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# Q2

Announcing  
2022 Winners



## 2022 SMALL BUSINESS DIGITAL BANKING VENDOR SCORECARD

DECEMBER 2022

Javelin Advisory Services | Small Business Banking

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## OVERVIEW

Javelin's 2022 Small Business Digital Banking Vendor Scorecard evaluates six vendors with products aimed at banks and credit unions servicing small businesses, a segment vital to their survival and where they face significant competitive headwinds. The vendors are rated across three major categories, from user experience to administration to strategic vision, and were assessed based on 380 features and functionalities.

Q2 was the overall winner with its single-platform approach to digital business banking, allowing client FIs to make their own decisions about the products and services they offer to their business customers. Apiture and NCR followed close behind in the top tier of vendors, and the field was defined overall by a shrinking gap between the leaders and the laggards as commoditization takes hold in the industry.

## PRIMARY QUESTIONS

- What criteria should banks and credit unions use to evaluate digital banking vendors?
- Which vendors are leading the way in terms of features and functionality, banker-facing tools, and strategic direction?
- What feature and UX best practices can FIs learn from market-leading vendors?
- What are the strengths and opportunities for improvement of each vendor?

# TABLE OF CONTENTS

Executive Summary .....	4
Recommendations .....	7
The Race to Upgrade Business Digital Banking .....	9
Best Practices and Common Themes: Functionality and User Experience .....	11
Best Practices and Common Themes: Administration and Portfolio Management .....	30
Best Practices and Common Themes: Strategic Vision and Road Map .....	33
Vendor Profiles .....	37
Endnotes .....	49
Methodology .....	50
Related Research .....	51

# TABLE OF CONTENTS

Figure 1. Javelin's Vendor Evaluation Framework .....	10
Figure 2. Functionality and User Experience: Scorecard Framework for Small-Business Digital Banking .....	11
Figure 3. Vendor Capabilities: Main Landing Page .....	13
Figure 4. Best Practice: CSI Main Landing Page Layout .....	14
Figure 5. Vendor Capabilities: Account Detail Page/Transaction Ledger .....	15
Figure 6. Vendor Capabilities: Mobile-Only Account Management Features .....	16
Figure 7. Best Practice: Apiture Cash Management ACH Page .....	17
Figure 8. Vendor Capabilities: Major Payments Initiatives .....	18
Figure 9. Best Practice: Access Softek Main Landing Page .....	21
Figure 10. Vendor Capabilities: Savings Tools .....	22
Figure 11. Best Practice: Q2 Security and Entitlements Features .....	24
Figure 12. Vendor Capabilities: User-Facing Fraud Prevention and Detection Tools .....	24
Figure 13. Javelin Customer Service Continuum .....	25
Figure 14. Vendor Capabilities: Customer Service .....	26
Figure 15. Vendor Capabilities: Account Opening UX .....	28
Figure 16. Vendor Capabilities: Onboarding .....	29
Figure 17. Best Practice: Apiture Paths Tool .....	31
Figure 18. Banking Channel Adoption at Primary FI, Past 30 Days .....	35

# EXECUTIVE SUMMARY

## 2022 SMALL BUSINESS DIGITAL BANKING VENDOR SCORECARD AWARD

BEST IN CLASS  
Q2



### OVERALL RESULTS

BEST IN CLASS

1	Q2
2	Apiture
3	NCR
4	Access Softek
5	FIS
6	CSI

Overall Leaders



### Functionality and UX

1	Q2
2	Apiture
3	NCR
4	CSI
5	Access Softek
6	FIS

Category Leaders



### Admin and Portfolio Management

1	Q2
2	NCR
3	Apiture
4	FIS
5	Access Softek
6	CSI



### Strategic Vision and Delivery

1	Q2
2	Apiture
2	NCR
3	FIS
4	Access Softek
5	CSI

Source: Javelin Strategy & Research, 2022

**Q2 leads the race to modernize business digital banking** and stood out for the successful realization of its long-touted “single platform” approach to digital banking, which affords bank and credit union clients the flexibility to make their own decisions on which products and services to offer business clients based on individual need rather than traditional one-size fits all segmentation. Q2 also excelled in offering a wide breadth of user-facing capabilities—narrowly edging out Apiture for first place in the Functionality and UX scorecard—all of which it supports through its base solution.

**Apiture and NCR followed closely behind** in the top tier of vendors in this evaluation. Apiture is the newest firm in the scorecard, founded in 2017 as a joint venture between First Data and Live Oak Bank. Its primary focus is on building connections to fintechs and other software providers, with more than 200 current integrations in such areas as digital customer service, cash-flow visualization, imaging, payments, and account opening. Apiture scored a close second place in the Functionality and UX category, driven by top performances in the Payments and Servicing and Communications subcategories.

NCR has leveraged its acquisitions of Digital Insight and D3 to offer an out-of-the-box solution for community FIs and a more customizable solution for larger bank clients. The platform placed third in the Functionality and UX scorecard and features a robust set of capabilities that often feel designed with larger businesses in mind. Additionally, NCR’s strategic approach is very much in line with two priorities Javelin has identified in business banking: building a business financial hub through which customers can access a variety of third-party services to manage their finances holistically and expressing a community-based approach to financial services through digital channels. The acquisition and integration of Terafina in 2021 gave NCR a state-of-the-art solution for digital account opening.

**Access Softek ranked fourth overall**, and frankly, the sophistication of its user-facing offering caught Javelin analysts by surprise. The Berkeley, Calif.-based vendor almost exclusively serves credit unions. The firm has recently expanded its business banking capabilities considerably, given the recent rise in interest from credit unions in serving the need of their members who operate businesses. While that focus means Access Softek’s platform is not yet designed to meet the more complex payments, reporting, and servicing needs of medium-sized businesses—a fact reflected in its scorecard performance—the vendor excels at providing a modern layout and simple UX, placing cash-flow analysis at the forefront and designing easy-to-use payments and entitlements workflows.

**Two capable core providers—CSI and FIS—rounded out the bottom tier of participating vendors.** However, both providers should not be written off, as they demonstrate real competitive advantages—CSI in its strong main-page layout, incorporation of cash-flow projections, handling of security empowerment, and digital lending capabilities, and FIS with its best-in-class digital customer service offering, robust entitlements system, and laser focus on helping FIs convert personal account holders into business customers through its Digital One Flex offering. The road maps of both core vendors very much align with where the overall leaders are today.

**The gap between leaders and laggards has shrunk considerably.** Many of the business banking features that would have been on the vanguard a few years ago have become table stakes, and the digital banking and payments platform itself has largely been commoditized. Though there are still pockets of innovation in base offerings, the main points of differentiation today are found in areas where banks and credit unions have not traditionally played: cash-flow analysis and financial health, proactive business insight and advice, streamlined digital account opening and loan applications, invoicing and payment acceptance, digital customer service, security empowerment, and products built specifically for sole proprietors. Thankfully, every vendor in this evaluation is now focused on building platforms that encourage daily and long-term engagement.

**Credit unions are dipping their toes into the small-business market but don't want to be banks.** Most vendors have seen renewed interest from credit unions—whether they're existing consumer platform clients or new customers and prospects—in serving the business banking needs of their members. This is a long overdue pivot for these smaller banks. Credit unions face a unique path forward in business banking. Many have never offered a dedicated business banking product, which means they will lean more heavily on the vendor to make recommendations about third-party integrations, offerings of features, and business marketing. But it also means they are working with a clean slate, unburdened by existing integrations, infrastructure, and member expectations.

**Mobile parity is on the business banking horizon.** Online banking has long been the established workhorse channel for daily banking and payments activities and long-term financial analysis. Compared with consumers, business owners have been hesitant to rely heavily on mobile banking. That apprehension is changing—slowly but surely—with about half of businesses now using a smartphone to access their accounts in the past 30 days. Small-business owners are still far from having a mobile-first mindset, but the expectations about features are changing rapidly. The next step for vendors will be ensuring that user experiences are designed with mobile in mind rather than simply replicating what's available on the desktop, as well as determining which new capabilities can be designed for the mobile device first, then optionally ported to online banking.

**A few industry-darling partnerships have taken root in vendor offerings, but many more third-party opportunities are out there.** Third-party vendor integrations have enabled digital platforms and their FI clients to quickly enhance areas vital to a modern business banking suite. Rather than build it themselves, requiring extensive planning, detailed product design, development resources, ongoing support, and a monetization strategy, most vendors have elected to contract with third parties that live and breathe each particular service. Many of these “best-of-breed” relationships are the same across the industry. However, despite a lack of differentiation in the functionality offered, such relationships are establishing new baselines for business banking functionality. Javelin expects to see additional fintech “standards” emerge soon in areas such as cash-flow and business health analysis, expense management, and even in-app card payment acceptance.

# RECOMMENDATIONS

**Surface time-sensitive tasks on the main accounts page.** FIs can proactively engage business customers daily by encouraging a “15 minutes over coffee” check-in, directly at login to the online or mobile banking platform. The concept is to pin actionable and noteworthy items at the top of online banking, flagging the most important or timely aspects of that day’s finances. Examples include prompting customers to reconcile transaction data, attach receipts to recent transactions, review unusual account or payment activity, approve and update expected dates of outgoing payments, and send reminders for outstanding invoices. The ultimate goal is to establish engagement as a daily habit, expose business owners to additional capabilities, and enable owners to focus on running their businesses by trusting the bank to serve as a virtual CFO that vigilantly monitors the most important information.

**Position the bank or credit union as a financial hub.** Ultimately, FIs must expand their concept of what sits under the umbrella of business banking if they are to stand out in an increasingly competitive landscape. A successful business financial offering will start with nailing business-centric transactional competence and move toward positioning the FI to provide actionable insights, serve as a ready source of capital, and build long-term engagement. The industry is moving slowly in the right direction, and over time, vendors will enable leading FIs to integrate auxiliary functions such as merchant services, payroll, accounting features, and robust reporting that incorporates businesswide data.

**Cash flow should be a focal point of digital banking.** Banks and credit unions must constantly think about how to position themselves at the center of their clients’ business financial lives and demonstrate to their customers that the daily financial challenges they face are well understood. The ability to provide insight and proactive advice in the digital space is the key to this strategic imperative. Getting cash-flow tools right is a tall task. Vendors should look to nail three core capabilities: accurate cash-position forecasting, the ability for the user to manipulate data and run scenarios, and the aggregation of relevant outside accounts. By far the best example of cash-flow projection in this evaluation was that from Access Softek, which has developed its own working-capital projection engine in-house using artificial intelligence and has integrated it prominently within the main account summary page.

**Vendors should be building toward offering contextual insights.** Beyond cash-flow projection and analysis, FIs should look for vendors that are bringing financial insights to the forefront of the digital banking experience. In the short run, this will likely require integrating with third-party partners, such as accounting and payments tools that hold customer data on incoming and outgoing cash. Ultimately, the goal is to provide business users with timely insight into pressing financial issues, hard-to-compile information such as business performance metrics or balance sheets for specific time periods, and loan and product offers that are contextual and address the specific needs of the business.



**Bring as much human touch to digital customer service as possible.** One of community FI's' biggest strengths is the personal, human touch that their customer service offers when clients visit or call branches. Infusing digital channels with that same touch will expand the breadth of clients who have positive customer service encounters with the FI, elevating customer satisfaction. To do so, offer live chat, co-browsing, or videoconferencing with relationship managers or other staff members through the FI's website or mobile app. Most vendors included in this scorecard are partnering with companies like Glia and Revation, which are building out business-specific features from a consumer product. FIS's "Banker on the Go" service is leading the way, as it is designed with business use cases in mind first.

**Evolve from "Find a branch" to "Apply now."** Banks that force business owners to call a banker or visit a branch to open a business checking account will fall behind not only competitors that offer "Apply now" buttons but also fintechs such as Square and QuickBooks Online, which have nailed the onboarding process. Digital account opening in business banking presents a difficult set of UX challenges, and often it's the little things that make a difference between an efficient process and an abandoned application. Most vendors in this evaluation are thinking hard about how to solve these, though some are farther along than others, with NCR's Terafina leading the way.

**Look for a pre-built product designed for the sole proprietor and microbusiness segment.** The freelancer and sole proprietor segment has grown considerably during the pandemic, with roughly 60 million now operating in the United States, accounting for 36% of the workforce. Many of these businesses are currently operating using personal banking tools and feel a full-fledged, traditional business banking product is ill-fitting and too expensive. There's an opportunity for community banks and credit unions to target this segment, and it will be up to vendors to enable them to do so through a pre-built set of digital tools designed for such businesses. The best example is Digital One Flex by FIS, which is the only product in this evaluation specifically designed for sole proprietors and microbusinesses, with a simple user experience that incorporates payables, invoicing, and other basic business tools.



# THE RACE TO UPGRADE BUSINESS DIGITAL BANKING

Financial institutions of all stripes are scrambling to upgrade digital banking for business customers, as they face pressing competitive threats from two sides: the top four banks, which have leveraged ample digital and marketing budgets into ownership of 61% of primary FI relationships; and nonbank providers such as Square, PayPal, QuickBooks, and Shopify, which have moved beyond enabling businesses to get paid and are now competing for the entire banking relationship.

