone administers USD 1.3bn of deposits for 150,000+ businesses at its partner bank. And switching is rare, so the contestable pool is the ~96,000 micro-businesses formed each year, not the ~650,000 already banking, most of which was formed in earlier years and has mandates in place.

The five judgements this briefing supports

#	Judgement	Supporting evidence	Implication for week one
1	**Win the account at incorporation, not at renewal**	~96,000 employer businesses form each year at 1–4 employees. One-person non-employer formations sit outside that count and are unsized	Distribution through registries, accounting software and payroll beats brand spend
2	**Give the account away and charge for the workflow tier above it**	Monzo charges £9/mo for Pro; Tide and Qonto sell tiered plans; Mettle is free and bundles FreeAgent accounting	Pricing architecture has to be settled before the October build freezes
3	**Year one buys the relationship at near-zero revenue; the P&L opens in year two** Year one = twelve months from the October 2026 launch.	Formation customers arrive with no balance or spend. As they trade, commercial-card interchange pays 2.00–2.35% against 0.77–1.45% consumer (1.4–3.1×). Conversion rate and timing decide the case	Confirm the card is issued on a commercial card range, not a consumer one
4	**Tax and bookkeeping are the job nobody does for Canadian micro-businesses**	Found, Lili, Mettle and Monzo Pro all lead on automatic tax set-aside and expense categorisation	A sales-tax (GST/HST) set-aside account and Canada Revenue Agency exports belong early in the roadmap
5	**Engine gives Tangerine Starling's core but has never shipped a business-entity model**	Ten-year Engine by Starling contract, Nov 2025. Its two publicly named live clients both launched retail	Establish what Engine models natively for business entities and what Tangerine must build

Where each competitor group stands today

	Big Five banks	Canadian challengers	Benchmark small-business banks	Tangerine today
Entry account	$5–13/mo. Four of five meter transactions; RBC alone offers unlimited electronic at $6	Free or low cost, entered through cards	Free and fully usable	**No chequing account at all**
Time to open	5–10 business days, often in branch	1–2 days, fully digital	Minutes to same day	Requires an account elsewhere first
Sole traders	Accepted with heavy documentation	Several are incorporation-only	Accepted on day one of self-employment	Not addressed
Tax and bookkeeping	None	Accounting sync, no tax logic	Automatic tax set-aside, bundled accounting	None
How it earns	Account and transaction fees	Card interchange and software fees	Deposit margin, commercial interchange, paid tier	Deposit spread only

Recommendation. Position Tangerine Business as **the account that does the paperwork**: free to open on the first day of self-employment, no requirement to bank elsewhere first, with automatic tax set-aside, expense categorisation and accounting sync early in the roadmap. Treat year one as acquisition at near-zero revenue, measured on accounts won at formation and time to first payment. Earn from commercial-card interchange and the paid tier as customers begin trading, and from deposit margin in year two. No monthly account fee. The five gating questions are on page 10.

Sources. tangerine.ca (Aug 2026). Innovation, Science and Economic Development Canada (ISED), *Key Small Business Statistics 2025*. Canadian Federation of Independent Business (CFIB) banking survey, 2022 series. Each page carries its own sources.

Formation, not switching, is where the pool is contestable: at least 96,000 employer starts a year

Canada has **1,099,521 employer businesses** (Innovation, Science and Economic Development Canada, *Key Small Business Statistics 2025*). Businesses with 1–4 employees are 59.1% of them. The 1–5 employee band this unit is aimed at is not a niche inside Canadian SME; by count it is most of it.

Size band (mutually exclusive)	Share of employer businesses	Implied count	Relevance
1–4 employees	59.1%	~650,000	The installed base. Sticky, which is why acquisition has to happen at formation. The owner is also the bookkeeper and payroll clerk
5–9 employees	18.2%	~200,000	The natural expansion band: same product, one more seat and an approval step
10 or more employees	22.7%	~250,000	Includes all businesses of 500+; where a relationship model still earns its cost
New formations each year	105,001 (2018–2022 average)	95,725 start at 1–4 employees	**The acquisition pool.** 91.2% of new businesses are born micro

Counts derived by applying ISED share percentages to the 1,099,521 employer-business base; the 5–9 share is the difference between the published 1–9 figure (77.3%) and the 1–4 figure. Non-employer and self-employed businesses are additional and are not sized here — see the data gap noted below.

