



## Nurturing Loyalty with Small Business Customers

small business loyalty programs business customers customer retention

**Summary:** Small business customers have no shortage of financial service options, from traditional banks to fintech offerings. Fostering loyalty among this group not only requires providing them with added value, but with the sense that your CFI understands their individual businesses and their unique needs.

From Yale University's Skull and Bones society to Freemasonry, there are multiple secret societies within the US that boast ties to many of the nation's wealthiest and most influential leaders. Of the 46 US presidents to date, at least 20 have belonged to secret societies. However, little is known about what really goes on within these societies, as members must swear oaths of secrecy and loyalty.

Unfortunately for the banking industry, no such long-term loyalty extends to the relationships that business customers have with their financial institutions. To encourage loyalty and long-term relationships with small businesses, community financial institutions (CFIs) need to be as proactive as possible about cultivating these relationships and making themselves indispensable to the business' operations.

According to the Small Business Administration, there are roughly [33.2MM small businesses](#) in the US, and there is no shortage of financial institutions vying for their business — from the banking industry's largest players to a growing number of fintechs catering to this demographic. While financial institutions are well-versed in loyalty programs and have long used them as a way of attracting new customers and retaining existing ones, the benefits of such programs are typically tailored to individuals.

As CFIs strive to enhance their small business clientele and foster long-term relationships, they should consider finding ways to reward loyalty for these customers as well, whether through formal loyalty programs or unique, business-oriented benefits.

### Strategies To Increase Business Customer Loyalty

The key to creating loyalty among business customers is demonstrating an understanding of their individual businesses and the unique challenges they face, coupled with the ability to provide services they truly value. Beyond the obvious — better rates and lower fees — there are a few key benefits that make a world of difference to small business owners. Here are a few strategies that can make your small business customers want to stick around:

- **Self-service options.** Small businesses require a lot of work, sometimes at odd hours. Business owners want self-service tools they can use to manage their businesses when they need to do banking at night or on weekends. Whether that is software and services that enable organizations to integrate bookkeeping and accounting, tax reporting and compliance, or even data analytics that can help with everything from identifying areas where they can save money to patterns among their customers, CFIs should make such services available to business customers and work with them to identify the best ways to use such tools. Tailoring costs and services to individual businesses is also important. Business customers want simple and easy-to-use services and do not want to pay for things they are not using.
- **Help with business visibility.** Another way for CFIs to make themselves more valuable to small businesses is to work with individual customers to help enhance their visibility within the community when

- possible, whether through promoting a business on your CFI’s social media channel or through joint efforts to support organizations within the community. Nonprofits regularly hold community-oriented drives for things such as coats during the winter months or canned goods in the run up to the holidays. Partnering with a nonprofit demonstrates your CFI’s commitment to the community and local enterprises — an attractive quality to both current and potential customers. One way for CFIs to work with business customers through such efforts is for both parties to serve as collection points during work hours, as well as to encourage your respective staff to participate and help build awareness of such initiatives.
- **Perks for new and existing business customers.** Just as the promise of rewards draws individuals to participate in loyalty programs, rewards can be equally appealing for small businesses and are something CFIs should consider. In the case of new clients, a 0% interest rate on a line of credit for the first few months after a new business joins your organization can be a very appealing incentive. Perks such as discounted or even free tickets to local entertainment or sporting events can be an easy and inexpensive way to reward business customers on the anniversary of their relationship with your CFI every year or couple of years.
  - **Extra services.** Other non-core offerings that can keep small business customers more invested in the relationship they have with your organization include advisory services for things such as [succession planning](#), [retirement planning](#), payroll, and even procurement discounts.

The Value of Human Connection

Beyond the above, another way that CFIs can make themselves indispensable to business customers is by taking the time to foster personalized relationships through regular interactions with business owners. Demonstrate your commitment by checking in to address their concerns, assist with reviewing business plans, or help them uncover missing opportunities. This proactive approach showcases the value you place on their business and fosters stronger relationships. At the end of the day, as much as business owners value the latest technology and offerings, personal connections remain paramount. Consistently showing business owners that your CFI views them and their employees as people, not just accounts, can go a long way to ensuring that they will stick around for the long term.

There is no shortage of financial service providers chasing small businesses. If CFIs want to attract customers within this group and maintain long-term relationships with them, they not only need to provide services and tools to help business owners manage their businesses, but they also must take the time to personalize experiences and demonstrate knowledge of a business’ individual operations.

BUILDING THE FEDNOW SERVICE WITH SHEILA NOLL

As the FedNow Service gains momentum, we sat down with Sheila Noll, a payments expert and PCBB’s COO, to understand how the service came to be, and get advice for CFIs regarding faster payments implementation. [Download PCBB's Industry Insights paper](#) to learn the details.

ECONOMY & RATES

Rates As Of: 03/26/2024 05:36AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg
3M	5.46	0.01	0.06
6M	5.36	0.06	0.10
1Y	4.98	-0.01	0.22
2Y	4.60	-0.02	0.35
5Y	4.22	-0.02	0.37

10Y	4.24	-0.01	0.36
30Y	4.40	0.02	0.37
<b>FF Market</b>		<b>FF Disc</b>	<b>IORB</b>
5.33		5.50	5.40
<b>SOFR</b>		<b>Prime</b>	<b>OBFR</b>
5.31		8.50	5.32

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