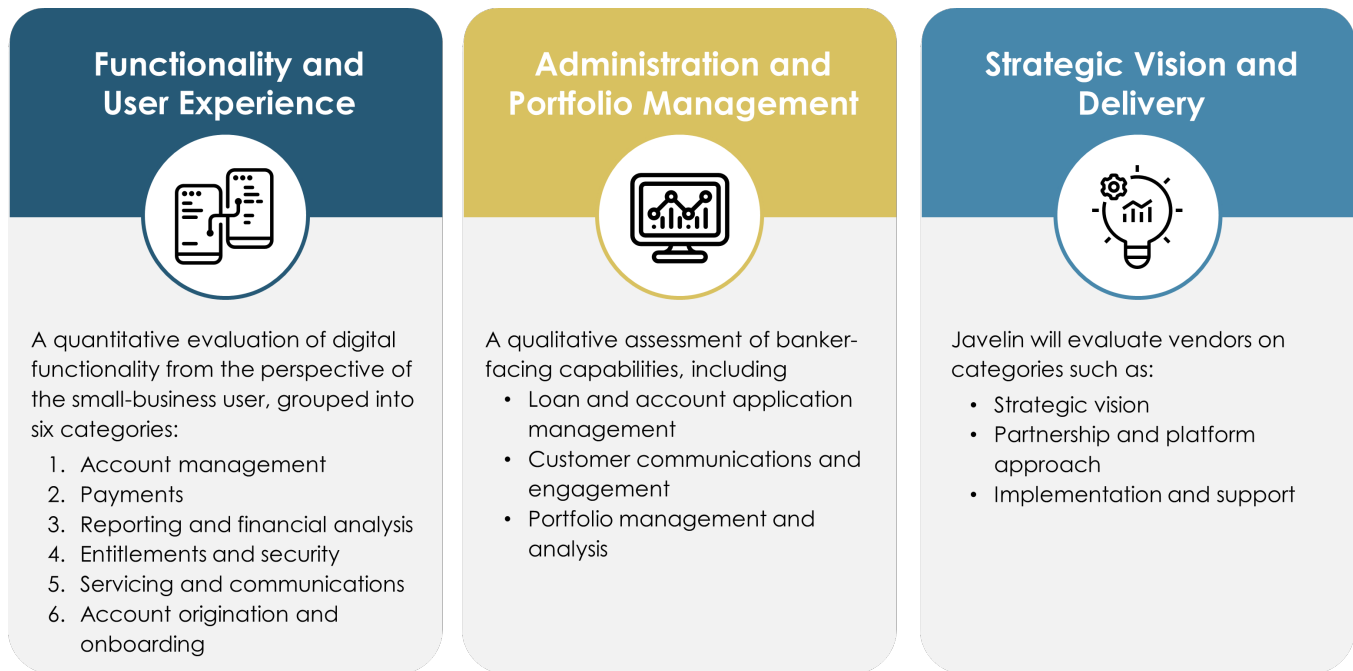
Smaller FIs face an uphill battle in convincing digitally savvy business owners of their ability to deliver on their traditional strengths—personalized service, local and industry expertise, product and service customization, and a sense of community—while also meeting growing expectations for online and mobile business banking and payments. The community banks and credit unions that survive and thrive in this evolving landscape must clearly articulate their competitive advantages over better-funded competitors and successfully demonstrate them through digital channels.

The good news for these smaller institutions is that a handful of innovative digital-banking platform vendors are positioning themselves today to play a pivotal role in this digital maturation process. Business banking is at the forefront of many vendors' strategic planning, feature development, and third-party integration initiatives, with the goal of empowering their local bank and credit union clients to compete in a rapidly changing environment that demands greater personalization and flexibility in the business banking options they bring to market.

This scorecard report, which uses a framework first detailed in *A Strategic Framework for Selecting a Small-Business Digital Banking Platform*, evaluates six of these providers—AccessSoftek, Apiture, CSI, FIS, NCR, and Q2—on three essential categories of success in small-business digital banking and payments (see Figure 1).

**Functionality and User Experience (weighting: 50%).** This quantitative component of the scorecard measures vendor support for 380 business customer-facing features in digital banking and payments, in the desktop and mobile channels. The 50% weighting reflects how important digital capabilities have become in the day-to-day running of small businesses. It also highlights the importance of usability in catering to business owners, employees, and accountants who live and breathe banking and payments, as well as to those less familiar who are focused more on running their daily business. The criteria are segmented into six subcategories: Account Management, Payments, Reporting and Financial Analysis, Entitlements and Security, Servicing and Communications, and Account Origination and Onboarding.

Figure 1. Javelin's Vendor Evaluation Framework



Source: Javelin Strategy & Research, 2022

**Administration and Portfolio Management (weighting: 25%).** This qualitative analysis focuses on back-end, banker-facing tools that enable FIs to manage loan and account applications, handle customer service inquiries, administer digital sales and marketing initiatives, and evaluate the small-business portfolio on customer, product, and bankwide levels.

**Strategic Vision and Delivery (weighting: 25%).** A critical part of any evaluation of a technology vendor is an assessment of the provider's long-term strategic vision, its pipeline of ongoing enhancements, and its approach to implementation and ongoing support. Notably, Javelin was on the lookout for vendors that incorporate straightforward and growing access to third-party business management, accounting, and payments offerings.

Javelin's Business Digital Banking Vendor Scorecard identifies one overall "Best in Class" winner, two additional Overall Leaders, and leaders in each of the three sections listed above. In addition to the category weights shown, the six functionality subcategories are weighted based on relative importance in managing business finances. A request for information/scorecard was delivered to each of the vendors, then was subsequently evaluated by Javelin analysts through multiple vendor interviews, live demos, and provided product documentation.

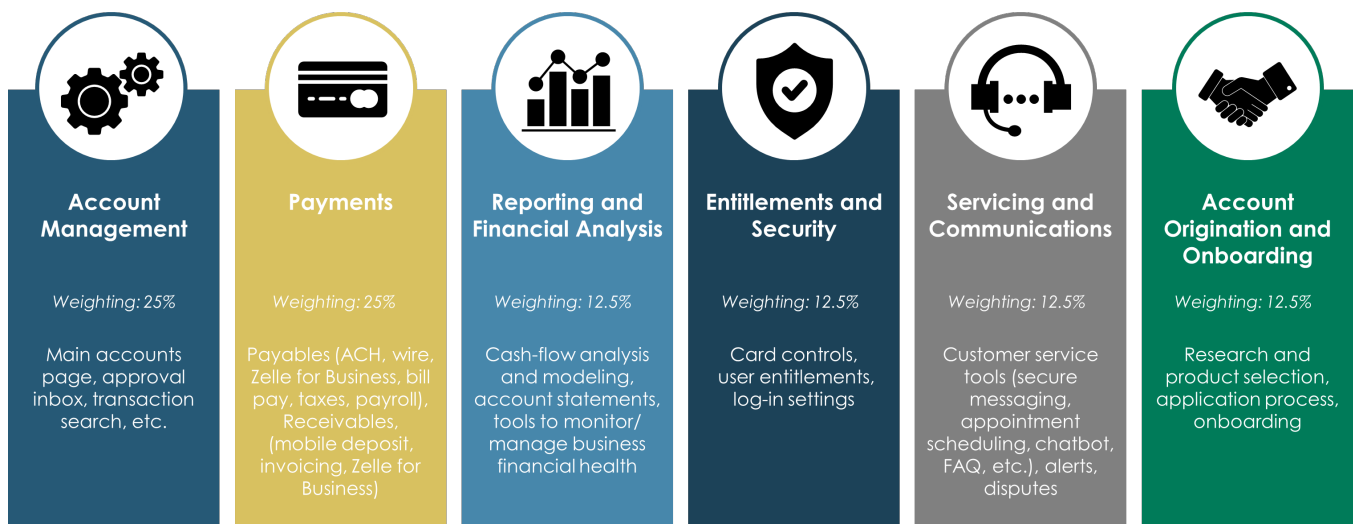
# BEST PRACTICES AND COMMON THEMES: FUNCTIONALITY AND USER EXPERIENCE

Functionality accounts for 50% of a vendor's overall performance in the scorecard and is measured objectively by a list of 380 criteria spanning six key areas of business digital banking (see Figure 2). Each subcategory was weighted according to Javelin's determination of its importance in daily financial management for business owners. As such, Account Management and Payments received double the weight of the four other categories.

Unlike other Javelin vendor scorecards that focused on consumer banking, we did not reduce a vendor's score if a feature is offered through an add-in module or a pre-integrated partner rather than being built into the base platform. Javelin expects much of the future feature development in business banking to occur through such integrations with partners who specialize in individual service areas. The key is to ensure that the vendor has seamlessly integrated each external feature into the digital banking portal from a UX and usability standpoint.

## Six Components Determine Success for Functionality and User Experience

Figure 2. Functionality and User Experience: Scorecard Framework for Small-Business Digital Banking



Source: Javelin Strategy & Research, 2022

Figure 2. Continued

	Q2	Apiture	NCR	CSI	Access Softek	FIS
Functionality and UX (Overall)	1	2	3	4	5	6
Account Management	1	4	2	3	5	6
Payments	2	1	3	6	5	4
Reporting and Financial Analysis	1	4	2	5	3	6
Servicing and Communications	2	1	4	3	5	6
Entitlements and Security	2	1	4	5	3	6
Account Opening and Onboarding	2	3	1	5	4	6

Source: Javelin Strategy &amp; Research, 2022



1 Q2

2 Apiture

3 NCR

4 CSI

5 Access Softek

6 FIS

Category Leaders

## ACCOUNT MANAGEMENT

Banks must serve multiple masters in designing the online and mobile banking experience. On the one hand, they must cater to power users who live and breathe banking and payments, manage accounts payable with ACH, wire, and bill pay, handle approvals, access third-party tools, and rely on complex reporting tools to analyze financial performance. On the other hand, FIS must consider the needs of a growing share of business owners and employees who do not consider managing business finances and making payments a core competency. An emerging class of entrepreneurs is also increasingly interested in a single portal for viewing personal and business accounts held with the bank, as well as products held externally. This creates a challenge of providing the right information at the right time while maintaining separate but consistent means of managing different sets of accounts.

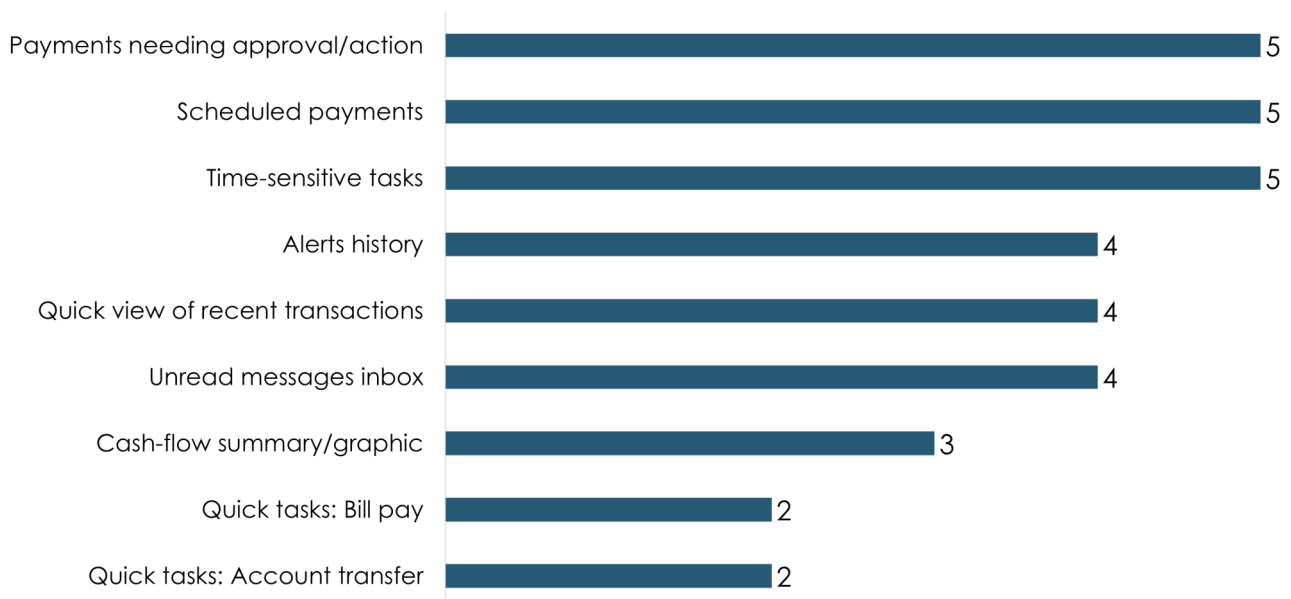
**Designing the main landing page is an exercise in prioritization.** The landing page in online and mobile banking will make or break the experience for many business users. As with consumer digital banking, monitoring balances and basic transactions such as paying a bill or transferring funds make up the vast majority of small-business digital interactions. Keeping these basic financial “monitoring and managing” tasks at the forefront, while also surfacing relevant insights and actionable items, is a delicate balancing act.

Considering the vast number of items that could be displayed, no vendor enables all of them to appear in the initial view, and each one’s decisions about what to prioritize set the tone for the entire experience that follows. An ideal online and mobile experience must surface both common transactions and account insights to enable users to quickly handle tactical tasks while keeping an eye on the business’ overall picture. Such insight includes bringing to the fore payments needing approval and other time-sensitive tasks, unread messages, recent alerts, and even cash-flow projections, especially if they highlight something that requires attention or action.

Other less pressing, but still important, features to consider on a main page are a quick view of recent transactions that doesn’t require the user to navigate to an accounts page, a list of scheduled payments, and the ability to tackle basic tasks such as account-to-account transfers and bill payments right from the main page (see Figure 3 for the number of vendors supporting each of these capabilities on their main accounts page).