Why the installed base is the wrong target

- **Switching is rare.** CFIB's 2022 survey, published March 2023, puts RBC at 19%, Scotiabank at 17%, TD at 16%, BMO at 9.4%, CIBC under 9% and credit unions at 13%. No bank moved more than about two percentage points across the four years between that survey and the one before it. Business current accounts are among the stickiest products a bank sells
- **Unhappy customers still stay.** Canadian small-business banking satisfaction fell for a second consecutive year, to 652 out of 1,000 on J.D. Power's index, with 60% of respondents classed as financially unhealthy. Owners under cash pressure do not spend a week re-papering mandates and pre-authorised debits
- **At formation nobody holds an advantage.** A business formed this month has no mandates to move, no accountant relationship to renegotiate and no integrations to rebuild. It chooses on how fast the account opens and whether it solves the tax problem the owner is about to acquire

→ **Distribute at the formation moment through business registries, accounting software, payroll providers and e-commerce platforms. At least 96,000 employer businesses start each year, plus an unsized one-person non-employer cohort; cut brand advertising aimed at the 650,000 that already bank somewhere.**

Two conditions that shape what can be sold in 2026–27

- **The segment is under cost pressure.** Inflation is the top concern for 54% of Canadian small businesses and tariffs appear for the first time at 40%. A proposition built on saving money and administrative time matches that; one built on premium features does not
- **Digital engagement predicts account value.** 80% of European micro, small and medium enterprise clients used digital banking at least monthly in 2024, and digitally active clients hold higher balances, transact more and churn less. Digital engagement removes the historic reason incumbents kept branch coverage on accounts this small, so build the launch on digital self-service and spend nothing on physical coverage. No equivalent Canadian series exists; commission one

> **Two data gaps to close in week one. (1)** The market-share series above is the last one published nationally and is now several years old; Scotiabank's lead in the sub-five-employee segment is load-bearing for this whole briefing and should be re-verified against current internal or purchased data. **(2)** The ~96,000 figure counts *employer*-business formations only. Sole proprietors and non-employer businesses are excluded from it, and they are precisely the cohort the day-one-eligibility proposition targets. Sizing them changes the acquisition target materially.

Sources. ISED, *Key Small Business Statistics 2025* (stock figures as of December 2024; formation average 2018–2022). CFIB National Banking, Financing and Payments survey, 2022 series published March 2023. J.D. Power 2025 Canada Small Business Banking Satisfaction Study (2,469 respondents, fielded Jun–Aug 2025). McKinsey, *Digital-led with a human touch: the next era in small-business banking*.

CANADIAN COMPETITIVE SET

No Canadian provider sells a free same-day account with tax and bookkeeping built in

Four of the Big Five sell a transaction-metered account designed for a business with staff and paper; RBC's Digital Choice at $6/mo is the exception. The challengers sell a workflow layer built on another institution's account. A 1–5 person business currently has no good primary operating account to choose.

Group A — the incumbent account

Bank	Entry business account	What a micro-business gets	Unmetered tier (monthly)
RBC	Digital Choice — $6/mo	Unlimited electronic transactions. The only Big Five entry account without a transaction cap, and the account Tangerine will actually be compared against	~$100
TD	Basic Business — $5/mo	Five transactions included, then $1.25 each. Forty transactions in a month costs $48.75	$125
BMO	Business Start — $6/mo	Seven transactions included	$120
CIBC	Flexible — $6/mo	No transactions included; $0.65 each	$65
Scotiabank	Basic Business — $12.95/mo	Fifteen transactions; fee waived at a $5,000 balance	$120

Fees as published by each bank and in comparison sources, 2026. Unmetered tiers are frequently waived against balance minimums running from $5,000 at the low end to $75,000 at the top — out of reach for a business of this size.

- **The Big Five take 5–10 business days to open an account,** and still frequently require a branch visit to verify identity, particularly for incorporated businesses and first-time owners. Complex cases take three to six weeks. Challenger platforms approve in one to two business days
- **Credit unions hold 12% in aggregate and over-index in the smallest businesses,** ahead of BMO and CIBC in that band. They compete on relationship coverage, which a digital-only proposition cannot copy — and they are the group most likely to lose customers to a free instant account
- **Scotiabank may lead the sub-five-employee segment; the national series puts it second.** If the parent does lead the band, Tangerine is targeting the segment its parent is strongest in, and the boundary has to be settled at group level before October scope is fixed. Verify the band first (week-one question 3). Not a marketing one

Group B — the Canadian challengers

Player	Disclosed scale	Entry point	What they do not cover
Relay (Toronto)	150,000+ small businesses; USD 1.3bn of deposits administered at its partner bank; USD 50m raised from General Catalyst, May 2026	Separate accounts for payroll, tax, income and operating expenses. Relay Capital lends $1k–$250k underwritten off account activity	Holds no deposit-taking licence of its own, so rate and lending capacity depend on the partner bank
Float	~4,000 customers (Canadian Lenders Association, Jun 2025); C$70m Series B led by Goldman Sachs, 2025	Corporate cards and expense management, now extending into a chequing account	Card-first, so weak for pre-revenue businesses and any business handling cash
Keep	~4,000 Canadian customers (Canadian Lenders Association, Jun 2025); C$108m raised, May 2025	Positions as an all-in-one platform for small business	Same card-led entry; thin on the behaviours that make an account primary
Venn	No disclosed customer count	Accounts in CAD, USD, GBP and EUR, 1% cashback, invoicing, two-way accounting sync	Multi-currency serves a small share of the segment; most 1–5 person Canadian businesses are single-currency

