



The Impact Of SMB Digital Payment Usage

payments business customers digital banking

Summary: According to a recent survey, SMB usage of digital payments surged 38% from 2017. How can your bank leverage this opportunity?

We talk quite a bit about technology because everyone is using it and it is definitely having a huge impact on banking. That's one reason we were interested to see [research by Pew](#) that found 99% of those 18-49Ys old own a cellphone, 97% use the internet and 82% use social media. That's a lot of socializing!

In social circles around town, there is some good news for community banks when it comes to digital payment usage and small-to-medium businesses (SMBs). [According to a recent survey](#), SMB usage of digital payments surged 38% from 2017 to 2018 and almost 50% of SMB transactions are now being completed digitally.

But there's a dark cloud lurking behind this silver lining, and it has to do with the general perception that community banks lag bigger banks on digital services. This survey found that more than 90% of SMB customers of national and regional banks using digital services accessed these services from their banks. At community banks though, this dropped to 75%. Also, 25% of community bank SMB customers use a third party for their digital payments. That's significant, and is a good area of opportunity for community banks, to be sure.

As the data on larger banks shows, the growing number of SMB customers who want to use digital payments almost always prefer accessing the technology through their bank. That makes sense because a business customer can get good quality digital payment services at a reasonable price bundled with other bank services like checking.

Digital payment usage is increasing rapidly, so there is a new sense of urgency. The last thing your bank needs is to lose business customers over a service like digital payments that is widely available.

Ironically, the banks that are losing SMB customers over digital services today are not community banks but rather the biggest banks, according to the survey. However, the survey also found that unfortunately those defecting customers ended up at other big banks. Here again is another area of opportunity.

There are several takeaways here. More and more SMBs are using digital payments. They want to access that service at their banks. If the bank's offering isn't working for them, or if they can get a better deal from another bank, these customers are willing to switch banks.

Given this, be sure to talk to your business customers specifically about their digital payment requirements. Further, if you need to beef up your digital payments services, do so now. Lastly, let business prospects know of your digital payments offerings (via email, social media, community outreach programs), so potentially dissatisfied business customers at another bank may find yours and be happy again.

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