



## Merchant Businesses Generate 2.6x More Revenue

payments business customers

**Summary:** Do you want to acquire new customers? Merchant businesses can provide you with more revenue and are cross-sold on more products faster.

Founded in 1889, the Japanese company, Nintendo first sold playing cards, not video games. Long-standing businesses have had to reinvent themselves as the needs of customers changed. Many merchants have had to do this lately as the pandemic shifted customer preferences and behavior.

According to the Commerce Department, consumers spent \$199.44B online with American retailers in Q3 2020, an increase of over 37% from \$145.47B for Q3 2019. Not only that, but almost a quarter (23.8%) of all sales in 2020 were online. Wouldn't it be nice if you could support those businesses as they continue to thrive?

Leading with merchant services can help a financial institution acquire new customers, according to a recent Accenture study commissioned by Fiserv. On average, these accounts provide more revenue and result in more and faster cross-selling. Now may be a good time for community financial institutions to consider adding these business customers.

**Defining merchant services.** The difference between a business relationship and a merchant services relationship is that the latter involves payment processing services. Though the study doesn't specify, businesses that are a natural fit for merchant services are usually retail operations that need to process many individual payments in a month.

**Greater revenue.** The study showed that merchant accounts generated 2.6x more revenue than non-merchant business accounts. In dollar terms, the average difference amounted to about \$8K. About 17% of the revenue from a merchant account relationship came from merchant services. Merchants seemed eager to sign on for merchant accounts, as these accounted for about a third, or 33%, of total new accounts.

**More products and faster sales cycle.** Merchant account holders also seem interested in building stronger relationships with their financial institutions, by purchasing additional products. Financial institutions cross-sold to both merchant account holders and customers with regular business accounts and found that merchant account holders bought additional banking products on average 7 weeks faster than other business account owners. Merchant account holders bought a greater number of additional bank products too, 29% more on average than business account holders. This means that in a shorter period of time, you can have stickier customers.

Attracting merchant businesses is a way to gain new customers. Many merchant businesses are doing well. Offering merchant services would entice these customers, while increasing your number of engaged, profitable business relationships. Given the current environment, this opportunity may well be one that is worthwhile to investigate.

## ASSESS PROFITABILITY THROUGH THE CRISIS

Profitability FIT is a [profitability solution](#) that measures performance at the account level, but also at the entire customer level. Price not just credit but the entire relationship to win more deals.

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