

# **BECOME A CHALLENGER IN SMALL BUSINESS BANKING: EMBEDDING FINTECH**

## **A CELENT SOLUTIONSCAPE SPOTLIGHT ON BANKIFI**

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This authorized reprint contains material excerpted from *Become a Challenger in Small Business Banking: Embedding Fintech*. It was prepared specifically for BankiFi, but the analysis presented has not been changed from the original report. For more information on the full report, please contact [agrealish@celent.com](mailto:agrealish@celent.com).

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# EXECUTIVE SUMMARY



Becoming a challenger in small business banking requires financial institutions to move away from delivering “nouns”—that is, products—to enabling “verbs”—action on the part of customers. The rallying cry of challengers is “make your business run better and grow.”

—Celent

Over the past decade, financial institutions (FIs) have faced increasingly challenging competition in small business banking. “Hold your money” is a commodity. Fintechs, big tech, and accounting software firms are pursuing a platform strategy, posing an existential threat due to their warm customer base. With tech advances and bank-friendly fintech partners, FIs have the opportunity to move from being challenged to being challengers.

Becoming a challenger requires reframing a bank’s value proposition, a shift from thinking in terms of nouns (products) to verbs—that is, actions like pay, get paid, budget, and plan (Figure 1). Overall, it involves the bank and its bankers becoming a virtual CFO for their small business customers. The end-game is delivering a value proposition that supports the many facets of a small business’s financial wellness.

**Figure 1: The Challenger Formula**

|   |   |  |                            |
|---|---|--|----------------------------|
| <p><b>DATA</b></p> <p>Harness the power of data</p> <ul style="list-style-type: none"> <li>• Tap all internal data and other FI data</li> <li>• Collect small business app data</li> <li>• Ingest third-party data</li> </ul> | <p><b>+ KNOWLEDGE</b></p> <p>Deliver analytics and actions to customers</p> <ul style="list-style-type: none"> <li>• Deliver actionable insights via performance metrics and benchmarks</li> <li>• Provide forecasts to preserve financial wellness</li> <li>• Provide next best action and product recommendations</li> <li>• Deliver workflow digitization</li> </ul> | <p><b>+ WISDOM</b></p> <p>Turbo-charge employees to be advisers</p> <ul style="list-style-type: none"> <li>• Provide data analytics at the aggregate and micro level</li> <li>• Assist in identifying and prioritizing next best action for specific customers</li> <li>• Support marketing and product campaigns</li> </ul> | <p><b>= CHALLENGER</b></p> |
|---|---|--|----------------------------|

Source: Celent research, interviews, and analysis

Motivation to become a challenger comes from threat and opportunity. Both are clear and present: an estimated revenue pool of \$120 billion that is growing and a restless customer base. According to survey findings by [Phase5](#), 8% of US small business stated that it is very likely they will move away from using their current primary FI in the next year or two. That translates into a large number up for grabs: around 2.8 million. Furthermore, there are growing signs that banks’ competitive position in small business banking is eroding. A few of the glaring red flags are deposit run-off to fintechs and shrinking share of small business credit.

Overcoming threats and seizing opportunity have become easier for FIs. Technological advances are eliminating the economic trade-offs between personalization and industrialization.<sup>1</sup> SaaS deployment and open ecosystem platforms are allowing FIs of all sizes to deliver advanced functionality that generates new revenue streams (e.g., cash flow forecasting with actionable alerts). FI-friendly fintechs are proving to be powerful partners in transforming FIs into challengers.

This report begins by discussing the “challenger formula”: harnessing the power of data, delivering value-added services, and turbo-charging employees. We then examine the fintech partner landscape and profile eight players: Autobooks, BankiFi, FIS Business Hub, Monit (including an overview of Apiture Business Insights powered by Monit), 9Spokes, Personetics, TCS Customer Intelligence & Insights™, and upSWOT. We close with guidance on how to achieve the “challenger formula” and monetize the initiatives.

**Celent’s Small Business Banking Series**

Celent is dedicated to producing timely, insightful reports that help financial institutions excel in **Small Business Banking**.

During 2021 and 2022, we produced the **Reinventing Small Business Banking** series:

- *Reinventing Small Business Banking Part 1: Pacesetters in Embedded Finance and Part 2: Pacesetters in Artificial Intelligence*
- *Reinventing Small Business Credit Part 1: Market and Innovation Trends*
- *Reinventing Small Business Credit Part 2: Digital Origination Vendors, A Celent Solutionscape*

In addition, we published four reports focused on digital banking technology vendors (XCelent Awards) and how to outcompete.

- *Small Business Digital Engagement: How to Outcompete*
- *Small Business Digital Banking Platforms: North America Edition – Solutions for Community FIs*
- *Small Business Digital Banking Platforms: North America Edition – Solutions for Midsize and Large Banks*
- *Small Business Digital Banking Platforms: International Edition*

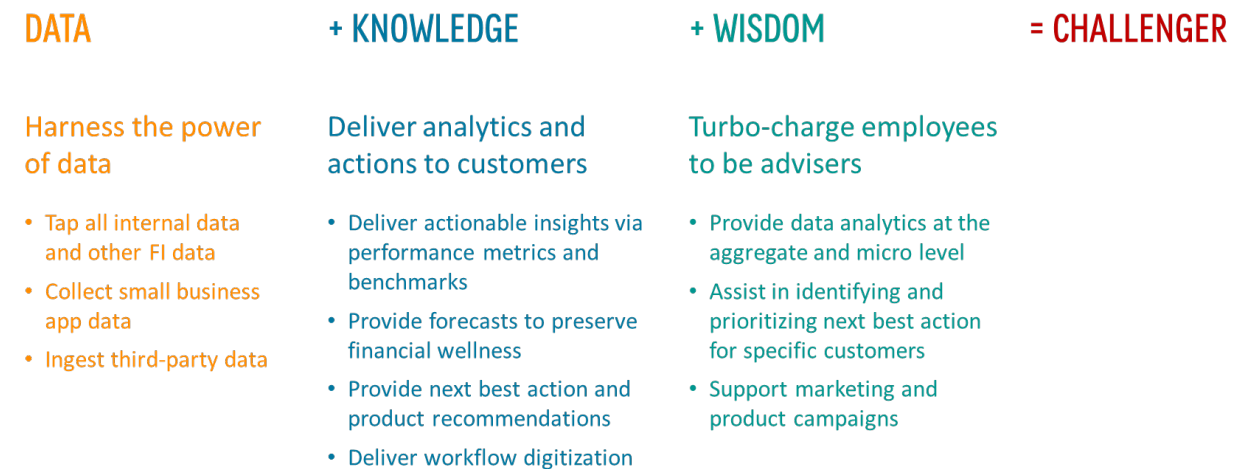
<sup>1</sup> See Celent report, [Small Business Digital Engagement: How to Outcompete](#).