### Vendors With a Widget Approach Covered the Most Ground on the Main Page

Figure 3. Vendor Capabilities: Main Landing Page

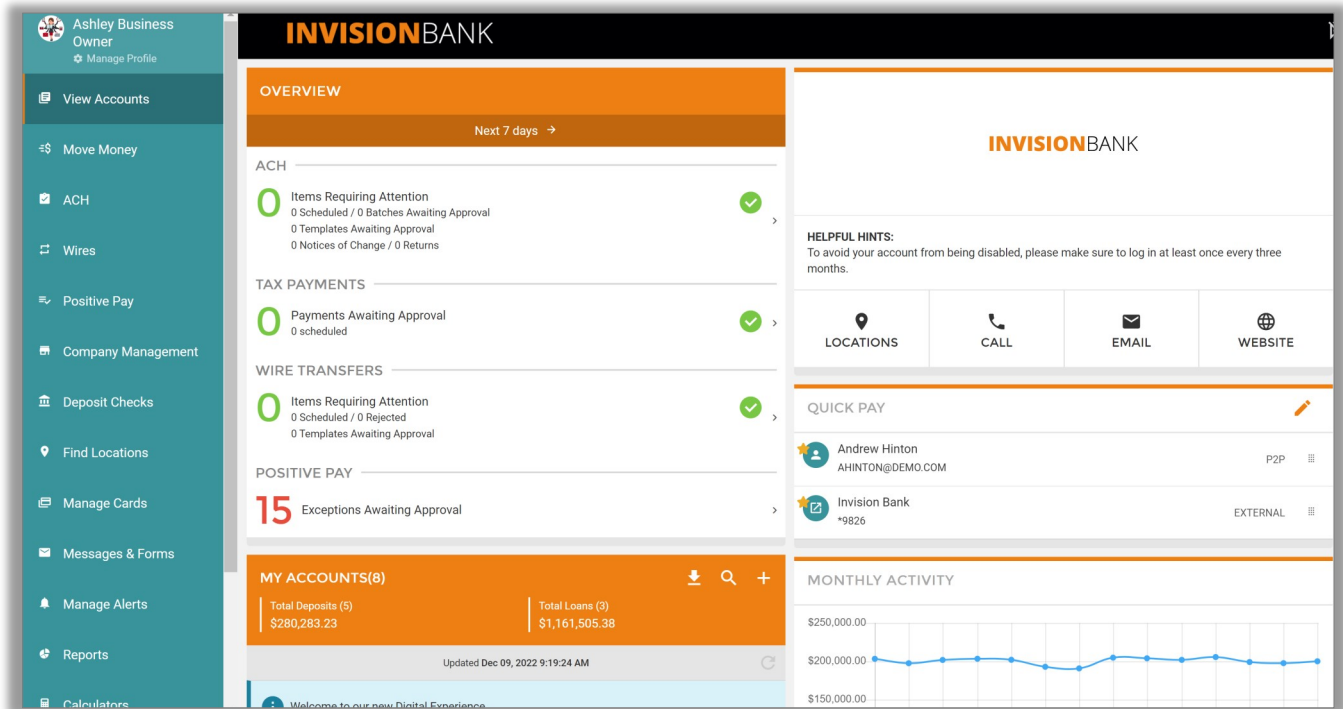


Source: Javelin Strategy & Research, 2022

Although no vendor was able to check off all these boxes, the most successful ones—CSI and Q2—took a widget-based approach to the main landing page, allowing users to determine which modules were most important and placing them front and center. CSI's approach was particularly successful, with the top, most prominent widget showing items requiring attention (payments awaiting approval, scheduled and rejected payments, and custom templates created by business owners) on the user's ACH, wire, and tax payments, and Positive Pay (see Figure 4).

### CSI's Widget Approach Delivers an Optimal Set of Time-Sensitive Tasks

Figure 4. Best Practice: CSI Main Landing Page Layout



Source: CSI

CSI features another widget that lists frequent payees and allows the user to send money without navigating from the main page—options that Javelin refers to as “view-and-do” functionality. CSI also adds widgets for cash-flow information and customer service contacts. Together, these widgets provide the most comprehensive main page Javelin saw in this scorecard. Q2 offers nearly as complete an approach and uniquely enables users to drag and drop widgets, visually creating their own customized landing pages.

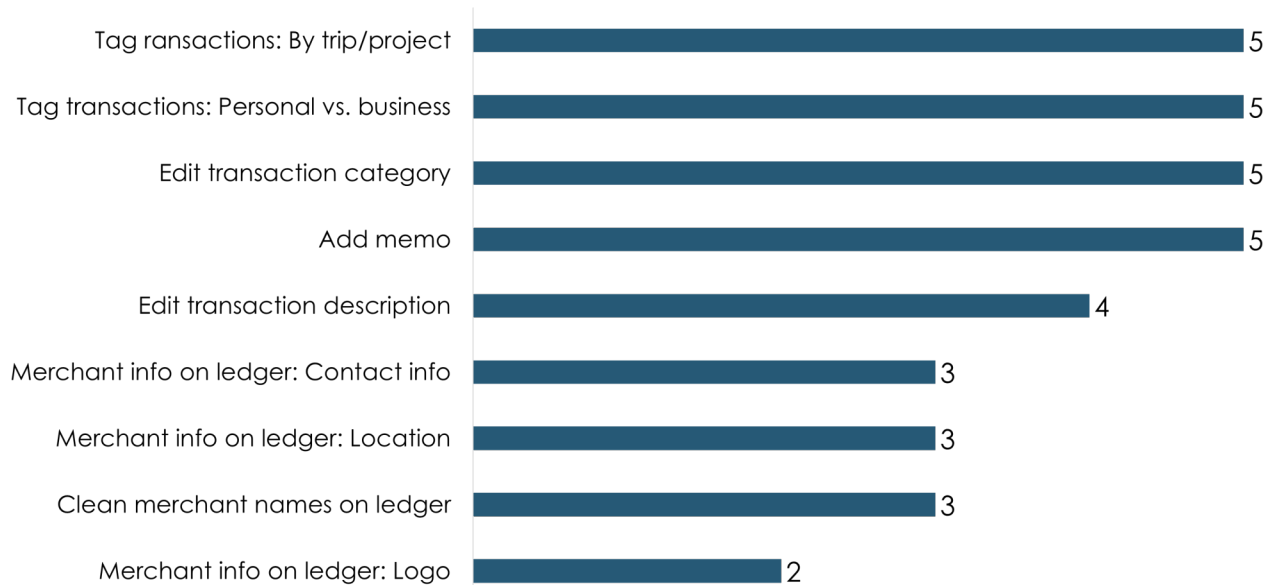
Though Access Softek lost points elsewhere in this category, its main page design stood out for its unique display of accounts down a left-hand column, allowing a user to toggle between them while showing the same details for each selected account (ledger with past, pending, and scheduled transactions, available cash with trends since last month, and cash-flow graphic) on the main portion of the page.

**Transaction ledgers have improved but still fail to educate and engage users.** Javelin reported in 2019 on the shortcomings of transaction ledgers at most financial institutions, which often have inadequate tools for searching, filtering, and sorting, limited options for users to edit, and tag transactions in a meaningful way, and static displays devoid of time-saving merchant and transaction details and related actions.

Many of those issues have been addressed by the vendors evaluated here. Transaction tagging is especially important for business clients, as it allows them to later create reports by project or trip, and, perhaps most important, by business vs. personal, which can be an enormous time-saver come tax season. Five of the six vendors include both capabilities, in addition to the ability to add a memo and edit a transaction category (see Figure 5).

### Missing Merchant Details Limit Ledgers from Half of the Vendors

Figure 5. Vendor Capabilities: Account Detail Page/Transaction Ledger



Source: Javelin Strategy & Research, 2022

Vendors are still lacking when it comes to providing rich transaction detail. This includes information such as a map of merchant locations (important in monitoring employee spending, for example), merchant contact information, in case of a question or dispute, and especially cleaned-up plain-language merchant names that simplify scanning and searching of a large number of transactions.

**Using the unique capabilities of the smartphone to enhance the user experience.** Businesses are not turning to mobile devices first when conducting basic transactions in the same way or volume that consumers are. Many business owners and employees tend to live on their desktop or laptop computers while doing their everyday jobs, and that, along with more complex financial management requirements, translates to heavier usage of online banking.



That doesn't mean mobile isn't a primary channel for certain activities, and FIs should look for opportunities to use the unique features and consumer behaviors associated with smartphones to reduce friction for frequently repeated tasks. Widgets and pre-login balance checking are two examples of basic account information presented in a way that smartphone users have become accustomed to. These features are currently offered by just two and four participating vendors, respectively, in their native mobile apps (see Figure 6).

Vendors can take expense management up a notch by enabling business cardholders to take an image of a receipt and attach it to a transaction. This serves two potential needs: (1) helping cardholders store receipts for the purposes of expense reporting, and (2) saving receipts digitally for tax purposes, allowing business owners to get rid of the shoebox in the closet. Only half of the vendors evaluated offer this convenience.

### Only Three Vendors Allow Users to Capture a Receipt Image and Attach it to a Transaction

Figure 6. Vendor Capabilities: Mobile-Only Account Management Features



Source: Javelin Strategy & Research, 2022

## PAYMENTS

Although the pandemic accelerated the adoption of digital payments, most small businesses still rely heavily on checks and cards to pay their billers, suppliers, and vendors. This behavior is echoed on the accounts-receivable side, where most invoices are still physical copies sent through the mail, or emailed PDFs—neither of which facilitates an electronic payment from customers. Even when businesses are using true digital invoicing tools, they tend to be housed within a third-party platform. PayPal and Square, for example, have built out digital invoicing extensively and are especially popular for small-business electronic payment requests.

This means FIs are missing opportunities for receivables and payables to migrate more of the small-business payments ecosystem from paper to digital. Along with the obvious benefit to business customers, a greater digital payments volume gives banks better insight into the financial operations and health of their clients, allowing for smarter and more timely loan offers and the ability to feed insights back to the customer.

**UX for outgoing payments is being consolidated.** Javelin went into this study expecting to see significant differentiations between vendors for ACH, wire, bill pay, and external transfer functionality. We devoted 57 of 79 features in this category to those four transaction types and the management of scheduled payments. Instead, we found robust capabilities across the board, but with little differentiation. Most vendors have nailed traditional electronic payments flows, and the experience is relatively commoditized. Savvy business users able to familiarize themselves with those environments will find the level of detail and the user experience to be adequate for running their accounts-payable operations. (See Appendix, page 50 for vendor adoption rates of the full list of features in the Payments subcategory.)

One best-practice example comes from Apiture, which led the subcategory. Apiture's online Cash Management interface consolidates approvals, clearly shows cutoff times for ACH and same-day ACH and times by which approvals need to be made, and allows for filtering by status, date range, tracking number, and other categories (see Figure 7). Apiture also offers a wizard-like user experience to walk users through a series of steps to create a new ACH batch file.

### Apiture Simplifies the Flow to Initiate and Approve ACH Payments

Figure 7. Best Practice: Apiture Cash Management ACH Page

**Tiburon Community Bank**

Overview Accounts Bills & Payments Move Money Cash Management

## Cash Management

ACH Add Cut-off Time: 4:30 pm EST  
Next Same Day ACH Add Cut-off Time: 4:30 pm EST  
Final Same Day ACH Add Cut-off Time: 5:00 pm EST

Pending ACH ACH History

Filter

Date Range: MM/DD/YYYY to MM/DD/YYYY Tracking# Same Day

Batch Type: ALL Status: ALL

Effective Date	SEC Code	Batch Name	Tracking #	Credit	Debit	Settlement Type	Status
2/25/2022	PPD	Payroll (search) Payroll *6543	15381840	\$17,500.00	\$0.00	Summary	Needs Approval To be approved by 02/24/2022 4:30 pm EST
2/25/2022	PPD	Expense (search) Payables *0058	15381844	\$3,125.00	\$0.00	Summary	Needs Approval To be approved by 02/24/2022 4:30 pm EST
2/25/2022	CCD	VendorPay (search) Payables *0058	15473274	\$2,500.00	\$0.00	Summary	Needs Approval To be approved by 02/24/2022 4:30 pm EST
2/25/2022	PPD	Dues (search) Receivables *9999	15381846	\$0.00	\$850.00	Summary	Needs Approval To be approved by 02/24/2022 4:30 pm EST

New Batch Bulk Actions

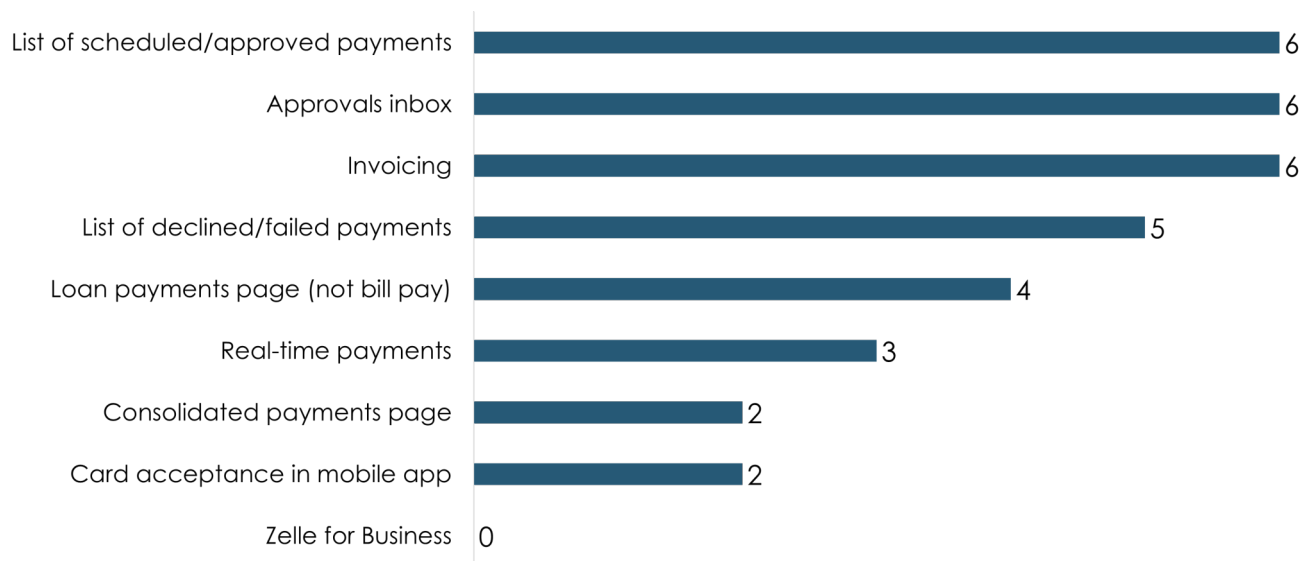
Source: Apiture

The next area of development will be simplifying outgoing payments for the less financially and digitally savvy business user, with the ultimate goal of incorporating intelligent routing. This concept has been discussed for years in the industry under names like the “FedEx model.” It essentially would enable business clients to use online or mobile banking to visit a database of available suppliers, vendors, and billers, then select who they want to pay, how much, and when they want the payment to arrive. The FI (in partnership with its core provider or a payment processor) processes the payment behind the scenes, without requiring the user to know anything about ACH, wire, real-time payments, or other methods.

