



# REVOLUTIONIZING THE DIGITAL EXPERIENCE IN SMALL BUSINESS BANKING

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Where do SMEs fit in the fintech boom? Not only has this important demographic gone woefully underserved in regular retail banking, but now SMEs seem to be largely overlooked from digital banking initiatives as well.

Many banks worry more about data privacy than offering a superior customer experience to their business banking clients, but they've got it backwards: the SME customer is exactly where banks need to start when it comes to reimagining and upgrading the digital experience in small business banking.

## SME banking pain points

The pain points SMEs face when it comes to digital banking are several, but the ones we seem to hear about the most are *difficulty tracking and forecasting cash-flows* and *effectively managing account receivables and payables*. Many SMEs are also lacking online

tools to help them *better plan their day-to-day activities* in order to gear their business towards growth. The digital experience for business banking should address all of these pain points in a direct and deliberate way.

Another major pain point we often hear about is the limited and often downright messy nature of SME customer interactions with their bank. The typical small business owner is not satisfied with her bank's business banking platform, if it exists at all. She might periodically check her balance, make payments and interact personally with her bank relationship manager once a quarter or less. The whole chaotic experience might look a little something like this:

When all is said and done, can this really be called a relationship? From a customer engagement perspective, the bank-SME interaction is in dire need of restructuring, both in terms of *frequency* and *quality*.

## Boosting interaction frequency

Building a conversation with SME customers means growing the number of meaningful interactions, moving from something that happens on a monthly or even quarterly basis to several interactions a week.

What makes digital interactions more valuable to both the SME and the bank? First of all, it costs a lot less in terms of human resources; second, it's more convenient for both parties and third, it generates extremely valuable data that banks can use to offer better services to SMEs, because they have a much more concrete information about their needs.

Further, enhancing post-sales services through data analytics enables banks to offer SMEs tailored advice on new products and services and helps them to identify emerging risks, as well as take advantage of customized insights related to their business.

This can only be done when the right digital platform and tools are there to create the infrastructure for these interactions to happen.

For instance, turning mobile into an actual platform for conversation rather than a channel allows banks to be present and participate in an ever-growing number of mobile moments their SME customers are bound to have in the daily running of their business.

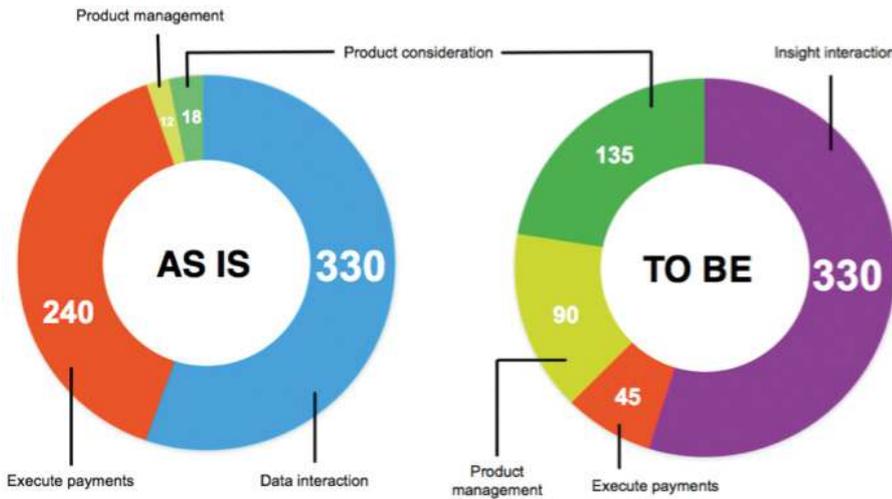
## Better quality of interactions

In addition to frequency, every interaction must also gain quality. This means undergoing a crucial transformation from a *data* interaction to an *insight* interaction.

## IDENTIFYING SME PAIN POINTS



**An average online banking sessions lasts approximately 600 seconds**



**Figure 1.** A recent Unicredit study found that the duration of the average online banking session is about 10 minutes. *Source: Efma*

More than executing payments, banks must encourage SMEs to engage for longer time periods, by getting them to actively manage their existing products and to consider new offers based on their current financial situation and specific business needs. These offers must be relevant in the context of each customer’s business and help her anticipate future needs.

The first step to this approach involves figuring out how much time users are actually spending on online banking, like Unicredit did (Figure 1).

They found that the average online banking session lasts approximately 600 seconds, or 10 minutes in total. That’s a lot of time to convert SME customers from executing payments to actually considering products and interacting with data-driven insights that are relevant to their business.

**The digital experience SMEs are seeking**

Alleviating the pain points described above means providing SMES with a digital banking experience that is:

- **HOLISTIC**, meaning they have access to a complete overview of their finances and business needs. This can be accomplished through an aggregation-enabled dashboard, for example, which allows SME users to see both their personal and business accounts in one convenient place.
- **RELEVANT**, by receiving contextually-aware information for his business at exactly the right time and on any device.

- **INSIGHTFUL**, through discovering insights that make SME customers reflect and take important decisions about their business. For example, a bank could offer powerful business simulation functionalities, which the typical SME customer would highly value. Based on the user’s actual data, they can play with different scenarios and assess the impact of different actions or decisions on their cash position, without entering into any actual risk.
- **ACTIONABLE**, by obtaining helpful recommendations users can act upon instantly, with the click of a button. Whenever presented with a piece of advice, notification,

recommendation or financial event, the user experiences a clear path with the next steps they should follow. A good user experience design, integrated with the transaction systems, makes a huge difference to SME customer engagement with digital banking.

**Data: the key to SME customer success**

Now that we’ve seen the requirements for modern business banking that delivers a comprehensive banking experience, tailored specifically to SMEs, it’s important to highlight the key to delivering this reality: banks must leverage their customers’ transactional data in order to deliver actionable insights through digital channels at the right time and through the right device.

The best way to do this is through FinTech software solutions that include functionalities like e-invoicing, cash flow analytics and smart budgeting, and that simplify the entire process of running a business in order to alleviate the pain points described above.

Harnessing the power of Big Data using analytics and machine learning is essential if banks want to become true business partners to their SME customers. Leveraging data is a gateway for banks to be present in their business customers’ day-to-day financial management, and is quickly becoming the future of banking. The banks who are already aware and creating these experiences for their SME customers with business financial management tools are the ones who will win this future.