# THE CHALLENGER FORMULA

It’s an exciting time to become a challenger in small business banking. Technological advances are opening opportunities to reimagine your value proposition and competitive differentiation. It’s “game on” to become the virtual CFO for small business customers.

The formula for becoming a challenger can be broken down into three components: harness the power of data, deliver analytics and actions to customers, and turbo-charge employees to be advisers (Figure 2). The journey to becoming a challenger begins with collecting both internal and external data on the small business customer. Data, however, is meaningless unless it can be translated into knowledge and wisdom—knowledge in the form of performance metrics and actionable insights for customers, and wisdom in the form of tools and analytics that support front office employees and marketing and customer success teams.

**Figure 2: The Challenger Formula**



Source: Celent research, interviews, and analysis

## Harness the Power of Data

A vast set of internal and external data on small business customers exists and is typically underutilized and/or untapped. Many banks struggle to gain access to internal data due to data silos and do not have the means to ingest and process external data. Celent's conversations with bankers reveal that most are frustrated by the fact that the value in their small business data remains untapped.

Overcoming data collection challenges is worth the effort. Small business data can be translated into actionable insights for both FIs and their customers. (The next two sections delve into the details.) For example, FIs can gain insights to avoid attrition blind spots and to identify opportunities to increase share of wallet. Small business customers can benefit from cash flow forecast alerts and recommendations. Furthermore, they could enjoy personalized digital engagement.

Tapping internal data has historically been a challenge due to data silos and, for some FIs, lack of full access to data on products provided by third parties (e.g., merchant acquiring). An FI can have over a dozen systems containing small business data, ranging from core systems and card platforms to foreign exchange platforms and accounts payable tools. Even after the data are collected, challenges often remain. An FI can struggle to understand what the data represent (e.g., what a field in a core system represents), how to apply a data stream outside of the traditional use in reporting, and how to link various data sets (e.g., CRM data with loan origination data).

Even after an FI successfully collects and enhances internal data, it could find that it has insufficient internal data to deliver data analytics, in particular if they lack a business's operating account. For example, business bankers are eager to know whether or not a new client has cash parked at another FI or is an active user of another FI's credit card. Fortunately, thanks to third party data aggregation partners, FI data is readily accessible. Moreover, thanks to rising use of business apps, additional external data is increasingly accessible and growing in volume.



56% of small businesses are using five or more SaaS apps or solutions on a regular basis (the average is seven), an increase of 25% compared to its 2017 survey finding (2021 [AppDirect survey](#)).



28–37% of businesses provide banks with continuous opt-in access to their business apps to get, for example, financial management tools, speed up lending decisions, and boost credit scores (upSWOT).

The crown jewel of external data is accounting software data, which is paramount to accurate cash flow tools and, at times, critical to robust underwriting. In addition, data from vertical specific applications can be highly valuable. One banker commented that connecting to external data sources can be incredibly valuable when it comes to improving underwriting for specific verticals (e.g., the booking history and reservations of small hotels).

FIs also cited data from payment facilitators (aka PayFacs such as Square and Venmo) as valuable for gaining visibility into balances left with the PayFac and for insights into business needs based on the granular transaction data.

## Deliver Analytics and Actions to Customers

Small businesses are in dire need of data analytics and workflow efficiency tools. They typically have very limited ability to track their performance and struggle with collecting and analyzing data that are valuable in informing business decisions and managing cash flow. FIs can deliver on the powerful equation of data-plus-insights by harnessing internal and external data to descriptive analytics (e.g., KPIs and benchmarking data), predictive analytics (e.g., cash flow forecasts), and prescriptive analytics (e.g., You're expected to have a cash shortfall in three days. Here are three options to cover it and their costs.).

The biggest crux they face is monitoring cash flow and avoiding falling into the red.



Negative cash flow is the biggest risk small businesses face: **57%** of small business owners have less than \$5,000 set aside. (Researchscape [2021 US survey](#) for Wave)



Small businesses recognize the importance of cash flow monitoring: **71%** of small businesses replied, “very important to critically important” to the question “How important is forecasting cash balances in the short term, one month or less?” ([Phase 5 2023 Survey](#))



The good news for banks is that small businesses would look to their FI for cash flow forecasting tools. **26%** ranked their FI as their number one choice “to get better at forecasting cash balances” compared to fintechs and accounting software providers, which were ranked number one by **12%** and **21%**, respectively. ([Phase 5 2023 Survey](#))

In addition to delivering data analytics, FIs can further support small businesses by improving their cash flow through workflow efficiency tools. In particular, small businesses often struggle to “get paid.” They grapple with manual processes and face late payments. Once they are paid, they have to deal with manually reconciling payments with invoices. Auto-reconciliation—the syncing of bank payment data with their accounting software—would be a great leap forward for them.

## Turbo-charge Employees to Be Advisers

FI staff that support small business banking face a myriad of challenges to be productive and add value. Several bankers reported that CRM tools often require manual data entry, are often weak when it comes to prospecting, and do not generate actionable insights.

With improved internal and external data collection, FIs can leverage both traditional and AI/machine learning models to translate the data into wisdom for their employees. Three areas stand out: customer, marketing, and underwriting analytics.