No vendors in this scorecard are there yet, though several indicated this was a major road map item. Apiture and Q2 are the farthest along, with both consolidating ACH and wire payments into a single flow, but each has a long way to go to reduce the user input to just a few questions.

**Real-Time, Consolidated Payments, In-App Card Acceptance Are Here Today,  
While Zelle for Business Is on the Horizon**

Figure 8. Vendor Capabilities: Major Payments Initiatives



Source: Javelin Strategy & Research, 2022

**Vendors have successfully addressed the invoicing and payment acceptance gap through partnerships.**

If this study had been conducted three years ago, none of the participating vendors would likely have met any of the criteria for invoicing and payment acceptance. Banks largely had stayed out of the invoicing and payment acceptance process until tech offerings from Square, PayPal, and QuickBooks became indispensable card processing tools for small businesses and those players began offering invoicing as well. The need suddenly became pressing for FIs to match those features or risk losing the business relationship altogether.

Now all six vendors in this evaluation offer invoicing and electronic payment acceptance through partnerships with Autobooks, which allows businesses to create custom invoices within digital banking, send

them to customers, and receive electronic payments. Autobooks' model takes a cut from the payment and distributes it to the vendor and bank client. It also gives banks the opportunity to mark up the invoicing service further.

The proliferation of such automated invoicing is an unqualified win for the business banking industry. Going forward, larger vendors may opt to build invoicing tools themselves, to own the design and implementation as well as capture more of the profit. Whether it's through an integration or built-in, the goal should be to eventually integrate data from these tools into the primary digital banking experience, allowing bank and credit union clients to alert business customers about the status of their outstanding invoices and help them collect, automatically generate accounts-receivable metrics such as Days Sales Outstanding (DSO), and provide more accurate cash-flow forecasting.

**Real-time payments will finally arrive in 2023 but will pose integration, product, and marketing challenges for vendors and FIs.** In mid-2023, the Federal Reserve anticipates releasing its FedNow Service, ending nearly a decade and a half of speculation, debate, and planning for a real-time gross settlement program designed to process instant payments 24x7x365. The service will operate alongside the Real-Time Payments (RTP) service launched in 2017 by The Clearing House (TCH), a payments company owned by 20 of the largest banks in the country and already offered by three vendors in this evaluation.

TCH's service is live at just 300 FIs, so the vast majority of banks and credit unions are still sitting on the sideline. They must justify investments in real-time payments in the first place, decide whether to participate in TCH's RTP, FedNow, or both, determine which payments services to implement real-time payments in first, and settle on whether to monetize access by charging customers. Vendors can provide tremendous value not only by supporting a range of real-time options but also in helping banks and credit unions make those decisions.

From the business user's perspective, real-time payments will be a breath of fresh air. Slow payment processing forces business owners to make a plan for each payment. This increases the risk for accurately projecting cash flow, and mistakes lead to late fees or even expensive short-term borrowing. Checks and card payments are costly to send and receive and can be slow to process, and each comes with its own accounting, bookkeeping, and cash-flow challenges.

Faster payments will solve several of these challenges and will also deliver better oversight, more precise control over cash flow, a greater incentive to migrate from checks to electronic payments, and the ability for merchants to transfer point-of-sale card transactions to less costly alternatives.

And although business owners are generally enthusiastic about the prospect of faster or real-time payments (70% indicated some level of interest even before the pandemic), they remain uneducated about what "real-time" means in practice. In fact, Javelin has found that most consumers believe real-time payments can be processed only during bank hours.

Vendors and banks need to focus marketing and digital payments messaging to highlight the fact that payments are not only processed instantly but also can be sent and received at any time, including nights,

weekends, and holidays. They will need to work together to educate end users about potential scams and to design payments flows with speed bumps to stop users before they send an authorized payment to a malicious actor—a problem recently highlighted by consumers' issues with Zelle payments.

**Zelle for Business is in danger of being left behind.** Though most vendors have happily rolled out Zelle in consumer banking to meet the perceived high demand, few have been similarly supportive about usage of the service among businesses. Most in this study are nonetheless in the process of rolling out Zelle for Business, or plan to in 2023, but it did not strike Javelin as a high-priority item for them. More obvious benefits accrue from implementing invoicing, consolidating outgoing payments flows, and preparing for FedNow and real-time payments.

Perhaps the most promising use case for Zelle for Business will be consumer-to-business payments. Most vendors talk of the promise for service providers such as landscapers, babysitters, or handymen to create a stripped-down invoice or payment request, allowing them to quickly receive payment electronically through a P2P service that customers are already familiar with.

While this use case makes sense, it is likely that, given the lack of invoicing capability, Zelle for Business will have to piggyback on other experiences within online and mobile banking to find business users. If Zelle for Business is to thrive, Early Warning must work with resellers to establish the service as a common payment acceptance option in digital invoicing. That may be complicated by the fact that most vendors are relying on third parties (most notably Autobooks) for invoicing and electronic payment acceptance.

## REPORTING AND FINANCIAL ANALYSIS

Reporting and financial analysis tools rank among the most-developed areas of business digital banking. Yet nearly all existing functionality is targeted at power users, requiring experience, familiarity, and a time commitment to gain actionable insights from forecasts, spending reports, performance metrics, and other advanced reporting capabilities. That's a given for mid-market businesses with dedicated accounting staffers and/or a CFO, or even savvy smaller businesses' owners. Most small businesses will never use them.

A key component of positioning the FI as a partner in the success of the business will be giving customers a reason to engage with digital banking tools beyond just a balance check, transfer, or payment. That means the FI (through its vendor platform) must provide clear value by automatically generating and presenting insights that would otherwise be overlooked or would be time-consuming for small-business owners to create themselves. And it means delivering an experience that is centered on these insights, with the goal of helping business owners make better financial decisions—whether they are day-to-day choices, or, more critically, longer-term strategies for borrowing, investing, hiring, and saving.

### **Most vendors offer cash-flow insights through third parties, which is not well integrated into digital banking.**

When it comes to cash-flow analysis and projection, most businesses are doing little, if anything, beyond cobbling together manual approaches like a spreadsheet, or even pen and paper. When they do use an automated tool, it tends to be from an accounting provider. That's a problem for banks, because businesses want and need some form of cash-flow projection: Nearly three-quarters (72%) of small-business

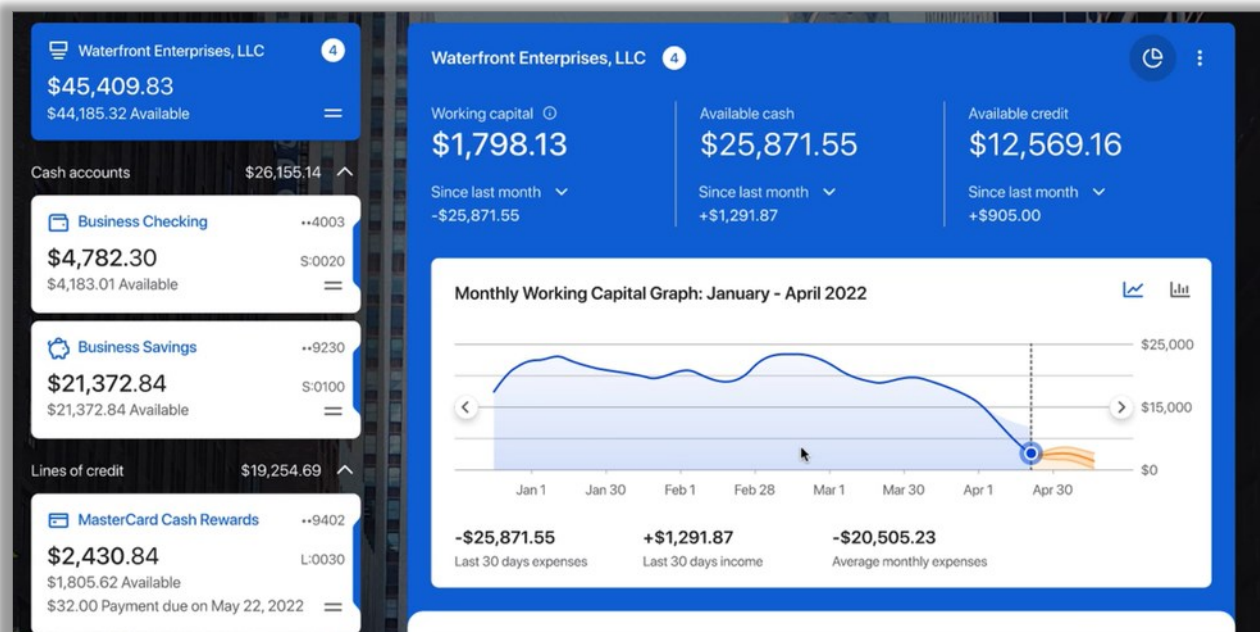
owners agree that cash-flow projection is important or extremely important, and it ranks near the top of the list in desired digital banking features. When asked why they had left their previous FI, 20% of businesses cited a desire for more services to help manage company finances.

Four vendors—Apiture, CSI, NCR, and Q2—are integrated with a third-party partner to enable banks to deliver cash-flow projections and other similar insights. However, these integrations tend to require the business user to seek them out proactively (often in a hard-to-find tab) and are not built contextually into the everyday digital banking environment.

By far the best example of cash-flow projection that we saw was from Access Softek, which has developed its own working-capital projection engine in-house using artificial intelligence and has integrated it prominently within the main account summary page (see Figure 9). Users simply click a small icon above the transaction ledger and are presented with a graph of their cash balance over time, along with an automatically generated projection with upper and lower bounds.

### Access Softek Integrates Cash-Flow Projection with the Main Accounts Page

Figure 9. Best Practice: Access Softek Main Landing Page



Source: Access Softek

Getting cash-flow tools right is a tall task. Vendors must nail three core capabilities:

- **Cash-position forecasting.** Businesses need greater accuracy when predicting the amount and timing of receivables and payables and other future events that will affect cash flow.
- **Data manipulation.** A projection tool should provide users with the ability to categorize inflows and outflows, run reports, and model "what-if" scenarios.



- **Account data aggregation.** The accuracy of projections is diminished when a business owner holds accounts at multiple institutions, the transactions from which may not be aggregated into the analysis. All but one of the vendors support aggregation of external accounts and products, and all six vendors show personal and business accounts on the same page.

Projecting future cash positions should be an integral part of the everyday business banking experience. This gives banks the opportunity to demonstrate their value as a fiduciary partner. It also alerts businesses to potential cash crunches in the future, for which they are likely to seek help in advance from the FI. While vendors acknowledge the value of this approach, none are close today to delivering it.

**Vendors must do more to help banks encourage businesses to save.** The pandemic tested the financial resiliency of small businesses like no other event in recent memory, bringing to light the importance of having a cash cushion from which to draw in times of emergency or unexpected shortage. Unfortunately, keeping a large amount of extra cash on hand is not viewed as optimal behavior by most small-business owners, who typically reinvest cash in inventory and the growth of the business. Javelin noted in 2019 that less than half (48%) of small businesses had a savings vehicle of any sort.

Today, only a few vendors offer tools to encourage savings among businesses, and they tend to be built into optional PFM tabs or other tools that aren't central to the daily banking experience. Consumer-focused neobanks such as Varo and Current are leading the way in bringing emergency and goal-based savings to the forefront of their app offerings, allowing consumers to indicate the purpose of savings and to set automatic periodic transfers to reach a pre-set amount.