→ **Going free on a main brand re-prices the whole fee book, which is why NatWest launched its free business account under a separate brand, Mettle, rather than on the parent — the route Tangerine already occupies. The challengers cannot hold deposits on their own balance sheet, so they compete on workflow rather than on rate or credit capacity; Relay already administers USD 1.3bn at a partner bank and Float is extending into chequing. The opening is real but time-limited, because four other incumbents can copy the sub-brand route.**

Sources. Published fee schedules for RBC, TD, BMO, CIBC and Scotiabank business accounts, 2026. Relay press release and BetaKit coverage, May 2026. BetaKit and Fintech.ca coverage of Float and Keep funding, 2025. Venn product pages, 2026. Canadian Lenders Association, *Are fintechs winning Canada's business banking race?*

BENCHMARK SME BANKS

Every benchmark SME bank monetises the workflow, not the account

Bank and market	Disclosed scale and result	Model	The one thing to copy
Starling (UK)	FY26 revenue £887m and profit before tax £217m, a 24.5% margin and a fifth consecutive profitable year. 6.2m group accounts, of which ~400,000 are SME. 56% of SME customers use it as their main account. Ranked second of UK banks on the Competition and Markets Authority SME service-quality survey at 83% on the August 2026 survey. Net interest margin 4.12%	Holds its own licence and core. Deposit-led economics, with the SME loan book held at £222m	**Primary-account discipline.** Starling optimises for being the main account, not for account count
Tide (UK, India, Germany, France)	2m+ members globally (May 2026), of which ~900,000 UK. India is now the largest market. Revenue ~USD 225m in FY2023–24 with a ~USD 18m loss	Not a bank. An electronic-money and membership platform earning from subscription plans, marketplace and partner credit	**Sell the admin, not just the account.** Company formation, invoicing and tax services sit alongside banking
Qonto (8 EU markets)	600,000+ SMEs, freelancers and entrepreneurs (Sep 2025). ~2,300 employees, so roughly 260 customers per employee. Profitable since 2023	Started with micro-businesses and solo entrepreneurs, then widened. Heavy on invoicing, spend and accounting workflow	**Sequence upward.** Qonto earned the right to move up-market and never went the other way
Mettle (NatWest, UK)	Free. Bundles a FreeAgent accounting subscription at no cost and calculates tax liability in-app on a rolling basis	An incumbent's separate-brand digital challenger — the closest structural analogue to Tangerine inside Scotiabank	**Pay the customer's accounting bill.** Removing a line item beats connecting to software they already buy
Monzo Business (UK)	Lite is free; Pro costs £9 a month and adds tax pots, invoicing and accounting integration; Team sits above	A consumer bank extending into business off the same core and brand	**A two-tier ladder.** The free tier is fully usable; the paid tier is priced against admin time saved
Found and Lili (US)	Built for the self-employed. Automatic expense categorisation, real-time tax calculation, and automatic set-aside of a percentage of every deposit against quarterly tax. Lili extended to businesses of ~20 people in Jan 2026	Narrow-segment neobanks that monetise bookkeeping and tax; the account is free	**Automatic tax set-aside.** The feature all four self-employment specialists lead with
ANNA and Revolut Pro (UK, EU)	ANNA accepts trading names such as "Smith Plumbing" and runs three tiers. Revolut excludes sole traders from its main Business product and serves them through a separate product	Specialist plays built for one narrow segment	**Entity flexibility.** A sole trader is a different verification path, not a smaller company

> **The sequence Starling, Tide, Qonto, Mettle and Monzo ran.** All five ran the same four steps. First, a free or near-free account that opens on day one of self-employment. Second, a paid tier that sells administrative time back through tax, invoicing and bookkeeping. Third, revenue from deposit margin and card interchange. Fourth, credit — last, small, and underwritten off account data. None led with an interest rate and none led with lending.