Customer analytics can be used to:

- Personalize digital interactions/engagement
- Inform bankers about opportunities and threats (e.g., attrition blind spots, such as PayFacs gaining balances)
- Prepare bankers for customer meetings
- Inform digital banking road maps (e.g., development of persona-based dashboards, personalized engagement)

Marketing analytics can be used to:

- Better segment customers based on needs
- Deliver contextual next best action or offer based on an insight (e.g., cash shortfall in two weeks)

Underwriting analytics can be used to:

- Expedite product onboarding (e.g., remote deposit capture, merchant services)
- Expedite loan application processing
- Identify early risk of loan loss



# FINTECH PARTNER LANDSCAPE

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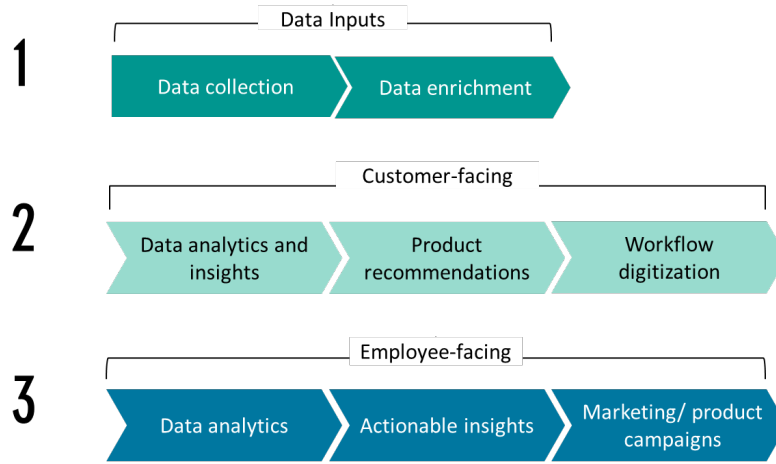
The game is on to be a challenger in small business banking. FIs are already proving that they can reimagine their strategy and harness new data to deliver analytics and workflow efficiencies to both customers and employees. Many are facilitating and accelerating their reinvention through third party partners.

Celent profiles eight fintech partners that are powering new bank value propositions for small businesses: Autobooks, BankiFi, FIS Business Hub, Monit (including an overview of Apiture Business Insights powered by Monit), 9Spokes, Personetics, TCS Customer Intelligence & Insights™, and upSWOT. These “FI-friendly” partners offer white-label solutions that can be embedded in a bank’s digital banking platform.

For each fintech, we provide an overview including six elements:

- **Location and clients:** headquarters, geographic presence, market sweet spot, and client examples.
- **Size proxy and growth momentum**
- **Deployment options:** embedded components (e.g., widgets in a digital banking platform), iFrame, RESTful APIs, and stand-alone (web-based). For customer-facing functionality, embedded components are the best choice to deliver a seamless experience and ensure optimal placement of tools and services in the customer’s digital journey.
- **API connections for data,** listing key partners and/or direct connections. As underscored in the previous section, harnessing external data is critical to delivering actionable insights.
- **Digital banking partners,** including marketplace (select digital platform vendors have established a marketplace which enables third-parties to offer their services directly to FIs using the platform) and embedded in platform. The latter is ideal for both the fintech and the bank because it expedites deployment and shortens time-to-revenue.
- **Solution scope:** three categories of each fintech’s solution scope are examined: data inputs, customer-facing, and employee-facing functionality (Figure 3).

**Figure 3: Solution Scope – The Challenger Value Chain**

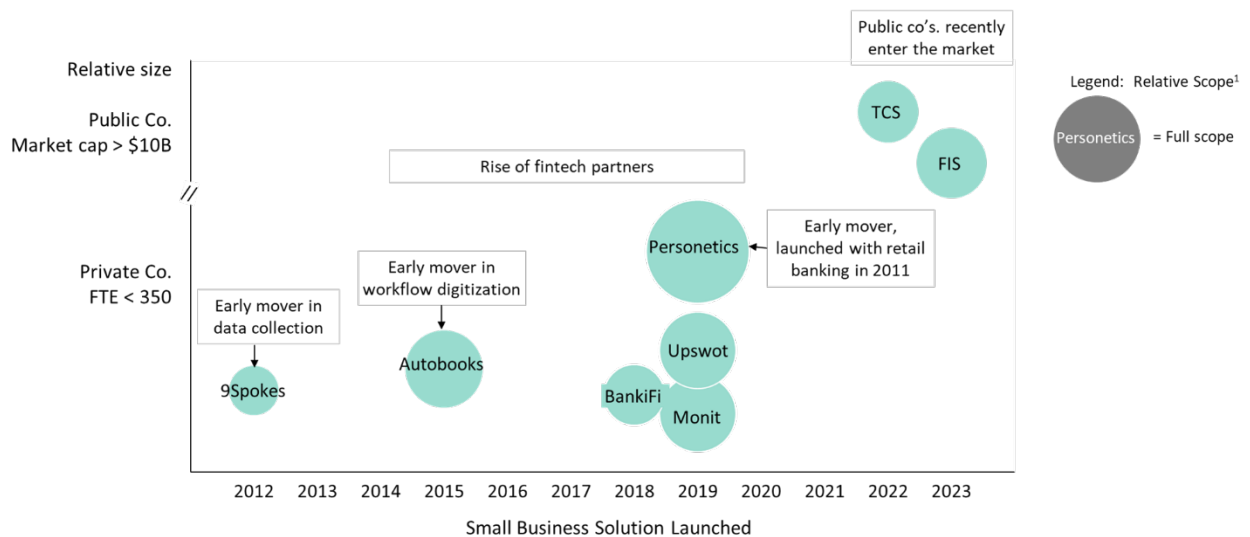


Source: Celent research, FI interviews, and analysis

## Partner Landscape Overview

The landscape is vibrant with fintechs. To help FIs understand the fintech landscape, we have arrayed the players along three dimensions: year solution launched (x-axis), relative size (y-axis), and relative scope based on the elements in Figure 4. Reflecting the growing interest in the small business banking market in the late 2010s, five players entered this market. To distinguish the solutions for customer-facing functionality, we compiled Figure 5, which arrays them by relative scope (Harvey ball) and functionality type.





**Figure 4: Growing Fintech Landscape**



1. Based on the elements included in Celent’s Challenger Value Chain; see Harvey ball metrics in provider profile. Source: Celent research and analysis, FI interviews, tech provider input and interviews, LinkedIn, and Crunchbase

As shown by the spotlight on customer-facing functionality (Figure 5), Personetics stands out for delivering full scope across all three categories: data analytics and insights, product recommendations, and workflow digitization. Under data analytics and insights, Monit and upSWOT excel. Under product recommendation, Monit provides nearly full scope. Under workflow digitization, Autobooks stands out, and BankiFi provides nearly full scope.

