



Appealing To 60MM Self-Employed Businesses



business customers

customer acquisition

customer experience

Summary: With the explosion of gig workers, the needs of some small businesses have changed. Many self-employed business owners are looking for time-efficient, digital financial services so that they can focus on growing their businesses. Here are five important areas to address in successfully appealing to these businesses.

We were surprised to find out that the first horror movie dates back to 1896, according to reelrundown.com. House of the Devil directed by Georges Méliès portrayed a bat as an agent of the Devil that became human and brought demons to life through a cauldron. The Devil's agent was eventually banished with the use of a crucifix. It lasted just over three minutes long and was filmed in Méliès' garden in France, yet it started a new film genre that gave us an adrenaline rush from Psycho to Halloween and Scream.

Besides horror movies, working as your own boss can give many an adrenaline rush, trying to fulfill their passions. The number of people choosing self-employment has been rising since the 1970s, but the trend has picked up speed over the following decades, and especially with the pandemic. Technology has made it easier to work outside of offices and more people are seeking a better work-life balance.

Rising self-employment. According to a recent report from the Pew Research Center, roughly 16MM of the 150MM workers in the US today are self-employed, the majority of whom work alone or employ just a handful of people. This group has reached its pre-pandemic level. In fact, the number of self-employed climbs even higher once you factor in [freelancers and gig workers, which totaled 59MM people in 2021 or 36% of the total workforce](#). Looking further ahead, a recent survey from cloud accounting software company, Freshbooks, found that [40% of people expect to work for themselves within the next 2Ys](#), with that number climbing over 50% when it comes to people aged 35 or younger.

Unique banking needs. Reaching out to this burgeoning group could prove fruitful for community financial institutions (CFIs). Catering to these self-employed individuals can help them grow into long-term clients and larger businesses. Yet, self-employed people do not always fit into the mold of traditional business customers and often must produce far more documentation to prove that they are a low risk for lenders. This process can be extremely cumbersome and time-consuming and can make borrowing difficult. With many fintechs targeting this demographic with user-friendly banking, CFIs should consider tailoring their offerings to help people within this group have a more streamlined experience. To facilitate this process, enhanced risk assessment tools incorporating artificial intelligence can provide a better picture of an individual's lifestyle and overall risk.

Whether self-employed individuals employ a handful of people or [go it alone as gig workers](#), many of them have unique banking needs. Here are **five important areas to address when defining your financial services for them**.

1. **Business assistance.** Many of the self-employed have a passion or a great idea, but they may not have solid business acumen. Helping them understand cash flow fundamentals, tax planning, and investment strategies can set them straight from the beginning. This advisory time could pay off in spades, as it can help them grow and you with them.

2. **Payment capabilities.** The ability to send and receive payments in real-time is extremely important to this group, so assisting with payment platforms that provide the ability to make, receive, and manage electronic payments is crucial for their healthy cash flow.
3. **Online offerings.** Just as they want time-saving alerts, they need an easy way to open accounts and apply for loans. During the pandemic, many CFIs developed online offerings to help their customers when in-person options weren't available. If you didn't, now is the time. Fintechs are happy to help them with these types of financial services, so if you are not able to provide them, they will.
4. **Time-saving alerts.** Self-employed business owners are extremely busy and so they value updates and alerts. Is it time to make a payment on their loan? Did their operating account fall below a certain level? Having these types of options available will make their life easier and keep them as a customer.
5. **Digital advice.** Just as alerts help them manage their time, digital advice does too. It allows them to reach out and get information when they need it. Having digital features such as website chat or text messaging available will go a long way with this group of business owners.

Your affinity for business customers has always been strong. But, with many self-employed business owners, there are some nuances to consider. Successfully appealing to this group of almost 60MM (and growing) will keep you on track to continue supporting your community of businesses.

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ECONOMY & RATES

Rates As Of: 02/01/2022 08:58AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.22	0.16	0.16
6M	0.49	0.30	0.30
1Y	0.79	0.00	0.40
2Y	1.19	0.01	0.45
5Y	1.63	0.02	0.37
10Y	1.82	0.03	0.30
30Y	2.14	0.03	0.24
FF Market	FF Disc	IORR	
0.08	0.25	0.15	
SOFR	Prime	OBER	
0.05	3.25	0.07	

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