On the business side, QuickBooks and Kabbage currently feature subaccounts (the "envelope" system) in their business checking account offerings, encouraging businesses to allocate cash to specific expense categories or future investments. A handful of business-focused neobanks such as Novo and Baseline offer subaccounts as well. Vendors should consider similar capabilities that emphasize the importance of saving for an unexpected event and tailor messaging and recommendations for a business audience.

### NCR & Q2 Stand Alone in Subaccount Support

Figure 10. Vendor Capabilities: Savings Tools



Source: Javelin Strategy & Research, 2022



## ENTITLEMENTS AND SECURITY

Business banking and payments fraud is on the rise and spiked during the pandemic because of factors such as the flood of new business owners to digital banking and payments tools, increased desperation among fraudsters amid the economic downturn, new business creation, and resource constraints at most financial institutions. Fraudulent activity among businesses has increased at an alarming rate, from affecting 5.8% of businesses in 2016 to 16.3% in 2022.

Preventing and mitigating fraud is vital to a bank's bottom line. Fraudulent activity against business owners themselves can be devastating—financially and to the banking relationship. Unfortunately, fraudulent activity too often prompts business owners to close the account and move to another provider—the outcome in about 30% of fraud cases.

The best line of defense is to increase awareness and empower business owners with tools to be proactive. Additionally, security tools provide a positive return on investment for banks by giving business users hands-on oversight and building confidence that their bank is looking out for their best interests. Such tools help build stronger, trust-based relationships.

**Vendors must walk a fine line between making entitlements and payments approvals thorough but also usable.** Small employers are uniquely susceptible to fraudulent activity, as they have many of the same vulnerabilities as larger corporations—employee and accountant access to financial data and accounts, multiple human targets for scam tactics such as phishing, insider threats from malicious employees, and multiple points of entry for ransomware. Such small businesses also typically lack the internal infrastructure to defend against these threats. Often, one or two individuals may have disproportionate control over the finances of the entire business, meaning a single mistake often can be extremely costly.

Building robust but usable entitlements alongside an easy-to-navigate payments approval flow can be vital in giving business owners a sense of control over access to their account and payments made from it. Q2 approaches this challenge by offering different levels of entitlements within a single platform, leaving it up to FI clients to choose the appropriate experience when onboarding a new business customer.

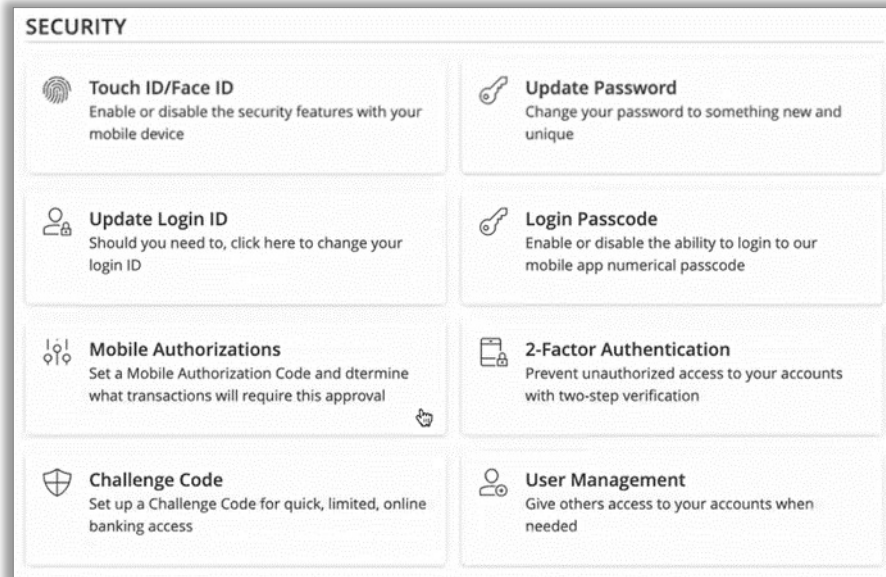
These range from experiences designed for larger corporations with multiple user types and complex approval policies to ones for mom-and-pops who employ a handful of employees and/or rely on an accountant. In the former case, the Q2 experience is highly detailed and takes place within the broader context of a standalone “Access and Security” tab in online and mobile banking, with entitlements built around creating standard roles, which can later be customized.

**Security hubs are nascent, and most vendors do little to support end user security empowerment.** Javelin believes best practices for security tools will follow the consumer model of a dedicated hub or tab within digital banking that is on an equal footing with major functionality centers like transfers or bill pay. In an ideal scenario, the security hub incorporates login and device information, settings for security-related alerts, links to entitlements, card controls, and features that encourage engagement with security, such as educational tools for employees.

Again, Q2 provides a best-practice example, though in this case it falls short of Javelin's view of centering the experience on security empowerment. For small and microbusiness users, Q2 consolidates its authentication, payment approval settings, and user management (entitlements) features in one place within Settings (see Figure 11).

### Q2 Offers the Best Example of a Consolidated Security Hub Today

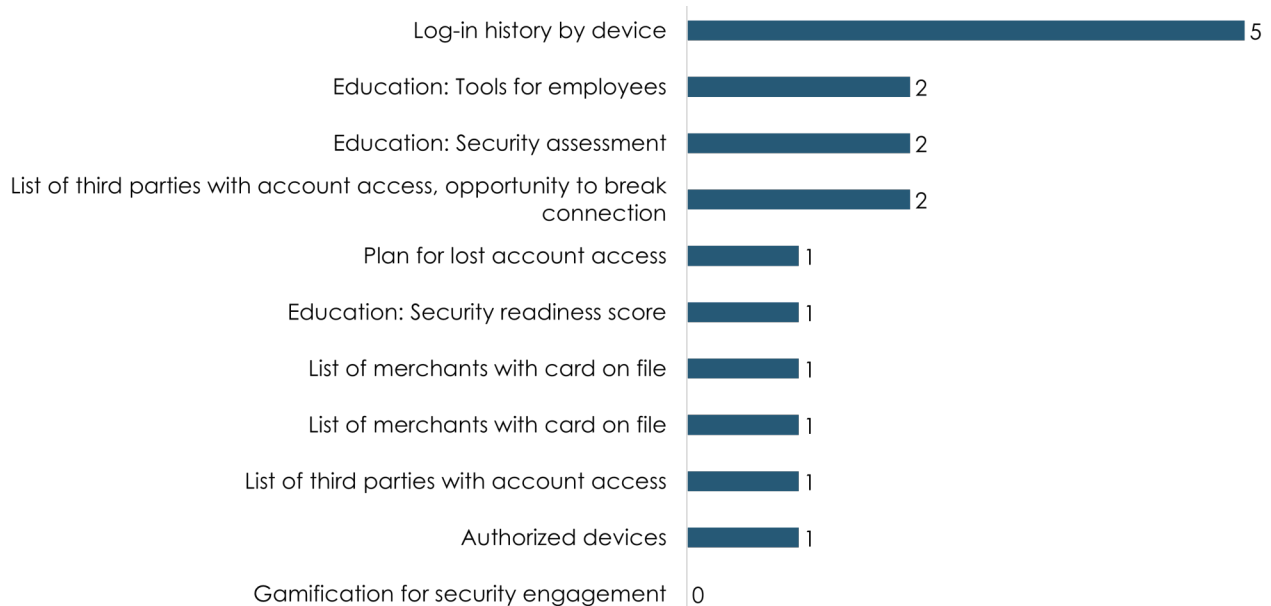
Figure 11. Best Practice: Q2 Security and Entitlements Features



Source: Q2

### Security Empowerment Tools Are Few and Far Between

Figure 12. Vendor Capabilities: User-Facing Fraud Prevention and Detection Tools



Source: Javelin Strategy & Research, 2022

Only a minority of participating vendors offer any security empowerment features at all (see Figure 12), and those that are available tend to be scattered throughout the experience and not featured prominently.

FIs must encourage business owners to play an active role in the fight against fraud. Gamifying the process with a simple security checklist is a good start, as it not only helps businesses identify and address gaps in their security practices but also raises awareness of security tools, features, and services the bank has made available.

The digital onboarding process for checking and credit accounts should be an immediate focus area because FIs can use it to encourage new customers to immediately set security preferences, payment limits, and entitlements for additional users. Businesses are typically heavily engaged in digital tools at the point of onboarding, making it an important opportunity to empower new users from the get-go. None of the vendors in this report highlights these tools as part of the new customer onboarding.

## SERVICING AND COMMUNICATIONS

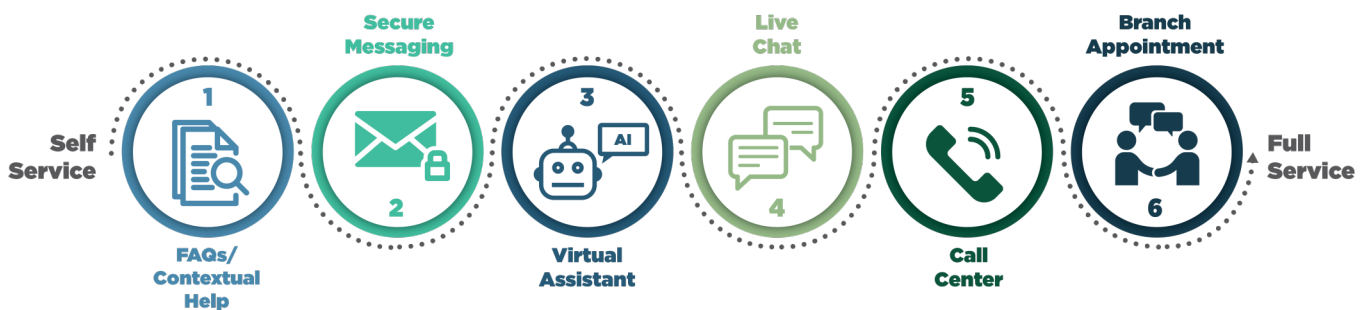
Account servicing and self-service tools—including alerts and digital communications features—are often undervalued as business banking features. Such an approach continues to spur branch and phone interactions that are unnecessary and expensive for banks and customers. Banks also miss numerous opportunities to leverage digital servicing and communications features as relationship-building tools.

For example, alerts have evolved little in the past decade, with most still simply providing basic security or account balance information, with little in the way of forward-looking insight, timely reminders, or calls to action. The growth in digital channel adoption during the pandemic exposed the shortcomings of poor communication with business owners. While most felt their bank handled the pandemic emergency adequately and helped their business navigate the challenges, just half of business customers said it was easy to communicate with their banks through digital channels, and only 43% said their bank reached out effectively to offer help during the crisis.

Customer communications should happen along a continuum of service, from digital self-service options to assisted interactions like live chat to traditional full-service phone and in-person interactions (see Figure 13).

### Customer Service Options Must Enable Customers to Escalate as Needed

Figure 13. Javelin Customer Service Continuum



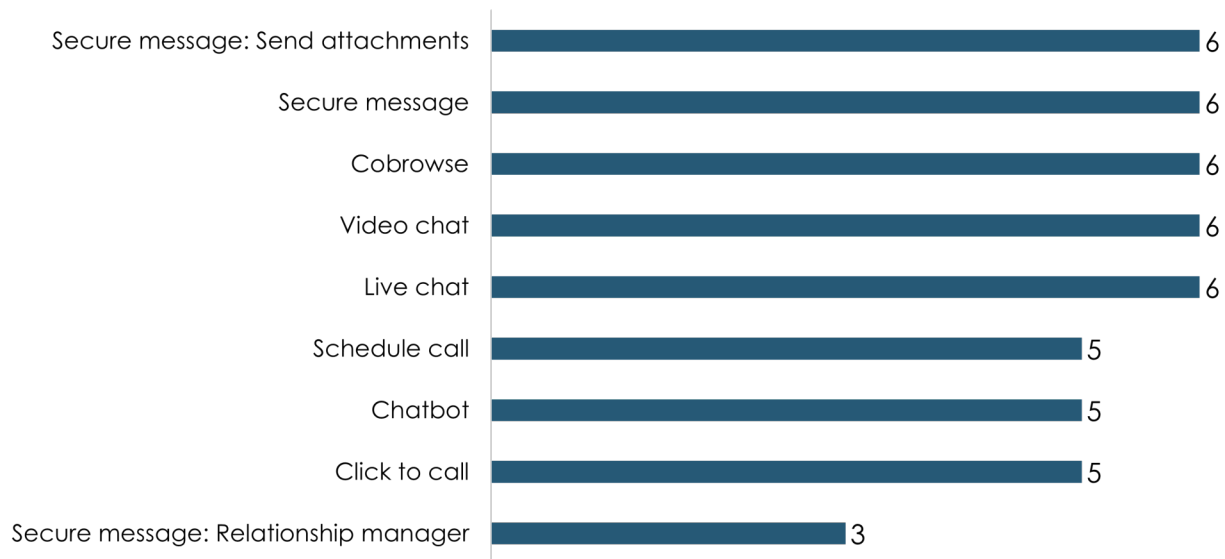
Source: Javelin Strategy & Research, 2022

The use of self-service options such as contextual help, secure messaging, chatbots and virtual assistants—and assisted options such as live chat, videoconferencing, and screen sharing—is commonplace outside the financial services industry. In retail banking, although 65% of the 20 largest U.S. banks offer a bot or virtual assistant in mobile banking, just 40% support live chat to help when these options fail to meet customers' needs.

**Vendors offer consumer-focused customer service tools. Business-specific features are next.** Vendors in this study are currently offering a comprehensive set of features, with all or most providing secure messaging, live chat, video chat, chatbots, and cobrowsing (see Figure 14). Most of this functionality is available through partnerships with fintech companies that today specialize in consumer digital customer service tools. The most common partners mentioned in this evaluation were Glia and Revation, which are still building out business-specific capabilities.