- **Two viable models exist, and Tangerine's licence has already chosen one.** Starling and Monzo are licensed banks monetising the balance sheet: Starling turned £887m of revenue into £217m of profit. Tide and Qonto are platforms monetising subscription and marketplace; Tide's ~USD 225m of revenue produced a loss. As a licensed deposit-taker inside Scotiabank, Tangerine sits in the first model — which means the steady-state P&L is deposit-led. **The formation cohort arrives with no balance, so year one is acquisition spend against a year-two revenue line** — that timing gap is the case to argue internally
- **Cash acceptance splits the market.** Starling, Tide, Monzo and NatWest take cash deposits; Revolut, Mettle and ANNA do not. For Canadian trades, salons and food businesses in the 1–5 band, cash acceptance decides whether an account can be primary at all
- **Market-share claims are not comparable.** Starling reports about 10% of UK SMEs on ~400,000 accounts and Tide about 15% on ~900,000 members. Those imply different denominators, so treat account counts as the comparable figure and the percentages as each company's own framing

Sources. Starling Bank FY26 results and press release (year to 31 Mar 2026). Tide press release, 26 May 2026, and TPG investment announcement, Sep 2025. Qonto press materials, Sep 2025; Tracxn headcount, Apr 2026. Mettle, Monzo Business, Found, Lili, ANNA and Revolut product pages, 2026.

SEGMENTATION

Newly formed one-person businesses are the first-year target; practitioners and micro-employers are year two

Revenue and headcount bands group businesses that behave nothing alike: a sole proprietor selling handmade goods online and a five-person manufacturer sit in the same revenue bucket and share almost no needs. Qonto, Tide and Found all segment instead on how the owner works. The table below applies that to the 1–4 employee band.

Segment	Who they are	What they most need solved	Product that wins them	Balance, spend and cost to serve
Solo service (1 person)	Consultants, contractors, trades, creators. Often sole proprietors with no incorporation	Get paid, and avoid a tax bill they did not reserve for	Invoicing, automatic GST/HST and income-tax set-aside, expense categorisation	Low balances and low spend. Cheapest to serve if fully digital
Licensed solo practitioner	Doctors, dentists, lawyers, accountants. Incorporated, often professional corporations with trust obligations	Keep trust money separate from operating money and hand clean books to the accountant	Purpose-named accounts, restricted-purpose accounts, scoped accountant access	Real balances, predictable income, low attrition — but established practices, not formations
Micro-employer (2–5 staff)	Salons, cafes, small retail, small agencies. Incorporated, running payroll	Make payroll on time and know what is actually left	Payroll integration, cash-flow view, cash deposit, second cardholder, short-term working capital	The largest balances and card spend of the four segments, and the most support contacts
Platform-native seller	E-commerce, marketplace and app-economy sellers, often multi-channel	Match Stripe, Shopify, Square and marketplace payouts against one set of books	Native payout ingestion and reconciliation	Volatile balances, high transaction counts. Earns through interchange and FX

Formation is a stage every segment passes through, not a fifth segment. A newly incorporated dental corporation is both a formation-cohort customer and a licensed solo practitioner.

What the segmentation decides

- **It sets the verification paths.** Sole proprietors, professional corporations and multi-owner companies each need a different know-your-business flow with a different evidence burden. If the October build assumes an incorporated company with a single director, both the solo-service and licensed-practitioner segments are excluded at launch
- **It sets where the paid tier is priced.** Solo service and platform-native sellers will pay for time saved. Micro-employers will pay for payroll and cash-flow certainty. Businesses at formation will pay nothing at the moment they open, and should be charged nothing. The tier attaches when they start trading, so the conversion rate and its timing decide whether year one carries any revenue at all — size both in week one
- **It gives a defensible boundary with Scotiabank.** “Tangerine serves businesses where the owner does the books; Scotiabank serves businesses with a finance function” is a behavioural line. It still holds where both banks see the same five-person company, which a revenue threshold does not

→ **Target newly formed one-person businesses first, incorporated and unincorporated. The sized formation pool covers their incorporated members; the unincorporated one-person share is additional and unsized (page 2). The capability, pricing and staffing recommendations on pages 7, 8 and 10 already build for. Licensed practitioners and micro-employers hold better balances but are established businesses that do not switch, and serving them needs two capabilities October will not have: trust-account separation and cash acceptance. Make them the year-two expansion, and size both before committing.**

Positioning the unit around creators would acquire well and fund nothing

A creator-and-individual-entrepreneur framing is one candidate positioning for the unit. That works as acquisition narrative — it is culturally credible, it maps to Tangerine’s consumer brand it reaches the formation cohort. It does not carry a P&L: creators hold low balances, spend irregularly and are the most exposed to platform payout volatility. Build one product against the four behaviours above and run separate acquisition campaigns by segment. Test any segment proposal on three questions: expected operating balance, expected card spend, and cost to verify and serve.

Sources. McKinsey and Finacle SME banking segmentation research, 2026. Qonto, Tide and Found product positioning, 2026. Segment definitions and economics are the author’s hypothesis, not observed Tangerine data.