**Figure 5: Relative Scope of Customer-facing Functionality**

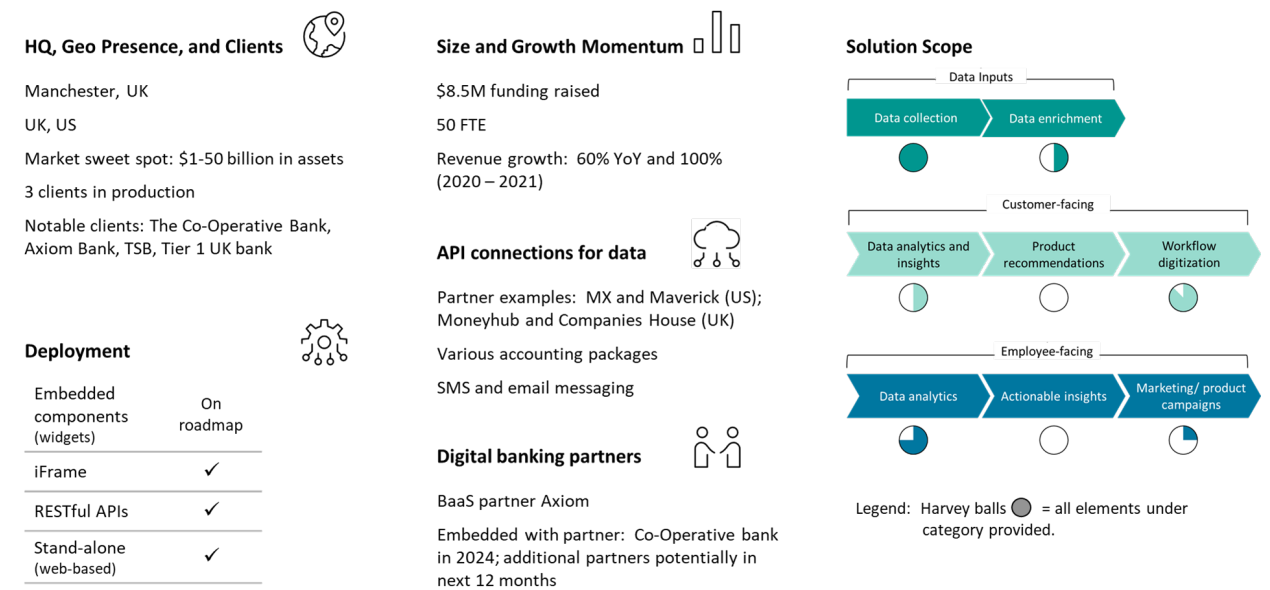
| Relative Scope <sup>1</sup>  | Data analytics and insights                         | Product recommendations | Workflow digitization  |
|--|---|-------------------------|--|
|   | Personetics<br>Monit<br>upSWOT                      | Personetics             | Personetics<br>Autobooks<br>FIS Business Hub (via Autobooks) |
|   | —   | Monit                   | BankiFi  |
|   | —   | upSWOT                  | —  |
|  | Autobooks<br>BankiFi<br>FIS Business Hub<br>9Spokes | —                       | —  |

1. Based on the elements included in Celent’s Challenger Value Chain; see Harvey ball metrics in provider profile.  
Source: Celent research and analysis, FI interviews, and tech provider input and interviews

## BankiFi

BankiFi is striving to make banks the destination for small businesses for all their financial management needs. Its core value proposition centers around embedding workflow efficiency tools in the bank’s digital channels. It recently entered the US market and is leading with flexible product packages for accounts receivable and payable functionality and Open Cash Management, which includes collection (get paid), payables (pay), connecting multiple FI accounts, and cash flow forecasting functionality.

**Figure 6: Tech Provider Snapshot**



Source: Celent interview and analysis, and tech vendor

**Co-development with The Co-Operative Bank**

During the pandemic, The Co-Operative Bank (UK, \$35B in assets) recognized the opportunity to support SMEs in their markets by delivering a differentiated mobile banking experience that included workflow efficiency tools. It partnered with BankiFi to create its SME mobile banking app and an e-invoicing and payments offering, Go Get Paid (Figure 11).

For go-to-market, The Co-Operative Bank worked closely with BankiFi’s customer engagement team. Together, they honed the messaging and developed a direct marketing campaign with a compelling call to action of “get paid.”

The Co-Operative has realized exceptional results with Go Get Paid (GGP):

- *Material value for customers:* Nearly 70% of the Payments Requests sent from the GGP app are paid and reconciled within two business days. Note that 60% of the Payment Requests are sent via SMS and 25% are sent via email. WhatsApp (7%) and QR code (9%) represent smaller percentages.
- *Strong adoption:* The Co-operative Bank has increased the share of SMB users connecting a current account to the GGP app from 21% in November 2022 to 50% as of March 2023. In addition, because it is a stand-alone app, it has won small business customers of competitors.

Building on this success, The Co-Operative Bank is planning to implement BankiFi’s enhancements to the platform, including request-to-pay and its auto-reconciliation feature (thanks to BankiFi’s two-way sync with accounting software) and cash flow forecasting.

**Data Inputs**

BankiFi’s data collection spans bank, merchant acquiring, and accounting data to public company data (Figure 7).

**Figure 7: Solution Scope – External Data Inputs**

| Data collection | Other FI data (e.g., other bank providers, credit card providers) | Merchant acquiring (e.g., WorldPay, Square, Stripe) | Accounting data   | Other  |
|-----------------|---|---|---|--|
|                 | Yes   | Yes   | Yes<br>Two-way sync? Yes  | Yes  |
|                 | Moneyhub (UK), MX (US)  | Maverick (US)<br>Pay360 – future (UK)               | QuickBooks, Xero, Sage (others, e.g., NetSuite will be evaluated upon demand) | Registered company information made available to the public – Companies House (UK) |

| Data enrichment | Cleanse   | Normalize   | Categorize |
|-----------------|---|---|------------|
|                 | Yes, partial<br>Based on current and future capabilities of partners (e.g., digital experience platforms, data aggregation services) or direct integrations with core platforms | Yes<br>Reconciliation of trx data to synch with accounting software (e.g., a trx is authorized, but not settled. Upon settlement an update is pushed to accounting platform)<br>Capabilities are a function of current and future partners. | No         |

Source: Celent interview and analysis, and tech vendor



Nearly 70% of the payment requests sent from the Go Get Paid app are paid and reconciled within two business days.