### Vendors Offer Base-Level Service Capabilities, Often Not Yet Ready for Business Needs

Figure 14. Vendor Capabilities: Customer Service



Source: Javelin Strategy & Research, 2022

FIS has taken a different tack, partnering with Moxo to create its “Banker on the Go” service designed with business use cases in mind first. The service addresses realities of communication between FIs and business clients, which tend to involve multiple known parties on both ends, involve new products and services (and thus require features like document upload and task assignment), lean heavily on video connections, and often involve a handoff to a branch partner or call center. Customer communications are centered on a relationship manager in the “Banker on the Go” feature, and the platform has gone a long way toward offering features to address the challenges listed above.

## ACCOUNT ORIENTATION AND ONBOARDING

In June 2021, Javelin published the *Small-Business Digital Account Opening Scorecard*, a vendor evaluation of the business account origination and onboarding space. This report updates some aspects of that fuller evaluation with a focus on integration with the overall business digital banking environment.

Fourteen of the top 24 U.S. banks that serve small businesses now have digital account-opening capabilities for business checking accounts, and a growing set of community banks and credit unions is following suit. Many FIs built internal expertise quickly during the pandemic, standing up digital applications for Paycheck Protection Program (PPP) loans and other accounts and products—all in response to enormous jumps in digital banking usage and record numbers of business owners turning to nonbank providers to meet their needs when their primary FIs failed.

An open online front door is of paramount importance for banks looking to differentiate themselves on the playing field. New small-business creation is at an all-time high. And business owners are more digitally savvy than ever, with more than 70% indicating a preference for using online or mobile banking to handle day-to-day transactions and financial management.

Most businesses don't choose a bank or credit union simply because they can open an account online, but many will take an institution off their consideration list if those capabilities are unavailable. Account and loan application availability and the associated user experiences are keys to growing existing business portfolios. It's vital that FIs stand ready with an efficient and secure application and a simple, guided onboarding process as customers expand their relationship with the institution.

However, opening the door is only half the battle. The process itself can be complex, with banks typically soliciting information and documentation from business stakeholders over multiple sessions and channels, all with an eye toward limiting abandonment, reducing fraud, cross-selling effectively, and onboarding an engaged customer. The user experiences for applicants and bank employees alike are crucial considerations.

**Pre-application prep and product selection.** Vendors can help FI clients reduce the risk of abandonment by designing an experience that ensures busy applicants know ahead of time what documentation to collect, the basic eligibility requirements, how much time the application will require, and what next steps to expect. Additionally, to ensure that businesses pick appropriate products, providers can offer a wizard that personalizes the experience and draws out their financial needs. Product descriptions should not only succinctly describe the features of an account but also include pricing and fee policies in a transparent, up-front fashion rather than as disclosures in fine print, footnotes, or links.

NCR's Terafina was by far the most developed digital account opening solution and provides a best-practice example of helping businesses with product selection. Terafina walks applicants through a wizard to determine the best account or product based on financial need, asking businesses to indicate

anticipated monthly behavior for ACH, wire, cash processing, and check payments, to name a few of the needs covered. Today the solution places applicants into a matching existing product pre-determined by the FI, but NCR indicates that this approach will eventually be used to create customized products on the fly, with personalized features, limits, and pricing.

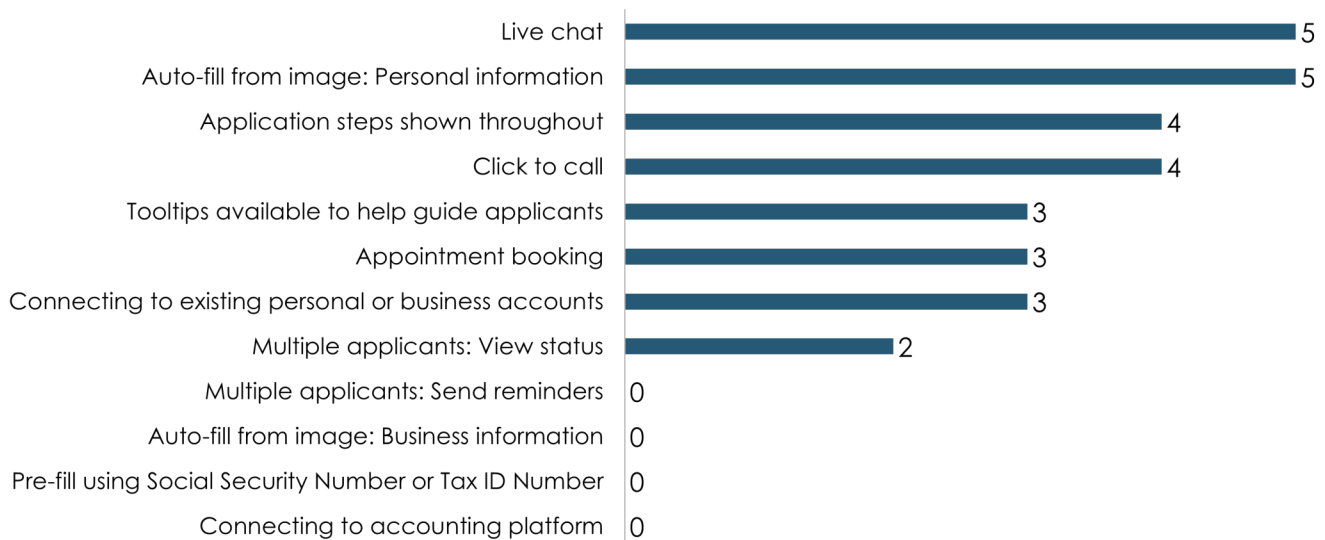
**Laser focus on application UX.** Abandonment often occurs with business applications amid frustration or confusion, or simply when too much is asked of the applicant. Banks need vendors that sweat the small stuff, carefully crafting the applicant journey and investing in features that matter in make-or-break moments. For instance, it should be table stakes to enable applicants to pre-fill personal and business information by connecting to existing personal or business accounts held within the same FI, but only three vendors currently support this capability.

Another challenge lies in streamlining the data entry for new customers, which can be accomplished using optical character recognition from a driver's license or business document, or connecting to an accounting platform used by the business. Although five vendors auto-fill from a driver's license, other more meaningful forms of automation are missing (see Figure 15).

Other often-overlooked drivers of abandonment are the lack of contextual information on various pieces of the application and the lack of a quick way for applicants to get answers or clarification themselves or through a bank representative without interrupting the application process. Thankfully, most vendors provide chat in the application along with out-of-band options such as click-to-call.

### Vendors are Missing Several Time-Saving Features in Account Opening

Figure 15. Vendor Capabilities: Account Opening UX



Source: Javelin Strategy & Research, 2022

**Obvious onboarding to digital services.** Digital adoption is a key indicator of primary bank status and customer profitability in small-business banking. It indicates that the customer relies on the bank for the day-to-day operation of their business, especially when handling incoming and outgoing payments, approvals, expense categorization, and cash-flow analysis. As a result, the bank is the primary holder of company funds and the first place the customer turns to for additional products and services.

Most vendors in this report have executed on the basics, including onboarding to online and mobile banking, e-statements, debit cards, and entitlements. Rarer, though, is post-application onboarding to payments services, including wire transfers, bill pay, and Zelle (see Figure 16). Vendors should ensure that they are allowing banks to sell the value of these services when they have the attention of the relevant participants in the financial management of the business.

There is also a fine line between cross-selling additional products and services and encouraging applicants to enroll in online and mobile banking, bill pay, and mobile deposit, and entitlements for additional users. Banks will have to choose which products and services to promote in the middle of the application, where cross-selling is more appropriate, and what to address after the application is submitted, when onboarding to digital services makes more sense. NCR's Terafina, for one, provides some overlap between digital services and profit-generating products and services during the post-application onboarding process, with the opportunity to add online and mobile banking, bill pay, and mobile deposit alongside a merchant services account, which requires an additional application.

### Vendors Need to Expand Onboarding to Include Payments, Entitlements, and Accounting

Figure 16. Vendor Capabilities: Onboarding



Source: Javelin Strategy & Research, 2022



# BEST PRACTICES AND COMMON THEMES: ADMINISTRATION AND PORTFOLIO MANAGEMENT



## Admin and Portfolio Management

1 Q2

2 NCR

3 Apiture

4 FIS

5 Access Softek

6 CSI

Category Leaders

Back-office tools are critical for creating well-integrated customer service flows, cross-selling effectively, and managing portfolio costs. Javelin's evaluation focused on banker-facing tools for managing deposit and loan applications, customer communications, account and loan portfolio evaluation, digital marketing, compliance, and customer engagement and relationship-building.

Vendors succeed in this area when they help bankers be better at their job. This includes flagging the most time-sensitive action items on outstanding applications and customer service inquiries, facilitating outreach to customers, providing or integrating with CRM tools, enabling analysis of and insight into portfolio performance, and creating an environment that allows for testing and adjusting the digital experience without vendor interaction.

### **Community banks and credit unions need help with personalization.**

Although community banks and credit unions do a great job of satisfying and retaining business customers once they get them in the door, they face enormous ongoing acquisition challenges. Community FIs can no longer rely solely on a local presence to earn new clients. Most will need to specialize to build and nurture a community of customers defined by industry, customer demographics, specialized

financial need, or other affinity. Word of mouth is gold in business banking, especially in industries that use unique financial products and services.

To that end, many vendors have built back-office tools for bankers to brand their digital experience differently for specific customer subsegments. For example, Q2 provides back-end tools to help banks and credit unions create specific, branded experiences by industry (e.g., "Veterinarian's Bank") or by affinity group. Additionally, vendors are focused on helping banks and credit unions target key industries with highly specific financial management and product needs—churches, property managers, medical providers, or cannabis shops, to name a few.

The name of the game is flexibility. An FI should be able to work with the vendor to design a digital experience that aligns with the priorities and unique financial needs of its customer/member base. Several vendors are focused on embedding industry-specific software into digital banking so customers can tap

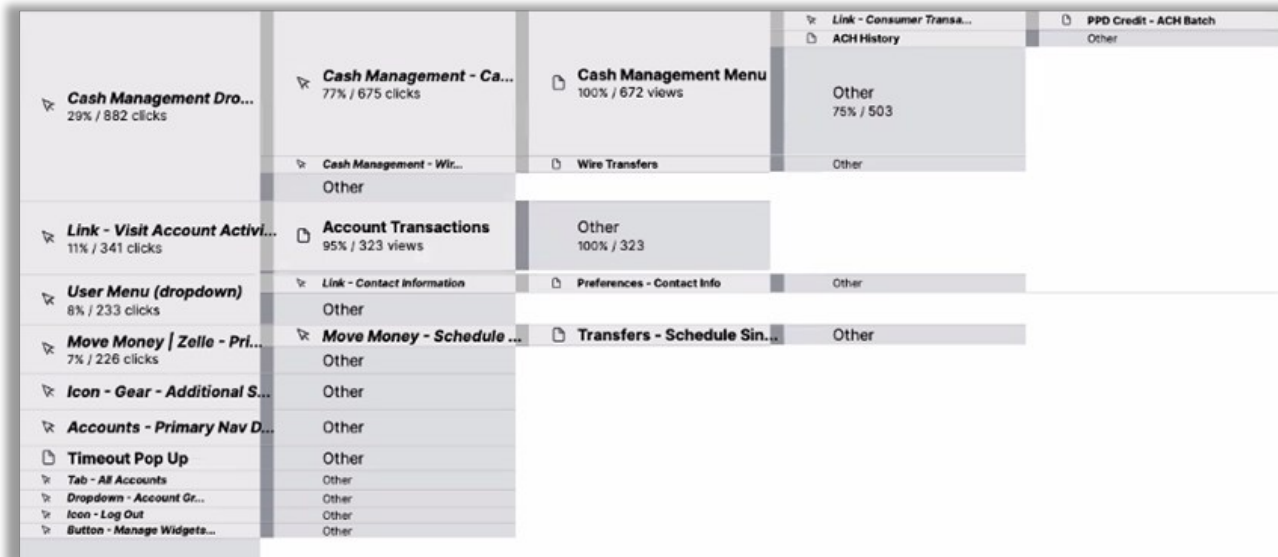
into tools they use daily to run their business (e.g., Homebase for project management, Mindbody for fitness and wellness professionals).

**Testing and configuration are vital to nailing the user experience.** Although some FIs want an easy-to-maintain, out-of-the-box digital banking platform, most are also looking for flexibility in customizing the user experience for such digital banking tasks as account opening or loan applications, payments, entitlements, onboarding new employees, etc. For the former audience, vendors are enlisting UX teams to speak with end users to identify pain points and understand where intervention and process changes are needed. For the latter, vendors have built extensive tools to allow the FI to conduct A/B testing and tweak user experiences for various digital banking features.

One example is Apiture's administrative platform, which allows bankers to view in detail the paths users take when they use digital banking (see Figure 17). This not only helps FIs understand the tasks customers are doing most frequently in a visual manner but also helps identify where the experience is not intuitive, enabling the FI to make changes to the design.