PLATFORM

Engine gives Tangerine Starling's core but has never shipped a business-entity model

In November 2025 Tangerine signed a **ten-year agreement with Engine by Starling**, the banking-platform arm of Starling Bank. It is Engine's largest contract to date and moves more than two million Tangerine clients onto a cloud-native, modular banking core delivered as software-as-a-service. The published scope covers digital onboarding, chequing, savings, overdrafts, debit cards and money-management tools.

Why this is an advantage

- **The core was built by Starling,** which runs ~400,000 SME accounts, ranks second of UK banks on the CMA SME service-quality survey and earned a 4.12% net interest margin in FY26. No other Canadian bank has licensed a core built by a top-performing SME challenger
- **Time to market is the stated rationale.** Tangerine's CEO described Engine as an end-to-end platform Tangerine can build on immediately; the alternative, building a business core inside Scotiabank's existing systems, is a multi-year programme
- **Engine needs Tangerine to succeed.** Engine reported £10.9m of revenue in FY26 against £70m of committed annual recurring revenue across four clients. Two are publicly named and live — Salt Bank in Romania and AMP Bank GO in Australia — and Tangerine is its North American reference account. As Engine's North American reference account, Tangerine should use week one to put the business-entity model at the top of Engine's roadmap

Three questions that decide October scope

Question	What specifically to establish	Why it decides scope
Business entity model	Does Engine natively model sole proprietorships, corporations, professional corporations, several signing officers and beneficial-ownership records — or does Tangerine wrap a business layer on top?	The published Engine scope reads as a retail product set, and both live clients launched retail. If entities are wrapped, verification, mandates and multi-owner approvals become Tangerine's build and the longest item on the critical path
Several accounts per business	Can one business hold an arbitrary number of purpose-named accounts?	This is the core of Relay's proposition. Without it, the cash-flow-clarity claim cannot be made
Third-party integration model	What are the API and event models for attaching accounting sync, invoicing, tax logic and payout ingestion?	Most differentiating capabilities sit outside the core. This determines whether they are partner integrations or bank builds

- **The migration and the launch are two programmes.** Moving more than two million retail clients onto Engine over a decade carries its own risk profile; launching a business proposition is a build on the new core. Confirm in week one that they are funded and sequenced separately

Three regulatory dates land inside two quarters of the October launch

When	What	Consequence for Tangerine Business
2026	**Real-Time Rail** — Payments Canada's instant account-to-account payment system. By-law in force 24 Aug 2026; direct participants go live Q4 2026, full completion Q3 2027	Instant settlement becomes a launch feature rather than a retrofit, within a quarter of the October launch
2026	**Consumer-driven banking, Phase 1** — data-read access. Bill C-15 received Royal Assent on 26 March 2026 and the Bank of Canada is lead regulator. The operational date is not yet confirmed	A new entrant can read a customer's existing account and pre-fill the switch, which favours the challenger
Mid-2027	**Phase 2** — write access and payment initiation	Account switching and embedded payments become buildable. Nothing in October scope depends on it

→ **Real-time payments, data portability and a new core all land within roughly two quarters of each other. That is the argument to use internally for October scope and funding, with the caveat that one of the three dates is not yet fixed.**

Sources. Engine by Starling / Tangerine announcement, 4 Nov 2025 (PR Newswire). Starling Bank FY26 results. Payments Canada Real-Time Rail programme updates, 2026. Consumer-Driven Banking Act (2024) and Bill C-15, Royal Assent 26 March 2026.

PRODUCT

Four capabilities sit outside Engine and decide whether October launches at parity

The table below scores each capability against what Found, Lili, Mettle, Monzo Pro, Tide, Qonto, Starling and Relay ship today. Rows are ranked by how much each matters to a newly formed one-person business. **Day-one status uses four values.** *Critical* — blocks the launch thesis and must be resolved before scope freeze. *Gap* — Engine does not ship it; Tangerine must buy, partner or build. *Confirm* — Engine may ship it; establish in week one. *Later* — correctly deferred past the first release.

