

Q2

# Serving Communities by Serving Businesses

The Case for Credit Unions  
and Commercial Banking

# Introduction

Credit unions offer financial services to over 125 million members in the U.S.—mostly in the form of consumer accounts and personal loans—and that number is growing.<sup>1</sup> With credit unions' favorable returns on savings and appealing interest rates on loans, it makes sense for individuals to migrate away from banks to credit unions. In recent years, the same migration has been taking place with businesses as they see similar benefits.

If your credit union is considering offering business services, this white paper will explore the benefits that yours can gain by expanding, the kinds of services needed to best serve growing businesses, and what it takes to grow and thrive in the current digital business banking landscape.

## Bring Businesses to Your Credit Union

Businesses play a huge part in the financial lives of their communities—creating jobs, encouraging infrastructure development, and bringing suppliers and supporting businesses into the areas they serve. Credit unions that are equipped to support community businesses can pass the benefits of membership on to owners and operators—as well as the consumers, partners, and communities that the credit union and the business both serve.

More often than not, credit unions emerge from the collective need of a specific business or organization's employees; it makes sense that they should be able to serve the business or organization as well. Often providing better terms for borrowing and banking, businesses can save money—letting them share that wealth with their workers and investors, helping them grow and increase employment in their communities.

### Responding to demand

ESL Federal Credit Union started offering business services in 2010, and they were immediately able to leverage their reputation in the consumer space to win small business and commercial clients. But as they gathered feedback from members, they soon realized that they would need even greater functionality and usability—as well as mobile access—to grow their digital offering to its fullest potential. When the time came to look into new technology, Q2's one-platform solution stood out. It would not only save business users from a cumbersome login process, but Q2's Unified User Experience (UUX) ensured that both consumer and business users would have a consistent and well-designed user experience, regardless of device—and they would all get mobile access. To date, member feedback has been positive across the board—and their mobile offering is consistently gaining more logins.

## Offer Business Services to the Big and Small

**Let's look at some of the key needs that businesses will expect your credit union to meet. Let's start with three that are often requested.**

### Entitlements

Growing businesses need the ability to designate user roles to match their organizational structure, workflows, subsidiaries, and more. By offering community businesses flexible entitlements administration, your credit union not only helps businesses scale their operations, but they also contribute to the growing security and compliance needs of businesses.

### Reporting

Effective cash management is crucial to businesses of all sizes. Your credit union will help businesses by offering accurate account information regarding balances, transfers, incoming wires, payments, and more—and make it all customizable to fit the needs of the member. The combination of providing clear, concise, and timely information reporting that is tailored to need will make it possible for businesses to understand and respond to their circumstances and open deeper relationships with your credit union.

### Payments

From sole proprietorships to corporations, all businesses need the ability to make payments to vendors, suppliers, partners, contractors, and employees; the needs vary based on business model and size, but the ability to send payments in a timely, trackable manner is crucial.

**Your business members will want a range of payment options, including international wires and Same Day ACH.**

## TAILORED SOLUTIONS

**To successfully offer business services, credit unions must understand that a one-size-fits-all approach to commercial banking will no longer work. Businesses expect unique, customized banking experiences to serve their growth.**



## Innovative Technology Lifts All Boats: Businesses, Credit Unions, and Communities

By some estimates, even relatively small business accounts can yield significant opportunities and revenue flow and provide the means to offset costs associated with maintaining consumer members or the loss of some to fintech or other financial institution challengers. The revenue created through business reporting fees, for example, can help you lower interest rates on personal loans, let you increase returns on savings accounts—even develop a goal-based savings program, or fund the growth of your credit union’s footprint, extending the benefits of membership beyond your current reach.

Digital lending with automated origination and decisioning is another area of many benefits, including helping your staff lessen mistakes and stress. More credit unions are adding this lending approach to their offerings and it’s drawing greater use by both commercial and consumer members.

Tailored experiences coupled with effective innovation such as digital account transfer and onboarding, straight-through processing, and end-to-end business solutions—including digital lending—will be greatly appealing to commercial prospects, especially those set to grow. Today, commercial banking—especially for larger or quickly growing businesses—require simple-to-integrate services, easy scalability, and seamless banking experiences. Disparate, siloed business banking solutions and brittle processes are no longer an option.