### Apiture Enables Bankers to View a Breakdown of Paths Users Take in Digital Banking

Figure 17. Best Practice: Apiture Paths Tool



Source: Apiture

**Managing customer communications and engagement.** Vendors have developed extensive back-end platforms for banks to manage customer relationships, account and product marketing, and compliance and risk management. This has come in response to new market participants such as nCino, which have focused entirely on providing a “bank operating system” while eschewing customer-facing digital banking and payments platforms (apart from account opening and loan origination). It is beneficial to have a banker-facing interface that brings together those tools alongside account and loan application management functionality and portfolio analysis, while also enabling bankers to manage and alter the front-end user experience for bank customers.

Managing customer relationships is a complex task in business banking. It requires business- and industry-specific knowledge, tailoring of products and services, and, most important, trust and rapport with each individual business. Extending these banker functions and characteristics into the digital realm makes it vital to select back-office tools that enhance the banker-customer relationship and drive efficiency in communications and engagement.

## BEST PRACTICES AND COMMON THEMES: STRATEGIC VISION AND ROAD MAP



1	Q2
2	Apiture
2	NCR
3	FIS
4	Access Softek
5	CSI
Category Leaders	

No analysis would be complete without the evaluation of a vendor's long-term vision to keep its FI customers on the cutting edge of business financial services as their needs grow and evolve. Several characteristics sit outside the customer- and banker-facing digital tools but are nevertheless vital considerations when banks evaluate potential partners. This included assessing the vendor's strategic direction and commitment to innovation, technical compatibility, third-party integration, speed and flexibility of implementation, and ongoing support capabilities.

In conducting this evaluation and during in-depth discussions with the vendors, Javelin observed a handful of common strategic approaches and themes across the provider landscape and its approach to its bank and credit union customer base. The following trends should guide FIs' thinking when they choose a vendor, implement a new digital banking solution, or interact with their existing provider.

**The gap between leaders and laggards has shrunk considerably.** Many of the business banking features that would have been on the vanguard a few years ago have become table stakes, and the digital banking and payments platform itself has largely been commoditized. Though there are still pockets of innovation in base offerings, which

Javelin has highlighted in previous sections, the main points of differentiation today are found in areas where banks and credit unions have not traditionally played. These include cash-flow analysis and financial health, proactive insight and advice, streamlined digital applications, invoicing and payment acceptance, digital customer service and security empowerment, and products built specifically for sole proprietors.

Q2 led this category, but very narrowly, based on a variety of factors, including the practical implementation of its single-platform approach, which allows flexibility to FIs in customizing product and service offerings, its widget-based design of online and mobile banking that allows for a highly personalized UX, and the strategic framework of Q2 Catalyst, which has products that cover the FI-business customer lifecycle from "win" to "onboard" to "serve" and "grow".

**Vendors are trying (hard) to balance flexibility and speed to market.** As with most digital investment decisions, banks must determine where they stand on the spectrum between purchasing an out-of-the-box

application vs. a more customizable option. The former requires fewer FI resources, expertise, and time to implement but can quickly lead to a non-differentiated digital experience. The latter requires FIs to lean heavily on their vendor for further feature development, and affords the FI less choice of third-party functionality.

The latter can mean a more labor-intensive and time-consuming implementation but can deliver a more distinctive digital experience tailored to the FI's specific customer base, and allow the FI to take the reins in feature development, UX testing and enhancement, and third-party integration. Where FIs stand on this decision is generally (but not always) determined by factors such as size, internal digital expertise, past vendor relationships, and pricing.

In demo meetings with Javelin, nearly every vendor presented a graphic displaying that spectrum of choices, with itself at the middle. To a certain extent, that's simple marketing—it's difficult to be all things to all people. But it's promising that the industry recognizes the diversity of need and capability among its customer base and is developing a variety of approaches to serving those customers.

Some providers—NCR and Apiture, in particular—explicitly address this by offering two separate versions of their digital banking solutions: one out-of-the-box version that offers faster speed to market, and one customizable version to meet more specific needs of larger businesses.

**Credit unions are dipping their toes into the small-business market but don't want to be banks.** Most vendors have seen renewed interest from credit unions—whether they're existing consumer platform clients or new customers and prospects—in serving the business banking needs of their members. This is a long overdue pivot for these smaller banks.

While 14% of consumers currently have a personal account or financial product with a credit union (down from 20% just five years ago), that number is only 2% among businesses. Most credit unions have many members operating businesses on consumer accounts. They also have members who hold consumer accounts and credit products at the credit union while using the nationwide bank down the street for business financial services.

A major part of standing up a business banking offering at a credit union will be convincing members of the value of upgrading to a business account in the first place. Businesses at credit unions rarely have more than two or three users (perhaps a business owner and an accountant), meaning credit unions are likely to prioritize a stripped-down, easy-to-use experience for tasks such as outgoing payments, invoicing, reporting, and entitlements.

Vendors expressed that most credit union clients and prospects face a unique path forward in business banking. Many have never offered a dedicated business banking product, which means they will lean more heavily on the vendor to make recommendations about third-party integrations, feature offerings, and business marketing. But it also means they are working with a clean slate, unburdened by existing integrations, infrastructure, and member expectations.

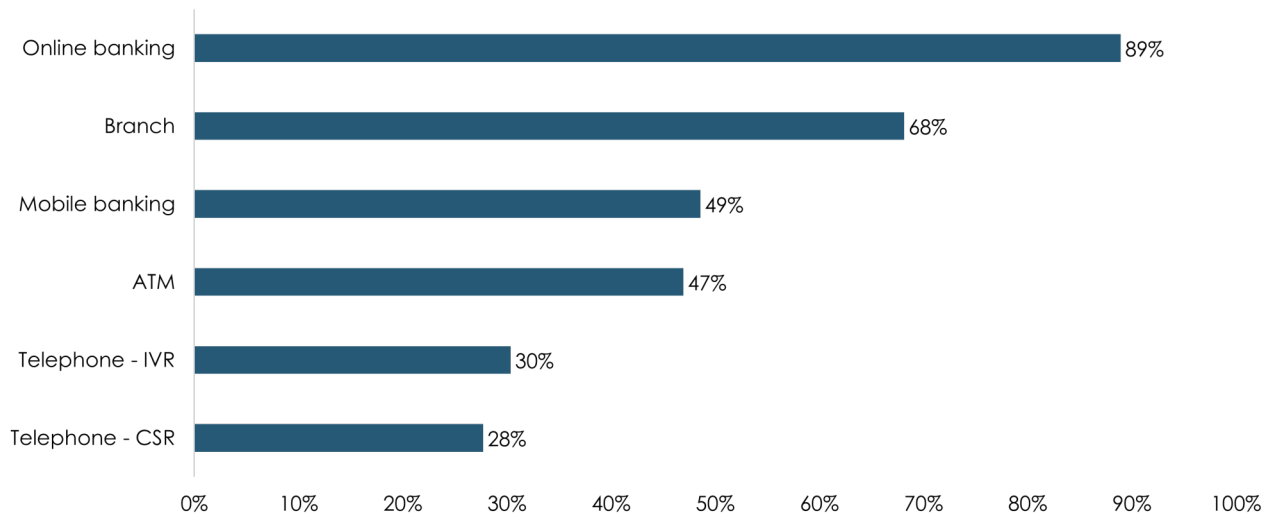
Access Softek, in particular, displayed expertise in this area and an understanding of the credit union market's main drivers—ensuring that members feel a sense of ownership and community, and allowing clients to personalize for the specific industries or communities they tend to specialize in.

**Mobile parity is on the business banking horizon.** Online banking has long been the established workhorse channel for daily banking and payments activities and long-term financial analysis. Business owners have been relatively hesitant to rely on mobile banking, compared with consumers. That apprehension is changing—slowly but surely—with about half of businesses now using a smartphone to access their accounts in the past 30 days (see Figure 18). Small-business owners are still far from having a mobile-first mindset (despite many preferring the channel in their personal lives), but feature expectations are changing rapidly.

Vendors in this study noted a major shift during the pandemic toward mobile transacting, and most have made concerted efforts to upgrade their mobile offerings to be more on par with online, at least in terms of feature availability. In fact, 91% of the features vendors offer today in the scorecard through online banking are also available in their native mobile app offerings.

### Online Banking Remains the Workhorse for Businesses

Figure 18. Banking Channel Adoption at Primary FI, Past 30 Days



Source: Javelin Strategy & Research, 2022

On the consumer side, the industry has reached the “online optional” phase of parity. Digital strategists are rightfully asking questions like these: “Is this experience better in mobile than online?” “Can we preserve our budgets by pushing this out on the online road map a few more quarters?” “Is this feature even necessary online?” Business banking isn’t there yet. But the next step for vendors will be ensuring user experiences are designed with mobile in mind rather than simply replicating what’s available on the desktop, as well as determining which new capabilities can be designed for the mobile device first, then optionally ported to online banking later.

**A few industry-darling partnerships have taken vendor offerings to the next level**, but there are many more third-party opportunities out there. Third-party vendor integrations have enabled digital platforms and their FI clients to quickly enhance areas vital to a modern business banking suite. Rather than build it themselves, requiring extensive planning, detailed product design, development resources, ongoing support, and a monetization strategy, most vendors have elected to contract with third parties that live and breathe each particular service.

Many of these relationships are the same across the industry, especially with Autobooks for invoicing and payment acceptance (offered by every vendor in this evaluation), and Glia and Revation in digital customer service. However, despite a lack of differentiation in the functionality offered, such relationships are establishing new baselines for business banking functionality. Javelin expects to see additional fintech “standards” emerge soon in areas like cash-flow and business health analysis, expense management, and even in-app card payment acceptance.



# VENDOR PROFILES

D F X G E W J Q  
R A L N P K Y H  
Z B C C Y V R U  
E N J W E Q M S  
O T B X G S S P  
F H K T D V Z M

**ACCESS SOFTEK, INC**

**AccessSoftek**

*Rating Among 6 Vendors Evaluated*

Overall rank	4	Admin and Portfolio Management	5
Functionality and UX	5	Strategic Vision and Delivery	5

Berkeley, Calif.-based Access Softek has been in business for nearly 40 years, during which it has remained privately owned by its founder and CEO, Chris Donner. The company leans heavily into the credit union space, serving more than 400 financial institutions and their six million-plus active users per month. Access Digital is its single digital banking platform, serving both retail and business banking customers. Business banking functionality is not sold or marketed separately but is an element of the overall product.

Rather than trying to be everything for every business, Access Softek concentrates on meeting the basic needs that will satisfy the vast majority of its users and innovating within that product set. As a result, Access Softek achieved lower scores for entitlements and reporting functionality compared with vendors with mid-market capabilities that they were able to translate to the small-business product.

However, Access Softek should certainly not be overlooked. The company thinks carefully about design, was the only vendor to incorporate cash-flow tools directly into its digital banking experience (with internally built technology behind it), has a modern user experience, and is highly focused on supporting the specific needs of credit union and community bank clients.

## STRENGTHS AND DIFFERENTIATING CAPABILITIES

- Cash-flow analysis and projection built prominently into account overview
- Simplified entitlements designed for vast majority of credit union member businesses with a handful of employees
- Presence of in-house data scientists dedicated to internal development emphasizes a strategy of building from within rather than buying or partnering

- Modern layout and UX for small-business owners, especially in placing cash-flow analysis at the forefront and designing easy-to-use payments and entitlements workflows
- Feature-rich servicing functions like live chat, a chatbot, co-browsing, and fraud controls
- Focus on upgrading members who are operating businesses on consumer banking accounts to a business account, including building messaging throughout the digital experience (e.g., "Have a business? We'd love to offer you the tools to grow it. Drop us a line!")
- Subscription service to provide quarterly analyses of digital banking usage, performance metrics, etc. for FIs without internal resources

## AREAS FOR IMPROVEMENT

- Transaction ledger lacks rich features such as merchant information and location, clean merchant names, and calls to action like disputes and customer service links
- Lack of envelope system or tools to encourage member businesses to save
- In Entitlements and Security, missing security education content, as well as tools for businesses to monitor account access, including login history, oversight into third-party access, etc.
- Account opening user experience should be upgraded to include features like pre-fill, multiple applicant support, and onboarding to digital services beyond establishing digital banking credentials.



### Apiture

Rating Among 6 Vendors Evaluated

Overall rank	2	Admin and Portfolio Management	3
Functionality and UX	2	Strategic Vision and Delivery	2

Headquartered in North Carolina, Apiture is a digital banking solutions provider founded in 2017 by First Data (now part of Fiserv) and Live Oak Bank. The company had a strong start with over 300 FIs with business banking live on the first day and now serves more than 330. The Apiture Digital Banking Platform is the company's latest flagship release, serving retail and business banking in a single platform with API integration at its core.

Apiture ranks second overall in this evaluation, edging out NCR in the top tier of solutions. Apiture's API-first strategy takes two forms: launching a full-service, API-driven banking solution and sharing some of those same APIs with third parties. As part of this strategy, Apiture is keenly focused on ensuring its clients can work with any third-party service provider while educating them on best-in-breed solutions. Apiture is working to approach the credit union market as well, with a new dedicated sales team.