BankiFi customer The Co-Operative Bank

### Customer-Facing Functionality

BankiFi has focused on delivering cash flow metrics and forecasts (Figure 8) and workflow efficiency tools (Figure 10). In the area of data analytics, Figure 9 displays BankiFi’s cash flow forecast and relevant inputs. BankiFi allows the small business customer to manually adjust the inputs (e.g., remove an invoice that it doesn’t expect to be paid). BankiFi does not yet offer actionable insights on this page.

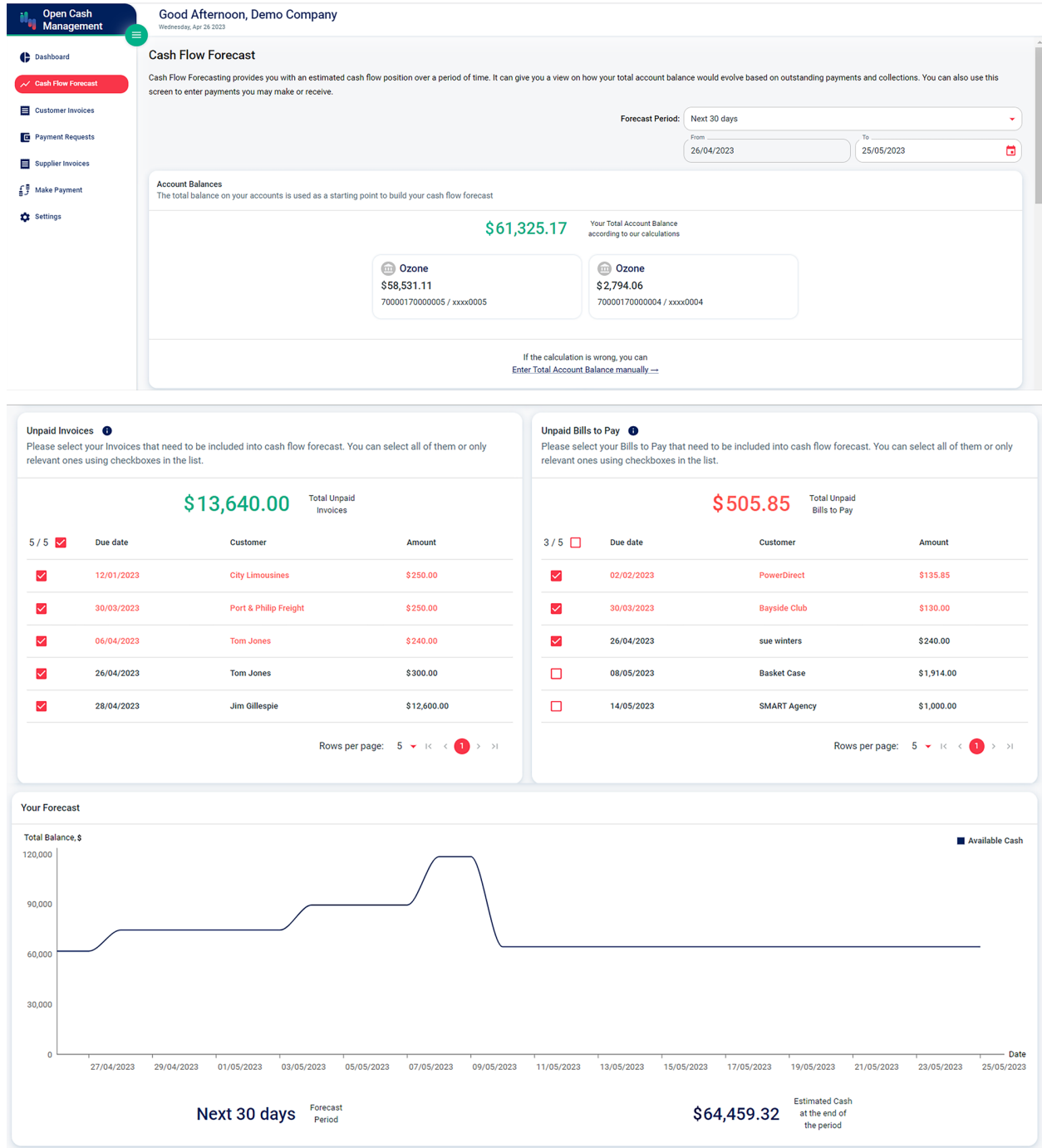
In the area of workflow digitization, BankiFi excels in the “get paid” functionality and offers multiple communication channels: SMS, WhatsApp, email, and QR code. As described above, for example, The Co-Operative Bank has branded this offering Go Get Paid and is winning non-bank customers (Figure 11). In addition to the ability to send an invoice within the platform via the small business’s accounting app, the business can send a request-for-payment (RFP) with a payment link. Thanks to two-way sync with accounting software, RFP payments are automatically reconciled. On the card acceptance front, BankiFi enables a bank to cross-sell merchant services within its digital experience and expedite the application process by relaying relevant application data to the merchant acquirer. To further speed-up the process in the UK, BankiFi became a payments facilitator.

