



## To Switch or Not To Switch? Reasons Business Customers Leave

small business business customers customer retention

**Summary:** Business customers are switching financial institutions for a variety of reasons, but the new FI may end up being the same as the old FI — or worse. We detail the pros and cons that business customers weigh when they consider a switch — and what your CFI can do to make sure you're the winner on either side of the equation.

It may not come as a surprise, but the brand that has the highest customer loyalty, [according to a recent customer loyalty index report, is Google](#). After Google, it is Lowe's, Intel, Apple, and Coca-Cola. Customer loyalty, and what it takes to keep that loyalty, can vary by industry. For business customers within the banking industry, loyalty depends on several factors.

Switching community financial institutions (CFIs) is getting easier and easier for customers who may be unhappy. This is, in part, thanks to more CFIs offering "switch kits" that detail step-by-step guides to do so. This includes business customers as well as consumers, which makes the task of keeping them satisfied even more paramount.

### Why Business Customers Might Switch CFIs

While switching CFIs may be easier than ever before, the last thing you want is for your small- and medium-sized business (SMB) customers to feel compelled to leave. Here are some common reasons that business customers might look elsewhere:

- Their business is growing and has emerging financial needs, but they can't find the kind of products and services they need to support that growth.
- Competing CFIs have more digital offerings and 24/7 tools to make it even more convenient for the business' day-to-day operations.
- Their business moved headquarters to an emerging business hotspot, but there's no brick-and-mortar branch close to the new location.
- The business is looking to save money on fees and hidden charges on their accounts by switching to a CFI with lower fees.
- The business wants to take advantage of introductory offers at the new CFI, such as free business banking for a period of time.

### Risks of Switching CFIs for Business Customers

It's important to note that making a change in financial services providers isn't an easy decision for SMB customers. To uproot their established CFI relationship would take a lot of work for a business that may only have a small staff.

If you see signs that an SMB customer is preparing to leave, find out what pain points are driving them to consider a new financial home, and encourage them to reconsider based on the sheer logistics such a move would involve:

- Business customers could lose the benefits of having a long-standing, positive relationship with their existing account manager. A new CFI will require a fresh start, and the account manager assigned to them may not be as friendly or accommodating of their needs.
- They could lose the perks of being a decades-long customer, such as getting additional credit with favorable interest rates, or having overdrafts waived periodically.
- The branch staff at the new CFI may not be as eager to solve timely issues.
- The new CFI may institute fees and hidden charges on business accounts.
- Automatic payments could be disrupted if not done correctly, and too many switches will negatively impact the business' credit file.

How To Keep Existing Customers While Luring New Ones

The primary goal is for your business customers to never be in a position where they feel the need to leave for greener pastures. Here are some solutions and tactics you can employ to make sure your business customers feel supported and happy with their banking relationship with you:

- **Increase your offerings.** Expand the types of products and services you offer business customers, including [treasury and cash management services](#), perhaps even trade finance products and services, if enough business customers ask for them.
- **Provide more digital solutions.** Offer more digital tools, including those from fintechs via APIs and open banking. Consider AI technology to customize your offerings for each business customer.
- **Expand your physical presence.** As for your branches, make sure you are locating — or relocating — them in growing business sectors within your communities. Although more businesses are doing their banking digitally, there are still SMB customers [who rely heavily on physical branches](#).
- **Explain your fees.** Be transparent about the fees and charges on business accounts. If you need to increase them, explain why and how it helps your institution provide additional value-added services.
- **Increase your customer service support.** Make sure your customer service is top-notch, from the account managers assigned to business customers to having call centers open longer hours and chatbots available 24/7 — or at least having staff get back to them as soon as possible.

Make sure you're the winning CFI on both sides of the coin by offering the kinds of products and services growing businesses need, implementing new digital tools and offerings that SMBs look for, being transparent with your fees and charges, and ensuring your customer service to them is excellent. Doing so will keep your business customers happy and secure their loyalty for long-term relationships.

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ECONOMY & RATES

Rates As Of: 12/13/2023 05:36AM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.46	0.01	1.04
6M	5.41	0.03	0.65
1Y	5.10	-0.03	0.40

2Y	4.69	0.01	0.26
5Y	4.19	-0.08	0.19
10Y	4.17	-0.16	0.30
30Y	4.28	-0.21	0.32
<b>FF Market</b>	<b>FF Disc</b>	<b>LOBB</b>	
5.33	5.50	5.40	
<b>SOFR</b>	<b>Prime</b>	<b>QBFR</b>	
5.31	8.50	5.32	

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