### STRENGTHS AND DIFFERENTIATING CAPABILITIES

- Apiture is farthest along in terms of developing intelligent payments routing, which would simplify outgoing payments for the less financially and digitally savvy business user. Apiture has consolidated ACH and wire such that they are initiated from the same payment screen
- Though they are likely more appropriate for power users, payments and reporting tools are extremely robust
- Ability to embed into industry-specific software businesses use to run their practice
- Pendo partnership allows FI to develop digital tours to guide customers on how to use products and services
- Highly customizable and detailed reporting for digital account opening and digital banking in general, including "Paths" UX visualization tool

## AREAS FOR IMPROVEMENT

- Cash-flow tools are available via an integration with Monit but are not yet built into the main digital banking environment
- Lack of envelope system or tools to encourage member businesses to save
- In Entitlements and Security, missing security education content, as well as tools for businesses to monitor account access, including login history, oversight into third-party access, etc.
- Lack of product recommendation and cross-sell in account opening flow



## CSI

Rating Among 6 Vendors Evaluated

Overall rank	6	Admin and Portfolio Management	6
Functionality and UX	4	Strategic Vision and Delivery	6

Founded in 1965, Kentucky-based tech firm Computer Services Inc. (CSI) offers its digital banking platform exclusively for clients of its NuPoint and Meridian.NET core banking solutions. In 2022, CSI was acquired by two private investment firms, Centerbridge Partners L.P. and Bridgeport Partners, sparking renewed interest in expanding and modernizing the provider's offerings. What is certain to remain the same is CSI's target segment of small and mid-market businesses, of which the company is already powering nearly 300 FIs.

CSI understands the challenges of smaller businesses lacking CFOs and familiarity with many business banking products and services. For mom-and-pop shops, simplicity is paramount—and CSI is well positioned to deliver that. CSI's performance in this scorecard reflects this, emphasizing basic functionality over robust entitlements and payments criteria.

## STRENGTHS AND DIFFERENTIATING CAPABILITIES

- CSI's product is rather prescriptive today, which is appropriate to its client base of small community banks, but for which out-of-the-box functionality is needed to quickly upgrade business digital banking offerings.
- Main accounts page and website layout was the strongest in this evaluation, with a widget-based approach showing items requiring attention (payments awaiting approval, scheduled and rejected payments, etc.), the ability to send money without navigating to a detailed flow, cash-flow information, and customer service contacts.
- Entitlements are detailed but clear, finding a balance between power users and general users
- Account access, payment limits, and authentication are handled in one place, representing a light version of a security hub
- Extremely detailed alerts options
- New business loan application through partnership with Hawthorne River

## AREAS FOR IMPROVEMENT

- Banker-facing analytics get the job done but are very basic and often appear outdated
- Transaction ledger lacks merchant information and location, clean merchant names, and digital dispute initiation/customer service links
- ACH, wire, and other payments flows are extremely detailed and seemingly designed with larger businesses in mind. There's an opportunity to simplify this into a single payments flow with intelligent routing (this is on CSI's road map)
- Lack of envelope system or tools to encourage member businesses to save
- Card controls are limited to debit cards
- Account opening product is based on a consumer flow, with no support for business-specific features

**FIS***Rating Among 6 Vendors Evaluated*

<b>Overall rank</b>	<b>5</b>	<b>Admin and Portfolio Management</b>	<b>4</b>
<b>Functionality and UX</b>	<b>6</b>	<b>Strategic Vision and Delivery</b>	<b>4</b>

Fidelity National Information Services, commonly known as FIS, offers a wide range of financial services solutions, including several core processing solutions. FIS launched its Modern Banking Platform core in 2020, touting the addition as built from the ground up. FIS's current digital banking solution is Digital One, named for its designed unification across channels and product types, including both retail and business. Supporting business banking for more than 285 FIs, FIS provides a ready-made, off-the-shelf version of Digital One for smaller community FIs as well as a more custom product for the larger banks that have the resources to be more hands-on in development.

FIS has made significant investments in digital through the 2020 acquisition of Zenmonics, a fintech that provided the foundation of what was to become the Digital One platform, and the more recent acquisition of Payrix, a fintech focused on embedded payments and finance for small to medium-sized businesses. While these acquisitions point to a bright future for the platform, the current delivery is missing critical functionality. With the exception of its payments support, FIS had significant gaps across many functionality categories, though its feature roadmap shows promise.

**STRENGTHS AND DIFFERENTIATING CAPABILITIES**

- Digital One Flex is the only product in this evaluation specifically designed for sole proprietors and microbusinesses, with a simple user experience that incorporates payables, invoicing, and other basic business tools.
- "Banker on the Go" product (via partnership with Moxo) is a best-in-class, business-focused digital customer service system
- Robust entitlements system aimed at mid-market and large corporates
- Cash-flow and business analysis toolkit is under development
- ACH/wire flow is highly detailed, with experiences designed to be appropriate to users of both Digital One and Digital One Flex



## AREAS FOR IMPROVEMENT

- Account page and transaction ledger are missing key items, such as tagging transactions and adding memos, filtering, sorting, and searching. Instead, transaction search is located in reporting tools.
- Lack of envelope system or tools to encourage member businesses to save
- No appointment booking or branch locator tools
- Lack of push notifications means business clients must rely on outdated text and email for alerts delivery to be alerted
- Account opening product is designed for consumers, with no business-specific features
- In Entitlements and Security, missing security education content, as well as tools for businesses to monitor account access, including login history, oversight into third-party access, etc.



## NCR

Rating Among 6 Vendors Evaluated

Overall rank	3	Admin and Portfolio Management	2
Functionality and UX	3	Strategic Vision and Delivery	2

NCR Corporation is a software services company with a 130-year history. It currently serves several industries, including finance, hospitality, and retail. NCR offers two separate, parallel digital banking platforms:

- **DI Digital Banking Platform:** acquired from digital banking firm Digital Insight as it was spun off from Intuit in 2013, and now offers the solution as an out-of-the-box option for community banks and credit unions.
- **D3 Digital Banking Platform:** NCR acquired innovative upstart D3 Technology Inc. in 2019, and the platform now serves as a highly customizable, API-driven solution for larger banks.

Both platforms were evaluated as a whole for this report, as there is significant cross-over in customer-facing and administrative features. NCR's business banking solutions power 172 financial institutions, the largest of which is an FI with \$200 billion in assets.

NCR is focusing heavily on supporting credit unions' move into business banking. Roughly 60% of its business-banking customer base is currently made up of credit unions, the highest percentage of any of the platforms here except for AccessSoftek. That can present challenges, especially in onboarding and ongoing support, as many credit unions have never implemented a business-specific digital banking platform and are looking for the vendor to help with feature decisions and recommend best-in-class third-party integrations.

NCR's capabilities make it a strong contender, with high scores across most aspects, but it was ultimately edged out by Apiture in a tight race for second place. In the Functionality and UX category, NCR excelled in two critical sections: Account Management and Account Origination and Onboarding. The company's overall strategic outlook aligns with Javelin's vision for what a business banking and payments hub should be and reflects its vision to position bank and credit-union clients as a portal, with services that extend beyond traditional digital banking capabilities.

## STRENGTHS AND DIFFERENTIATING CAPABILITIES

- Its 2021 acquisition of Terafina brought NCR a best-in-class solution for account opening and onboarding of small businesses. The solution, a second-place winner in Javelin's 2021 Small-Business Digital Account Opening Scorecard, has since focused on user experience and capability enhancements, including a product recommendation tool based on a financial needs analysis, broader product support, and streamlining back-office steps for bankers.
- Enables customized branding and products and services to reflect specific small-business communities.
- Subaccount and envelope system support helps businesses set aside cash for investments or a rainy day
- Approvals inbox and summary of upcoming payments is the centerpiece of digital banking main page layout
- Extremely robust payments system designed for mid-market and larger corporations

## OPPORTUNITIES FOR IMPROVEMENT

- User interface and design of online banking feel dated
- In Entitlements and Security, missing security education content, as well as tools for businesses to monitor account access, including login history, oversight into third-party access, etc.
- Card controls absent from digital banking experience
- Terafina is loaded with best practices in account opening but could use tighter integration with NCR's digital banking platform when it comes to onboarding to digital services
- No product or focus specifically on sole proprietors and microbusinesses



## Q2

Rating Among 6 Vendors Evaluated

Overall rank	1	Admin and Portfolio Management	1
Functionality and UX	1	Strategic Vision and Delivery	1

Q2 Software Inc., based in Austin, Texas, provides digital banking products for financial institutions and fintechs, including a SaaS core solution, account switching, and sales and marketing services. The Q2 Digital Banking Platform is its sole platform product for retail and small business and supports all major core banking providers, currently serving 440 FIs—250 of which offer retail only. The remaining 190 offer a combination of retail and business.

In 2015, Q2 acquired the API-based platform CorePro, which continues to serve as the backbone for Q2's Banking-as-a-Service efforts. In 2022, Q2 acquired customer data platform Sensibill to boost spending and expense management capabilities and more. These investments have since paid off, helping Q2 top every functional category and emerge as the overall winner in the scorecard. Runner-ups Apiture and NCR come close to Q2 in some places, especially in specialized functional areas, but Q2 ultimately wins the race with a sizable lead.

## STRENGTHS AND DIFFERENTIATING CAPABILITIES

- Single platform affords banks and credit unions the flexibility to customize the mix of products and services to offer business clients based on financial need, rather than traditional rigid customer segmentation.
- Similarly, a widget-based approach to online banking allows for a highly customizable user experience. The FI can determine the needs of a particular customer subsegment and turn on only the widgets that are appropriate to them, enabling very targeted offerings. Additionally, drag-and-drop functionality allows end users to customize digital banking for themselves.
- Q2 Innovation studio encourages fintechs to build their own integrations to the Q2 banking product
- Capability for FIs to brand their UI and offer appropriate products to serve specific verticals with a customized experience
- Business lending product provides fast and easy application process

## AREAS FOR IMPROVEMENT

- Lacks product recommendation engine for pre-account recommendations, forcing users to choose from a menu of options rather than allowing the bank to proactively suggest one
- Security tools are there, but Q2 offers no features to build engagement, such as gamified assessments or personal security scorecards
- Account opening flows need to be updated to support business-specific workflows and options. Current process is built on a consumer foundation.

# ENDNOTES

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4. **Why It's Time to Fix the Four Flaws of Transaction Ledgers**, Javelin Strategy & Research, August 2019.
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17. **2023 Digital Banking Trends and Predictions**, Javelin Strategy & Research, November 2022.
18. Ibid.
19. **The Small-Business Banking Maturity Path: Building the Financial Hub**, Javelin Strategy & Research, March 2021.
20. **2021 Small-Business Digital Account Opening Scorecard**, Javelin Strategy & Research, June 2021.

# METHODOLOGY

This report evaluates vendors providing small-business digital banking and payments platforms targeted to mid-market financial institutions. Javelin invited 12 vendors to respond to a Request for Information. Six vendors responded: Access Softek, Apiture, CSI, FIS, NCR, and Q2.

Javelin conducted detailed solution demonstrations and interviews with participating vendors, during which Javelin analysts verified Request for Information responses that were in question. Javelin's assessment comprised three main categories: Functionality and UX (a quantitative evaluation based on a 380-point scorecard), Admin and Portfolio Management, and Strategic Vision and Delivery (qualitative evaluations based on vendor demos and written responses to Javelin questions).

Market data in this report is based on Javelin's Small Business Banking survey of 900 small-business decision-makers, fielded in June 2022. Businesses in the survey have annual revenues between \$100,000 and \$10,000,000 and are representative of the U.S. business population within that revenue band. "Primary financial institution" is defined by the survey respondent.



# RELATED RESEARCH

## **A Strategic Framework for Selecting a Small-Business Digital Banking Platform**

Banks face some tough sledding in the decade ahead if they don't overhaul their business digital banking strategy. Rising non-bank companies are encroaching on the territory of traditional banking and payments services for small businesses, to the extent that they cannot be ignored. As banks rethink their approach, vendors will play a vital role in their evolution, and an upcoming Javelin Strategy & Research scorecard will help to assess those vendors across three key categories.

## **2021 Digital Banking Platform Vendor Scorecard**

Javelin Strategy & Research evaluated 11 vendors in its 2021 Digital Banking Platform Vendor Scorecard, identifying a "Best in Class" winner (Backbase) as well as two leaders (Apiture and Q2) and two leaders in each of three sections: functionality, experience and engagement, and development and delivery. Further, all vendors were assessed across more than 200 criteria reflecting account management, money movement, security and control, financial fitness, servicing and communication, origination and onboarding, and alerts and notifications.

## **2021 Small-Business Digital Account Opening Scorecard**

Banks want small businesses to open accounts, and small businesses want a digital process that doesn't frustrate them before the application, much less the onboarding, is complete. Javelin Strategy & Research assesses six of the leading vendors that provide solutions to a complex, multifaceted challenge. The vendors' effectiveness is viewed through the lenses of the customer's journey to onboarding, the administrative tools afforded the institution, and the user experience on both ends of the developing relationship—that of the customer and the banker.

## **The Small-Business Banking Maturity Path: Building the Financial Hub**

To survive and thrive in business digital banking in the coming decade, banks will need to transform their offerings in a way that keeps small businesses from looking over the fence at encroaching non-bank players. In this report, Javelin lays out the path to digital maturity and shows how banks can retain small-business customers, cement relationships, design better banking experiences, and get a return on their investments.

# ABOUT JAVELIN

Javelin Strategy & Research, part of the Escalent family, helps its clients make informed decisions in a digital financial world. It provides strategic insights to financial institutions including banks, credit unions, brokerages and insurers, as well as payments companies, technology providers, fintechs and government agencies. Javelin's independent insights result from a rigorous research process that assesses consumers, businesses, providers, and the transactions ecosystem. It conducts in-depth primary research studies to pinpoint dynamic risks and opportunities in digital banking, payments, fraud & security, lending, and wealth management. For more information, visit [www.javelinstrategy.com](http://www.javelinstrategy.com). Follow us on Twitter and LinkedIn.

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