**Figure 8: Solution Scope – Customer-Facing Data Analytics**

| Data analytics - Types  | Insights/alerts<br>Based on current & past data (e.g., revenues falling, late receivables increasing) | Forecasts   | Budget/expense management tools | Benchmarking<br>E.g., compared to your peers in zip code xx, your expenses are above avg. | Other |
|---|---|---|---------------------------------|---|-------|
| Yes<br>E.g.,<br>• Unpaid invoices and automated reminders for payment requests<br>• Unpaid bills<br>• Average transaction value |   | Yes<br>• Cash flow, up to 90 days<br>Do forecasts include seasonality? No | No                              | No  |       |
| Data analytics - Models   | Traditional* ✓<br>AI/ML   | Traditional* ✓<br>AI/ML   |                                 |   |       |



\*E.g., regression, Monte Carlo, and Bayesian  
Source: Celent interview and analysis, and tech vendor

Figure 9: Cash Flow Forecast



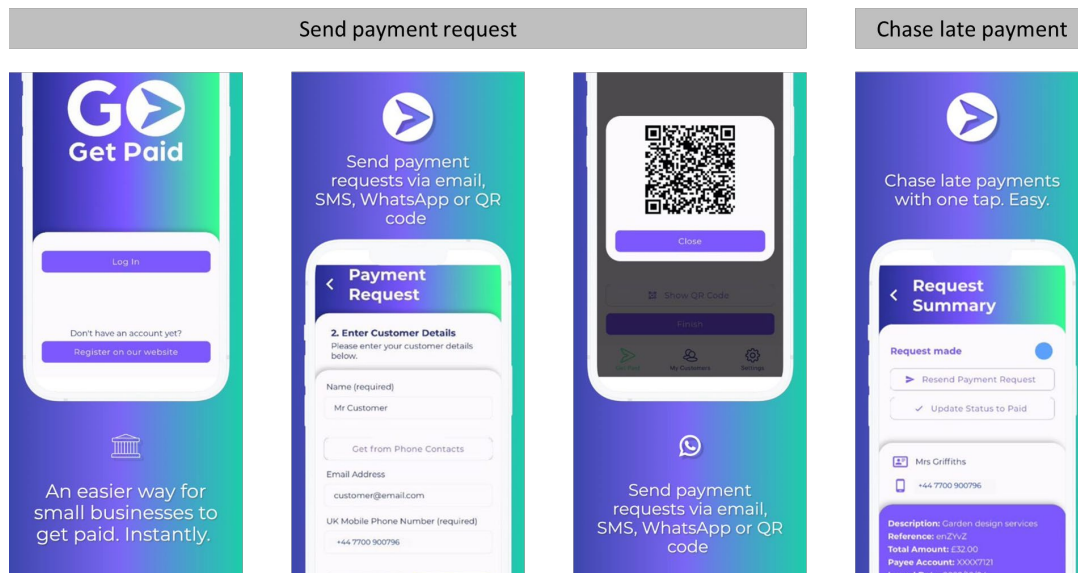
Source: BankiFi

**Figure 10: Solution Scope – Workflow Digitization and Other**

|   |   |   |   |  |   |
|---|---|---|---|--|---|
|  <p><b>Workflow digitization</b></p> | <p><b>Automatic actions</b><br/>e.g., set savings goal with auto transfer; predict taxes and auto set aside funds</p> | <p><b>Payables</b><br/>i.e., ability to pay an invoice in app</p> | <p><b>Invoicing</b><br/>i.e., ability to send an e-invoice in app</p> | <p><b>Payment link</b><br/>i.e., ability to send an e-invoice in app with a e-pay link</p> | <p><b>Other</b></p>   |
|   | No  | Yes   | Yes   | Yes  | Yes   |
|   |   | Via connection to accounting software                             | Full ledger for invoicing   | Via data supplied by accounting software   | <ul style="list-style-type: none"> <li>Card acceptance</li> <li>Ability to send invoice reminder</li> </ul> |
| <p>If Payables and/or invoicing included (US):</p>  | Payment types available   |   |   |  |   |
|   | Type:   | Credit card   | ACH   | RTP  | Zelle   |
|   | Payables  | On road map   | Yes   | On road map  | No  |
|   | Receivables   | Yes   | On road map   |  | No  |
|  <p><b>Other</b></p>                 | Accounting software (proprietary to app)  |   | Other   |  |   |
|   | Yes, partial Full ledger for invoicing  |   |   |  |   |

Source: Celent interview and analysis, and tech vendor

**Figure 11: Example – Co-Operative Bank’s Go Get Paid**




Source: BankiFi



## Employee-Facing functionality

BankiFi does not currently provide employee-facing functionality via an admin portal. However, self-service admin functionality is on the road map. BankiFi does push data from its platform to bank systems and platforms (Figure 12). For example, BankiFi can push data relevant to a merchant services application (as cited above), data for underwriting to the bank’s underwriting system, or data which is useful to a small business banker to the bank’s CRM.

**Figure 12: Solution Scope – Employee-Facing Functionality**



| End-user:                    | Data analytics<br>(e.g., financial data, KPIs)  | Actionable insights<br>(e.g., product recommendations)                            | Marketing/product campaigns   |
|------------------------------|---|---|---|
| Business banker              | ✓   |   | ✓ (bespoke)   |
| Call center                  | ✓   |   | ✓ (bespoke)   |
| Loan officer/<br>underwriter | ✓   |   | ✓ (bespoke)   |
| Marketing                    | ✓   |   | ✓ (bespoke)   |
| <b>Prime Examples:</b>       | Data inputs supplied to the FI for ingestion into core reporting systems: <ul style="list-style-type: none"> <li>• Transactional data</li> <li>• Cash in/outflows</li> <li>• Cash flow forecasts</li> </ul> | Data inputs provided to the FI to inform decision engines and other product tools | Bespoke marketing and customer engagement for partners that have embedded the solution <ul style="list-style-type: none"> <li>• Either by working in partnership with the FI</li> <li>• or executing campaigns on behalf of the FI</li> </ul> |

Source: Celent interview and analysis, and tech vendor

When it comes to go-to-market, BankiFi has a customer engagement team as noted in The Co-Operative Bank vignette. The team can provide experienced support in three vital areas:

- Marketing to support new customer acquisition
- Messaging to inform existing customers
- Engagement activities to promote adoption and nurture and retain users