Capability	Benchmark reference	Why it matters at 1–5 people	Day-one status
1. Automatic tax set-aside	Found reserves a percentage of every deposit for quarterly tax in real time. Mettle calculates tax on a rolling basis in-app. Monzo Pro uses tax pots	An unreserved tax bill is the shock all four self-employment specialists built their lead feature against	**Gap.** GST/HST and instalment logic are Canadian-specific and are not in a UK core
2. Categorisation and accounting sync	Mettle pays for a FreeAgent subscription outright. Venn and Relay run two-way accounting sync	A micro-business plausibly pays more for bookkeeping than for its bank account, so removing that cost is the larger saving — the Canadian bookkeeping spend is unsourced here and is a week-one number	**Gap.** Closed by QuickBooks, Xero or Wave partnerships — commercial work, not engineering
3. Purpose-named accounts	Relay gives each business separate accounts for payroll, tax, income and operating expenses	With no finance function, the account structure is how the owner sees what is actually spendable	**Confirm.** Engine ships several products per customer; whether it supports many accounts per business entity is unknown
4. Instant, sole-propri etor-eligible onboarding	Tide, Starling, Monzo, Mettle and ANNA all open accounts on the first day of self-employment. Challenger approval runs 1–2 days against 5–10 at the Big Five	Decides whether Tangerine can compete for the formation cohort at all	**Critical.** Today Tangerine requires an account elsewhere and a personal profile first — a policy decision Tangerine controls, plus an entity model it may not have
5. Commercial card credential	Float raised C$70m and Keep C$108m entering the Canadian market on cards alone	A commercial credential earns 2.00–2.35% interchange against 0.77–1.45% on a consumer credential — 1.4–3.1× on identical spend. The 0.77% floor applies only to enrolled small merchants on card-present Visa consumer credit	**Confirm.** Issuing on a consumer card range gives up roughly two thirds of card revenue
6. Invoicing	Bundled by Tide, Qonto, Monzo Pro and Venn	Solo service businesses raise the invoice and chase payment in one session	**Gap.** Buy or partner
7. Cash deposit access	Starling, Tide, Monzo and NatWest accept cash; Revolut, Mettle and ANNA do not	Trades, salons and food businesses cannot make a no-cash account primary — and they hold the best balances in the segment	**Gap.** Structural for a branchless bank; needs a retail or cash-machine (ABM) partner
8. Scoped accountant access	Standard at Qonto, Tide, Venn and Mettle	The accountant is the second decision-maker and often the recommender	**Gap,** but low build cost relative to its influence on acquisition
9. Payroll integration	Relay and Qonto both connect payroll directly to the account balance	Payroll runs from whichever account holds the balance, so integration is what makes an account primary	**Later.** Partner; relevant only to the 2–5 staff segment
10. Data-underwritten credit	Relay Capital prequalifies $1k–$250k off account activity. Starling holds its SME book at £222m	At this size credit retains customers more than it earns profit	**Later.** Underwriting needs 9–12 months of account data

→ **Engine ships none of tax set-aside, accounting sync, invoicing and scoped accountant access. Purpose-named accounts and the commercial credential are unconfirmed; sole-proprietor eligibility is Tangerine's own policy plus an entity model it may not have; cash is a structural gap. Shipping chequing alone matches RBC Digital Choice on price, and still beats every Big Five account on opening time — the workflow layer is what beats Relay, and accounting-partner contracts run to months, so they gate release two.**

Sources. Product feature sets as published by each provider, Aug 2026. Visa and Mastercard Canada interchange schedules, May 2026. Relay Capital product page, 2026. Starling Bank FY26 results.

Same-day account opening is the claim the Big Five cannot match

Tangerine's retail brand rests on no fees and a better rate. Carrying that into business banking would be a mistake. On an assumed $5,000–15,000 operating balance (unsourced; size it in week one), a one-point rate advantage is worth $50–150 a year, which one hour of bookkeeping saved roughly matches. It is also the one thing the Big Five can match on a single tier without touching their economics, and it selects for customers who move at the next rate change.

Recommended pricing architecture

Tier	Price	Contents	Purpose
Free	$0/mo	Unlimited electronic transactions, debit card, Interac e-Transfer, instant digital onboarding, sole proprietors accepted on day one, no requirement to bank elsewhere, no minimum balance	Acquires the formation cohort. A capped free tier will not win it from Relay
Paid workflow tier	~C$10–16/mo	Automatic tax set-aside, purpose-named accounts, invoicing, expense categorisation, accounting sync, several cardholders	Drives attachment and primary-account behaviour. Sits between Monzo Pro (£9, ~C$16) and Scotiabank Basic (C$12.95)
Balance and card	Implicit	Deposit margin on operating balances; commercial-credential interchange on card spend	The actual P&L. Neither appears on the customer's statement

Price point anchored on competitor benchmarks only. No willingness-to-pay evidence exists; attach rate and revenue should be modelled before the number is committed.

> **Proposition.** "**The business account that does the paperwork.** Open it the day you start. It sets aside your tax, sorts your expenses and talks to your accounting software." Each of the three claims maps to a capability on page 7, and none of the Big Five can make them without rebuilding their entry account.

