

# the not-so-small business of business banking

## Grow Deposits by Strengthening Your Support of SMBs

It's no small secret: growing deposits is an essential strategic priority for the financial industry. Thirty-five percent of community and regional bank and credit union CEOs identified this strategy as a top focus for the next two years.<sup>1</sup>

As credit unions set their sights on deposit growth, the \$13.7 billion small- and medium-sized businesses (SMBs) revenue opportunity presents a particularly attractive path forward.<sup>2</sup> According to Forbes, SMBs account for more than 50% of the economy in almost every developed country but are represented by only up to 3% of bank balance sheets – which means there's a world of prospects open to willing credit unions.

But there's a catch. The environment for credit unions serving SMBs is currently undergoing profound changes: economic uncertainty, fierce fintech competition, and evolving member expectations.

With economic downturns comes the prospect of loan losses and increased consumer lending risk. Then, fintech giants like Block (Square), PayPal, QuickBooks, and Shopify represent a significant challenge: more than half of small firms are working with these “big fintech” non-banks. This relationship is quietly undermining credit unions' basic transaction accounts, siphoning low-cost business deposits, with just \$1 of every \$8 received by accountholders through third-party payment tools returning to the primary financial institution, leaving credit unions disconnected from the majority of these payment receipts.<sup>3</sup>



# targeting the SMB market: meeting evolving expectations

In the face of these challenges, your credit union has an opportunity to chart a new course.

By taking advantage of strategic tools and approaches, you can strengthen the support of your SMB members – not just surviving but thriving in this evolving landscape.

As you deal with these market shifts, it's critical to understand the value of strategic alliances and purpose-built solutions. You need to embrace technology that not only addresses the current challenges but propels you into a future where you're a leader in serving the particular demands of SMBs.

According to research on newer business owners, internet and mobile banking capabilities are now more important than traditional characteristics like location, fees, or product variety. This transition gives you a rare chance to adapt to the specific needs of SMBs and provide a more specialized and relevant portfolio of services.

## elevating the credit union advantage

Expectations are different across the business spectrum. That's why it's important to match the right service offering to the right market. To elevate your advantage in the SMB market, start by giving your members exactly what they need – including tools that will help them:

- **Combat fraud.** SMBs are (rightly) concerned with digital security threats: 47% of SMBs fell victim to a cyberattack in 2022.<sup>4</sup> SMBs are victims of cyberattacks equally as frequently as large corporations, but they frequently lack the resources and infrastructure to prevent, detect, and mitigate intrusions. Consider a secure channel for high-risk



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transaction discussions within the digital banking app so you can facilitate approvals and discussions in a secure, authenticated environment.

- **Tailor controls.** SMB owners need to be able to determine who can see what, who can do what types of transactions, and whether levels of approvals apply to different accounts or transaction types. Empower your SMB members to customize access levels, transactions, and approvals for multiple employees through a tailored and secure financial management experience.
- **Streamline their financial services needs.** Your SMB members want to focus on their customers, not on juggling several different financial services relationships. But where there was once one banking relationship, there are now five to eight service providers per SMB. If your technology facilitates essential integrations through an open environment, you can provide a comprehensive suite of services to SMB owners, giving them a one-stop financial partner.

## how Jack Henry™ can help

With Banno Business™, you can flip a switch and have your back-office support staff able to offer business-centric features to help SMBs combat fraud, tailor controls, and streamline their financial services needs. What's more is that features can be added as the business grows. When new employees come onboard, SMB owners have the authority to add new digital banking users and grant them access to the financial management features they need to perform their jobs – making the management of entitlements easy and efficient.

## becoming a true partner

There's no one-size-fits-all approach in the not-so-small business of business banking.

When you take the time to understand your target audience and tailor your offerings accordingly, you'll not only be meeting the diverse needs of your SMB members – but you'll be positioning yourself as an indispensable partner in their growth journeys.



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# grow deposits by expanding your business banking services

Get in touch to [learn more](#) about Jack Henry's business banking solutions so you can start targeting the right markets today.

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).

## sources

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