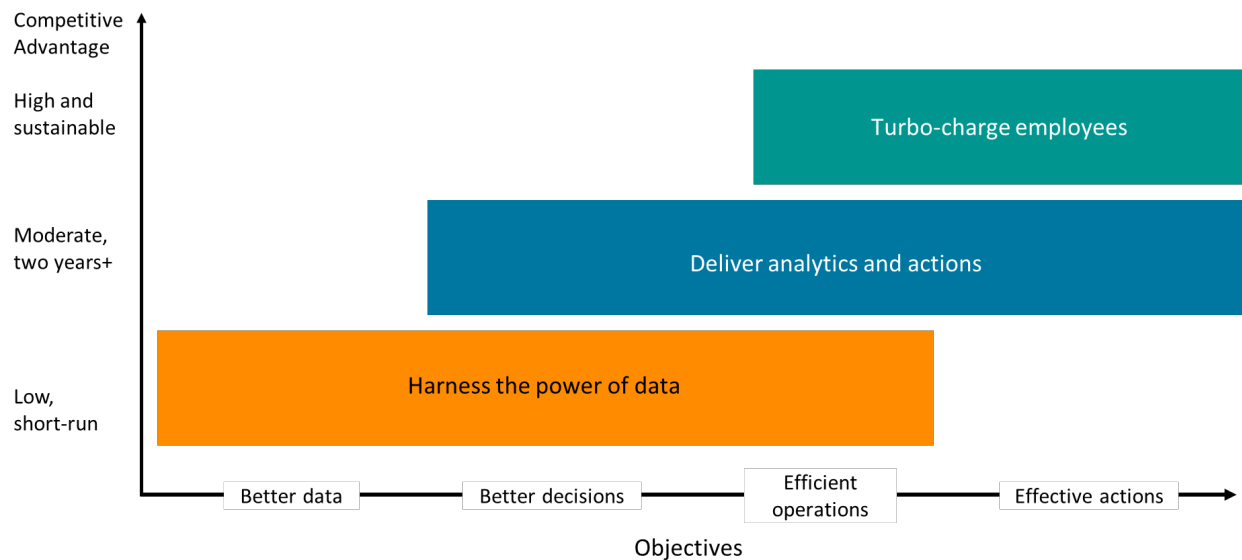
On its road map, BankiFi is analyzing an expanded data analytics strategy that would expose relevant invoice and business data that could be leveraged by FIs in two areas. First, FIs could incorporate the supplemental information for underwriting processes. Second, they could deliver consultative financial wellness services.

In addition, BankiFi is collaborating with FIs and industry partners that are evaluating opportunities to enable innovative financial management workflows for businesses within embedded/open finance and banking-as-a-service platforms.

# PATH FORWARD

Realizing the challenger formula is not easy. If it were easy, no differentiation would be achieved. It requires hard operational and IT work (harness the power of data), business model transformation (deliver analytics and actions), and a data analytics-driven culture (turbo-charge employees). Those that succeed will realize sustainable competitive advantage and maximize the lifetime value of their small business customers, including potentially improving customer viability.

**Figure 13: The Challenger Formula**



Source: Celent research, interviews, and analysis

## Steps to Achieve the Challenger Formula

Based on past research and consulting on best practices and recent interviews with both FIs and fintechs, we have outlined the following steps to achieving the challenger formula.

## Harness the Power of Data<sup>2</sup>

- Examine your data supply chain from point of creation to point of use
- Determine how to improve the supply chain from capture (e.g., customer application and data entry into CRM) to movement through bank systems to data end-users (e.g., ease and timeliness of access)
- Make raw data more valuable by integrating/merging with another data set (e.g., check image data and transaction posting)
- For external data, assess your API strategy and framework to determine if they are robust enough to facilitate easy access to data and/or if you should partner to make improvements
- Ensure fair value data exchange to incentivize customers to share their data

## Deliver Analytics and Actions

- Examine your digital banking strategy and determine if a reimagining is needed to deliver your new value propositions and the implications<sup>3</sup>
- Determine optimal roll-out of analytical tools and workflow efficiency tools based on resources available (e.g., some banks will initially leverage internal data and then add external data)
- Aim to include these tools as widgets within your digital banking platform
- Determine go-to-market plan, carefully planning initial pricing approach and feedback loop, honing target audience, and crafting messaging
- Ensure that the onboarding process is fast and easy (e.g., for current customer, self-service under 10 minutes)

## Turbo-charge employees

- Take into consideration the value chain from product development and prospecting/marketing to sales and customer engagement
- Improve delivery of aggregate and customer-level performance metrics gleaned from additional data collection and enrichment
- Leverage AI/ML to surface actionable insights (e.g., next best action and product recommendation)
- Link and test marketing and product campaigns to actionable insights via the digital channel
- Establish a collaborative team to monitor customer engagement metrics and reinforce the business case to steadily roll-out new tools

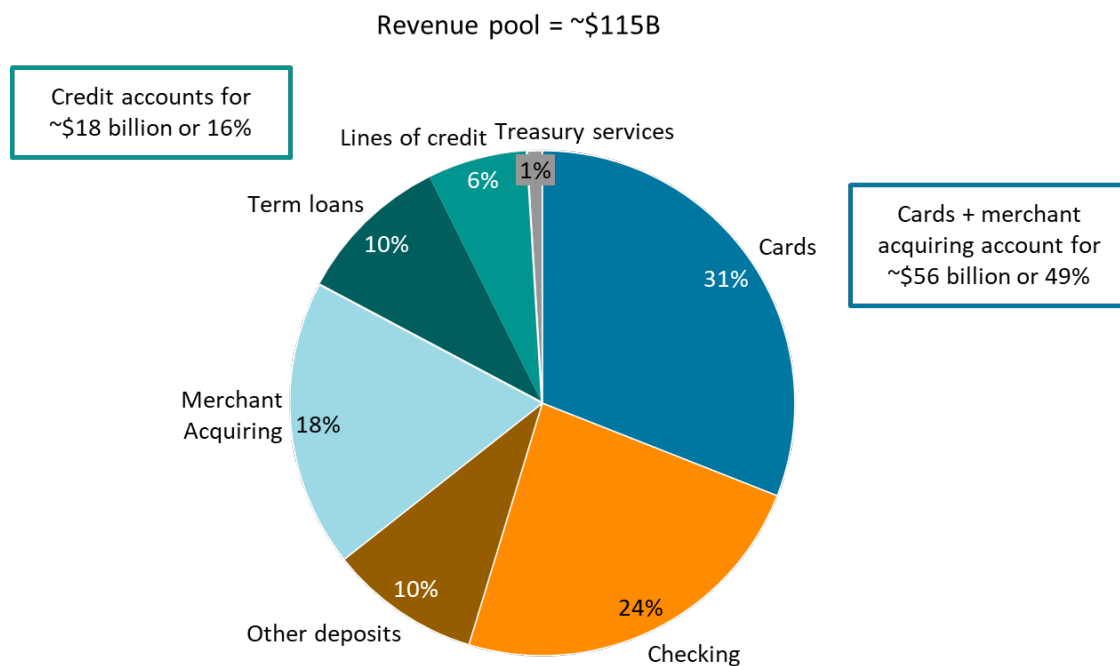
<sup>2</sup> For further discussion, see Celent report, [Unlocking Treasury Insights: Road Map to Intelligent Solutions](#).