Has your credit union taken a hard look at your digital banking technology? Can you effectively grow with it? Strengthening your credit union’s technology will attract businesses in your community and help stabilize your organization for any coming changes to your institution or community. A single platform offering rich, customizable solutions is a great choice to move forward with.

## Changing Technology Expectations

Credit unions often cite technology as an obstacle to offering business services. Traditionally, business banking and consumer banking platforms have been separate—with very little, if any, integration between the two. Also, many features of commercial banking are complex—requiring expertise, training, and an increase in back-office staff and resources. And many commercial banking features can be clunky interfaces with counterintuitive user experiences and slower processes.

Credit unions finally do have options—and they should explore them. Innovative providers can offer single platform solutions that allow credit unions to serve every kind and size of business account. In other words, a credit union like yours no longer has to foot the bill for multiple platforms—nor worry about scalability, user experience, or security concerns.

Businesses in 2022 expect consistent usability and experiences from wherever they're logging in—and they do expect simple and functional mobile access to their financial accounts.

SMBs and particularly millennial business owners are adopting mobile-first business banking, and with the right technology your credit union could benefit greatly. Options for more complex business transactions via friendly mobile interfaces are becoming more available. This means more and deeper engagement with businesses.



## The need for comprehensive technology

Branch visits have dropped and digital-first banking is preferred. This has been a trend for a number of years but the pandemic accelerated it.

## Solutions in the Catalyst Portfolio

Tailored solutions

Relationship pricing

Treasury onboarding and management

Business account opening

Loan origination

Automated risk assessments

Data-driven target messages

Fraud prevention

Fintech marketplace

## Competing Against Big Banks

The great irony of the business banking status quo is this: The biggest banks in the nation hold the significant number of all primary business banking relationships, and the reason businesses choose these too-big-to-fail FIs is access to technology. But the large banks and their aging legacy core processors are also responsible for the counterintuitive and less-than-modern user experiences.

Forward-thinking credit unions can disrupt this trend by offering modern digital services—and do so with a platform that simplifies operations, creates better user experiences across all devices, and brings all levels of consumer and business banking together under a single login.

Consumers already love credit unions for superior service and commitment to community. Businesses want to choose them for the same reasons—and they also want a partner to help them navigate their financial needs. Offer them a way to enjoy the benefits of membership while your credit union prospers under an expanded membership. It's a cycle of success: Growing your offerings will help businesses grow, which in turn will help your credit union grow and better serve your community.

### One size doesn't fit all—but one platform can

It no longer takes multiple platforms to serve every kind and size of account. Q2 offers a single, simple interface to serve consumers and businesses—from micro businesses up to large corporate enterprises.

### Q2 Catalyst for Credit Unions

And along with our single platform solution, innovative end-to-end commercial solutions are available through our Q2 Catalyst portfolio.

Q2 Catalyst is a comprehensive suite of Commercial Banking digital solutions that, combined with Q2's deep industry expertise, help credit unions identify how and where to scale their digital offerings to businesses. It solves the challenge of constant change by providing credit unions with a portfolio of scalable, individual solutions that enable best-of-breed experiences across the end-to-end Commercial Member Journey.

For your credit union, this means optimized relationship value, seamless and efficient onboarding, custom-tailored engagement solutions, and the capability to further relationships. Also helping your efforts are Q2-vetted fintechs wanting to partner with credit unions. Their solutions are available in our Fintech Marketplace.

## Sources

<sup>1</sup> Statista, <https://www.statista.com/statistics/516855/number-of-credit-unions-members-usa/>

<sup>2</sup> Forbes, <https://www.forbes.com/sites/forbesfinancecouncil/2021/03/25/credit-union-and-fintech-partnerships-bring-innovation-out-of-the-shadows/?sh=30eb40d531fe>

## About Q2

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder—from consumer and small business to corporate. Headquartered in Austin, Texas, Q2 has offices throughout the world and is publicly traded on the NYSE under the stock symbol QTWO. To learn more, please visit [Q2.com](https://Q2.com).

For more information go to [Q2.com](https://Q2.com) or call (833) 444-3469.