- **Measure the launch on time from application to first payment received.** The Big Five take 5–10 business days and often need a branch; challengers take one to two. Same-day account-to-first-payment for a sole proprietor works as a marketing claim, a product target and an operational measure, and it beats the Big Five outright rather than the whole market
- **Do not lead with lending.** Starling, at £217m profit on £887m of revenue, holds its SME loan book at £222m against ~400,000 SME accounts. Credit at this size is a retention device underwritten off account data, and it needs 9–12 months of that data first

What breaks the plan

Risk	How it shows up	Mitigation to build into the plan
Launch at parity	October ships a competent chequing account with no tax or accounting layer, and the launch reads as one more free account alongside Relay, Float, Keep and Venn	Contract at least one accounting partner before the build freezes. Relay's account structure is already live, so matching it two releases later concedes the formation cohort for a year
Boundary with Scotiabank	The parent may lead the sub-five-employee segment (unverified), and internal friction narrows scope	Settle the boundary behaviourally, and frame Tangerine as defending the group's micro base against Relay rather than competing with the branch network
Adverse selection at onboarding	Instant, sole-trader-eligible opening attracts accounts opened to move criminal proceeds before genuine volume arrives	Set risk appetite by segment before launch and stage limits by verification depth
Consumer card range	The card ships on a consumer credential because it is the faster path, and the interchange difference surfaces after launch	Model the 1.4–3.1× difference now and put it in front of whoever owns card economics
Rate-led acquisition	Marketing defaults to the retail savings-rate message and the bank acquires rate-shoppers with no operating balance	Make time-to-first-payment the launch claim and instrument primary-account share from day one

Sources. Tangerine business savings rates, tangerine.ca (Aug 2026). Published Big Five fee schedules, 2026. Monzo Business pricing, 2026. Starling Bank FY26 results. Pricing recommendation is the author's, unmodelled.

ECONOMICS

Acquisition cost decides whether the unit economics close, because year-one revenue is near zero

Profitability drivers at 1–5 employees, ranked by eventual contribution (year one and year two marked)

Driver	Mechanics	Benchmark	Lever to pull
1. Deposit net interest margin (year two)	Tangerine deploys operating balances at market rates. Net interest is Starling's largest revenue line; Qonto's and Monzo's revenue splits are not disclosed. Formation customers arrive with no balance, so this is a year-two driver	Starling earned 4.12% in FY26, down from 4.34%. A C$10,000 balance at a 3% margin earns ~C$300 a year, against ~C$156 from a C$13 monthly tier. — roughly twice a fully-attached paid tier at the midpoint of the $10–16 range (C$13/mo)	Instrument primary-account share from day one and target Starling's 56%. That ratio decides how much of the deposit base earns anything
2. Card interchange (year one)	The bank earns interchange on business card spend. In Canada the credential type changes the interchange rate several-fold	Commercial credit interchange runs 2.00–2.35%. Consumer credit runs 0.77% under the small-merchant programme (Visa cut 0.81% to 0.77% in Oct 2025) but 1.25–1.70% on standard tiers, so the multiplier is 1.4–3.1× depending on merchant mix, not a flat 3×	Issue on a commercial credential. A consumer card range earns roughly one third as much on identical spend
3. Subscription fees (year one)	The monthly workflow tier is recurring revenue that does not move with the rate cycle	Monzo Pro £9/mo; Tide and Qonto run tiered plans; Big Five unmetered tiers run $65–125/mo	Attach rate on the paid tier — measure it from day one
4. FX and payments	Margin on cross-border payments, wires and platform payout ingestion	Revolut prices near interbank, so margin above that is hard to hold. Venn entered Canada on multi-currency accounts in CAD, USD, GBP and EUR	Matters only to platform-native sellers and exporters. Do not over-invest at launch
5. Credit	Working capital, overdraft and card lines	Relay Capital prequalifies $1k–$250k off account data. Starling holds its SME book at £222m	Later, underwritten off Tangerine's own account data

Cost drivers, ranked by how much each can break the unit economics

Driver	Why it bites hardest here	Benchmark	Lever to pull
1. Customer acquisition	Revenue per account is small, so payback runs long and paid media rarely earns back its cost	Tide sells company formation and accounting services alongside banking, Qonto integrates with accounting platforms and Relay markets through accountant programmes. Their actual channel mix is not disclosed; the inference that partnerships beat brand spend is the author's	Distribute at the formation moment: registries, accounting software, payroll, e-commerce platforms
2. Verification and onboarding	Verifying a business is materially harder than verifying a person — ownership structures, directors, trading names, beneficial ownership	Customer due diligence and identity verification account for roughly two thirds of anti-money-laundering operating cost. Manual review runs two weeks or longer; automated flows clear straightforward cases in minutes	Automate the straightforward majority and reserve manual review for genuine complexity. This is simultaneously the top cost line and the top acquisition feature
3. Financial crime and fraud	Business accounts are a higher-risk laundering route than personal accounts, and micro-business is the lowest verification barrier	Each $1 of fraud loss carries $4.04 of total cost (2024, up from $3.85)	Set risk appetite by segment before launch
4. Cost to serve	Owner-operators contact support at the worst moments — payroll day and tax deadlines	Starling announced roughly 130 role cuts through automation in July 2026 while still ranking second on CMA SME service quality	Digital self-service by default, with service design owned inside the product team
5. Platform and change	A ten-year core contract is a fixed cost that only amortises across scale	Engine holds £70m of committed recurring revenue across four clients; Tangerine migrates more than two million clients	Argue business banking as the incremental-margin case on a cost Tangerine has already committed to