<sup>3</sup> For further discussion, see Celent report, [Small Business Digital Engagement: How to Outcompete](#).

## Pathways to Monetization

When making their business case for delivering analytics and actions to their small business customers, an FI should first take a share of wallet lens. Small businesses generate around \$115 billion in annual banking-related revenues in the U.S. with card-related revenue dominating (Figure 14). What share do they currently hold? What share could be at risk?<sup>4</sup> What share could they gain through analytics and actions (e.g., line of credit and merchant acquiring)? Second, an FI should think beyond traditional products. What new revenue streams can it generate (e.g., e-invoicing and request for payment and accounting software features)? Figure 15 displays the potential revenue types generated by delivering cash flow forecasts and digitizing accounts receivable/payable. Third, when partnering with a fintech to deliver new services, an FI should pick a partner that embraces a win-win revenue sharing approach and supports the FI in its go-to-market and subsequent improvements in delivering the right value proposition at the right time.<sup>5</sup>

**Figure 14: U.S. Small Business Revenue Pools**



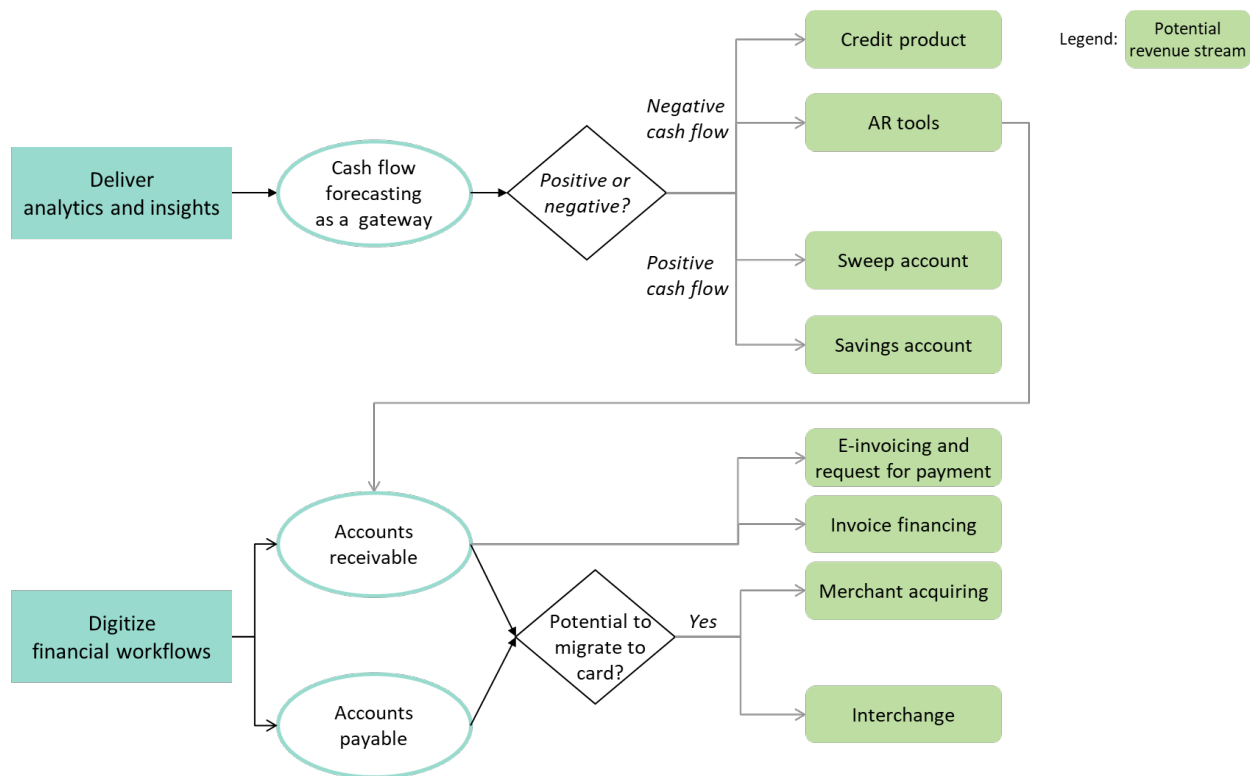
Source: Small Business Administration Office, Oliver Wyman, FDIC, and Celent analysis and estimates

<sup>4</sup> For further discussion of customer attrition risk in the context of corporations and open banking, please see Celent report, [Expectation versus Reality for Payments Data Monetisation: Identifying the Data Led Services Corporates Want](#).

<sup>5</sup> For further discussion regarding the win-win formula for bank-fintech partnerships, see Celent report, [Adventures in the Open Banking Ecosystem: Considerations for Corporate Banking Partnerships](#).

There are several pathways to revenue generation. Delivering cash flow forecasts is an effective “gateway” to providing credit products and AR tools when negative cash flow is forecasted and to suggesting a sweep or a savings account when a positive cash flow is projected. Moreover, the external data used to generate forecasts can be delivered to the FI’s credit team to expedite and improve underwriting and pricing. FIs can generate revenues from digitizing a small business’ financial workflows by migrating payments from checks to card. An AR tool can encourage a business to accept cards and/or migrate from an external merchant acquirer to the FI’s offering. In addition, visibility into a business’ AR can facilitate underwriting of invoice financing.

**Figure 15: Pathways to Monetization – Three Examples**



Source: Celent interview and analysis, and tech vendor

Banks that succeed at the challenger formula will find that they not only increase share of wallet but also generate a positive flywheel of digital engagement and banker engagement—and ultimately maximize the lifetime value of the customer.

# LEVERAGING CELENT'S EXPERTISE

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Typical projects we support include:

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**Market messaging and collateral review.** Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

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