

Investing in Business Digital Banking

Unlocking Revenue, Efficiency, and Loyalty





Some banks and credit unions believe that a “consumer-plus” solution will adequately serve the business segment. But supporting small businesses with solutions originally designed to serve consumers results in retrofitted, incomplete solutions that fail to meet these account holders’ expectations.

Small businesses need more than what consumer banking platforms can offer—they require dedicated business banking solutions designed to support their success. Robust cash management tools, advanced workflows, and third-party integrations are essential for handling complex financial processes and a wider range of payments efficiently.

With a digital banking platform built to service businesses, your community bank or credit union can better align with the expectations of this segment. And, if you focus on a solution that helps businesses save time, increase convenience, and operate more efficiently, you deliver meaningful value that strengthens their relationship with your institution.

What Do Today’s Small Businesses Prefer?

Datos Insights learned that 50% of businesses¹ consider it a requirement for financial institutions to provide solutions tailored to them, rather than adapted consumer experiences. And, industry consultant Accenture predicts² that banks will stop using a combination of retail and scaled-down commercial banking capabilities to serve small businesses and instead focus on AI-enabled, personalized, and sector-specific offerings to appeal to small and mid-size businesses.

In line with these trends, we explore four reasons why your financial institution should provide businesses with a dedicated solution to meet their unique banking needs.

1. Businesses Need Access to Sophisticated Features

As small businesses grow, the challenge of running operations efficiently becomes more difficult. Businesses require intuitive, easy-to-use banking solutions that allow them to spend less time banking and more time running their business. A “consumer-plus” or retrofitted solution is not ideal because much of the functionality businesses require is too complex for consumer banking models, forcing them to seek options outside their primary financial institution. Functionality targeted to businesses should include:



Artificial Intelligence tools: Interest in AI capabilities is accelerating among small businesses. In fact, 91%³ of businesses say AI tools have boosted their revenue, according to Datos Insights. Small businesses now expect your institution to invest in technology that helps them operate more efficiently. Whether it’s enabling business owners to ask natural language questions about their transactions or guiding them through tasks like setting up new users or templates, AI is quickly shifting from a differentiator to a must-have feature in business banking.

Cash management: Businesses’ payments capabilities go well beyond the bill pay and external transfers functions offered in consumer banking solutions. They need sophisticated tools to help them manage daily cash flow and mitigate fraud, including:

- ACH origination
- Wire transfers
- Business bill pay
- ACH and check fraud services
- Internal transfers
- Tax payments

More payment choices and intuitive workflows around these processes: As small businesses broaden their payment choices, many financial institutions are not keeping pace—resulting in businesses turning to fintechs to fill their needs. According to Datos Insights, 82%⁴ want their primary institution to offer more payment options like real-time, international, and P2P for businesses. With advanced workflow capabilities around payments, you enable your business clients to streamline processes like payroll, vendor payments, and collections. You can also provide less tech-savvy small-business owners with additional information, assistance, and a simplified workflow that breaks down complex banking processes and industry-specific terminology.

Entitlements: Businesses need a detailed entitlements structure within business banking to drive differentiated experiences for each of their employees based on what each user can see and do.

Collaboration tools: Today’s digital support platforms offer multiple methods—screen sharing, video, chat, voice, and text—to engage with and provide support to users in real time. Because financial institutions often need to support business customers quickly or on-the-go, offering flexible support options allows business users to interact with their primary financial institution using the method they prefer.

Reporting: Consumer banking platforms often don’t include the reporting tools that businesses need to monitor their financial operations. A business banking platform featuring comprehensive reporting tools can help businesses keep close watch on cash position, financial health, and regulatory compliance.



2. Businesses Demand a More Personalized Experience

With online experiences becoming increasingly personalized, small businesses expect the same when it comes to digital banking. To answer this need, 46%⁵ of financial institutions focus on data analytics to boost digital customer engagement, according to a report from CSI.

One way to stand out against your competition is to tailor account holders' banking experiences based on your available data. Robust data intelligence tools are available to help you incorporate greater levels of personalization to demonstrate how you can help meet a business's unique needs. For instance, your institution can leverage data-driven tools to:

- Seamlessly connect digital banking with a business's accounting package to provide tailored insights about cash flow forecasting, financial event planning, benchmarking, and expense optimization.
- Evaluate how users interact with online and mobile channels, allowing your institution to create tailored pop-up messages—such as marketing notices, tips, and tutorials, including video—to encourage use of specific features or to cross-sell products and services.
- Create highly relevant, targeted marketing campaigns based on financial data from digital banking solutions and a wide range of third-party sources to deliver a more personalized digital banking experience.
- Surface critical trends through intuitive, interactive dashboards and visualizations, enabling you to identify and segment users with shared behaviors and needs.



3. Dedicated Business Banking Can Seamlessly Integrate with Third Parties

A seamless experience and single login are important to 57%⁶ of small businesses, according to Datas Insights. As a result, if your institution is looking to add business banking to its existing solution set, you should ensure it seamlessly integrates with your consumer banking platform. Doing so will allow business customers to access both personal and business accounts with a single login, simplifying their experience. In addition, business banking platforms that integrate with third parties such as accounting systems, merchant services, or CRM systems deliver enhanced convenience to business users. Single sign-on capabilities or APIs can be used to deliver a more seamless experience, transitioning users to features delivered by third parties without the need to separately log in.

4. Dedicated Business Banking Promotes New Revenue Streams

Implementing a dedicated business banking platform opens opportunities to identify and cultivate new, lucrative revenue streams through incremental service fees. According to McKinsey⁷, moving away from traditional business models toward a fee structure can help you future-proof your business. When primary financial institutions don't offer robust capabilities—including international payments, positive pay, entitlements, enhanced alerting through mobile, business analytics programs, and faster payment options—small businesses must go outside of their business banking solution to find a vendor that does.

A lack of options, especially faster payments, can lead to attrition and has driven 61%⁸ of small businesses to fintech companies—ultimately funneling fees for critical services to these third parties, according to Datos Insights. However, among businesses leveraging a fintech, 83% admit that they would prefer using their primary FI if it offered the same capabilities.

By investing in a dedicated business banking platform, your financial institution can empower your business clients with the services they need to thrive, preventing them from turning to third-party vendors and keeping incremental service fees in-house.



Turning the Investment into an Advantage

Businesses are clear that “consumer-plus” digital banking solutions do not provide the sophisticated capabilities they need. They will find ways to bypass your financial institution to get needed financial tools—unless you begin to provide the functionality, workflows, and user experiences businesses need to run their operations effectively.

Offering robust functionality personalized for businesses—such as cash management tools, reporting, integrations to accounting packages, business analytics, AI tools, and more—can establish your financial institution as a one-stop shop for business banking. Bridging consumer banking functionality gaps by offering a dedicated business banking solution can help you foster a long-term partnership between businesses and your institution, setting you both up for success.