→ **Acquire through registry, accounting-software and payroll partnerships: at this revenue per account, acquisition cost is what decides whether the case closes. Issue on a commercial credential. Chase primary-account status in the cash-light segments only. Trades, salons and food businesses hold real balances but cannot make a no-cash account primary, so they stay outside the deposit case until cash access is solved.**

Sources. Starling Bank FY26 results. McKinsey, *Digital-led with a human touch* and Global Banking Annual Review. Visa and Mastercard Canada interchange schedules, May 2026. LexisNexis True Cost of Fraud, 2024. Industry AML cost-composition surveys. The C$10,000 illustration and the 3% margin assumption are the author's, not observed data.

ORGANISATION

A six-squad unit with financial crime embedded matches how Qonto and Starling staff the same job

How the comparators are staffed

Organisation	Staff	Customers served	Efficiency and structure
Qonto	~2,300 (Apr 2026)	600,000+ SMEs and freelancers across 8 markets	**~260 customers per employee** at a pure-SME bank, profitable since 2023. The most useful benchmark here, because the customer mix matches
Starling	~2,900–4,200 (published 2026 figures differ on whether Engine staff are included)	6.2m group accounts including ~400,000 SME, plus Engine	Owns its core, so engineering is the largest function. Cut ~130 roles in a 2026 automation-led reorganisation while holding service quality
Monzo	~5,000 (Dec 2025)	Retail plus a three-tier business product	Business runs as a product line on shared retail infrastructure — the alternative to the Mettle model
Tide	Not disclosed	2m+ members across UK, India, Germany, France	Concentrates operations and engineering in India as an explicit cost-to-serve strategy
Tangerine	~1,721 (Dec 2025)	2m+ clients, retail only today	Has never run a business-banking operation, so the unit is a net addition rather than a re-allocation

Four structural choices visible at Qonto, Starling and Monzo

- **Product squads rather than functional departments.** A squad is a small cross-functional team — roughly nine people at ING, the most documented implementation — that owns one customer outcome end to end and carries its own backlog. Related squads group into tribes. At ING the ratio that transfers is squad size, not squad count: about nine people to one customer outcome, across roughly 350 squads at group scale
- **Financial-crime specialists work inside the squad.** Every comparator that opens a sole-proprietor account in minutes puts compliance inside the product team
- **Servicing is designed and staffed as part of the product.** Starling holds second place on CMA SME service quality while automating headcount out, because its product teams own service design

Indicative shape for the unit at launch scale

Squad or function	Owns	Indicative size
Onboarding and verification	Entity model, verification, time to first payment	8–10 — the largest squad, because it is both the acquisition funnel and the risk gate
Core account and payments	Chequing, Interac e-Transfer, Real-Time Rail, statements, mandates	8–10
Money management and tax	Purpose-named accounts, tax set-aside, categorisation	6–8 — builds tax set-aside, categorisation and accounting sync, three of the four capabilities Engine does not ship
Cards and spend	Credential strategy, interchange, cardholders, controls	6–8
Partnerships and ecosystem	Accounting, payroll, e-commerce and registry distribution	4–6 — a commercial team
Proposition, pricing and insight	Segmentation, pricing architecture, P&L modelling, competitor tracking	3–5
Financial crime and risk	Risk appetite by segment, monitoring, defence against laundering	3–4, embedded in each squad

Unit at launch: 35–47 people. At Qonto’s ~260 customers per employee that supports roughly 9,000–12,000 customers, about a tenth of one year’s formation cohort.

Derived from comparator operating models. This is a hypothesis to test against however Tangerine has staffed the unit by August, not a proposal.

> **Five questions for week one, in priority order. 1.** What does Engine model natively for business entities, and what must Tangerine build around it? **2.** Does October ship a chequing account or the full proposition, and who decides? **3.** Does Scotiabank Small Business in fact lead the sub-five-employee band, and where is the boundary with it? **4.** Is the card a commercial or a consumer credential, and has anyone modelled the 1.4–3.1× interchange difference against our expected merchant mix? **5.** Which accounting, payroll and registry partnerships are contracted, and what are their lead times — because those gate the four differentiating capabilities, not the core build.

Sources. Qonto, Starling, Monzo, Tide and Tangerine headcount figures from company reporting and third-party trackers, 2025–26. McKinsey, *ING’s agile transformation*. Starling Bank FY26 results. Squad shape is the author’s hypothesis.