

White Paper

Riding the Digital Wave for Business Banking, Propelled by Mobile



Financial institutions are moving quickly to provide complete online and mobile banking services for retail customers, but what about businesses? Some financial institutions don't offer a designated online or mobile solution for business customers and instead assume their retail digital banking solutions will suffice. Businesses have unique needs for digital cash management tools and other advanced capabilities that are beyond the needs of the retail user. A complete digital business banking experience will deepen relationships with business customers and increase transaction volume and revenue.

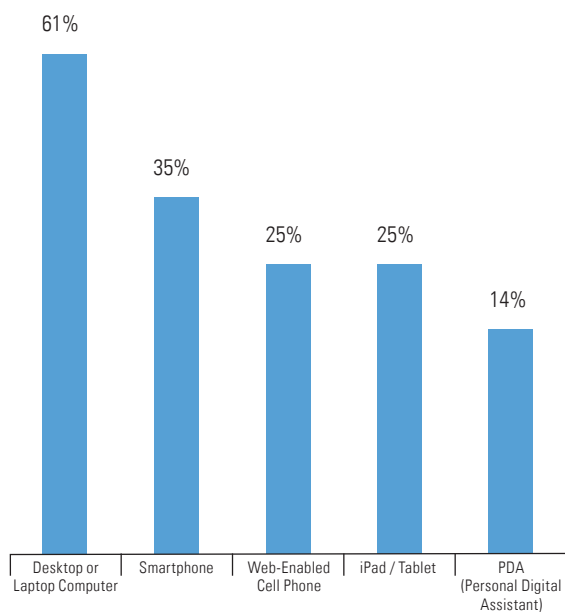
The Digital Opportunity

Corporations and small businesses represent a strong growth opportunity for financial institutions that are able to develop innovative ways to attract and retain these business customers. For institutions targeting the commercial market, a primary focus is delivering digital banking services for business accountholders.

According to Aite Group's [Corporate Mobile: Gaining Momentum](#) report, 32 percent of the top U.S. banks offered mobile banking for business as of mid-2013. As the number of digital banking offerings for business has increased, adoption has surged. Sixty-four percent of small businesses and 82 percent of middle market businesses use online banking, according to the [2013 Business Internet Banking Report](#) from Barlow Research Associates. Once adopted, online banking tends to become the most common point of contact between businesses and their banks.

Though not used as widely yet, mobile banking is also on the rise among businesses. Data from the 2013 Small Business National Research conducted by Raddon Financial Group reveals that 35 percent of small businesses use a smartphone for business banking and 25 percent use a tablet for business banking.

Devices Used for Business Operations and Business Banking



Source: Raddon Financial Group, 2013

Industry forecasts suggest that this trend will gain momentum. In the Aite Group’s [Corporate Mobile: Gaining Momentum](#) report, 17 percent of banks expect their business customer adoption of mobile banking to reach 70 percent by year-end 2015.

A Desirable Market Segment

Digitally connected businesses are highly desirable banking customers and a strong digital offering is key to attracting and retaining them. The Raddon survey determined businesses that use mobile banking are financially attractive customers, with 63 percent seeking loans and 45 percent looking to add deposit products.

However, businesses are also willing to switch financial institutions for a better digital banking experience. In the Barlow survey, almost half of small businesses that use online banking and a third of middle market companies that bank online said they would be willing to switch financial institutions for improved online banking features. Similar trends hold true on the mobile front, where half of the U.S. small businesses surveyed said mobile banking capabilities designed for commercial account holders are important in considering a new financial institution relationship, according to a February 2014 Aite Group report, [Why Banks Should Offer Mobile Banking to Small Businesses](#).

Businesses Have Unique Digital Needs

While many businesses are using or planning to adopt digital banking services, capitalising on this opportunity isn’t as simple as offering businesses the same digital banking services as retail account holders. Businesses have very different banking needs and expectations than consumers, and the solutions offered must reflect those differences.

Start With Security and Control

Security and control are two areas where businesses have unique requirements. Businesses are more explicit about their expectations for online banking security features, such as strong passwords, multifactor authentication and device fingerprinting. They expect more proactive monitoring and notification of suspicious activity conducted electronically. And unlike consumer accounts, which are typically owned by one or two individuals, a business account could be accessed by multiple employees. So it’s important for the business customer to know which individual made a particular

transaction. These heightened concerns about security often stem from the large dollar values at stake and the fact that employees are handling accounts that they don't own.

In a single business, multiple people may use banking services from different perspectives. It's essential for digital banking offerings to reflect the varying roles of those users. The business must have the ability to control or restrict what each role can do and view through digital channels.

Digital Banking Access/Functions by Role

Role	Functionality Requirements
Account Owner	Should have complete control of the account, with the ability to approve transactions, transfer funds, make withdrawals and initiate payments.
Account Administrator	Should have administration access only (ability to set up, delete and manage user accounts); should be unable to access accounts or make transactions.
Approver	Should be limited primarily to viewing and approving transactions that others initiate, although in some cases the approver may need account access or the authority to initiate transactions.

Source: Fiserv

Financial institutions also need to recognise that these roles and their requirements can vary by company for a variety of reasons. Size is one factor, as the needs and roles of banking users will differ among micro, small, mid-sized, mid-market, and large businesses. For instance, micro and small businesses usually need to manage cash flow closely and value technologies like remote deposit capture and efficient online bill payment. Large businesses want visibility into their finances, including their cash position, and often value online self-service and control. Banking user roles

also may vary based on the industry, the operational maturity of the business, and the complexity and risks of the business model.

Streamline the Process

Much like consumers, businesses also value efficiency when using digital banking, though they often have a proliferation of systems and processes that can hamper efficiency. Regardless of the size of the business or the role of the user, business customers are eager to accomplish financial tasks quickly and cost-effectively. They seek functionality that speeds transactions and other tasks, whether they're handled by one or multiple employees. They value banking services that consolidate functions, such as the ability to make or receive all payments from one place. Businesses tend to appreciate that digital banking enables their associates to avoid time-consuming branch visits.

Tailor the Functionality

While businesses require some of the same digital banking capabilities as consumers—such as balance checking and funds transfer—they also have additional needs that aren't met with retail banking solutions. These include cash management features such as wire transfer approval, ACH transaction approval and positive pay decisioning. Among small businesses that use mobile banking, one-third use it to check balances, while a smaller number use mobile for remote check capture, to initiate payments or to approve payments, according to Aite Group. As the technology evolves, it's clear that businesses are likewise evolving in their use of digital banking, from a strictly transactional vehicle to one that facilitates managing the organisation's finances.

Develop Streamlined Onboarding

Streamlined onboarding and easy user administration are also key requirements for the business market. Credential management and multifactor authentication are essential and must be channel appropriate, with the mobile banking credentialing process tightly integrated into the online banking process. This is especially vital when an employee with bank account access leaves a company.

Reimagine the User Interface

Businesses look to digital banking to facilitate decision making. They require tools that enable their users to glean important financial information quickly, such as data visualisations in the form of statistical graphics and charts, as well as tools that help with forecasting, such as dashboards. They require efficiency in managing and resolving exceptions and seek systems and processes that call their attention to items that need action, such as failed transactions. Reimagining the user interface for a business in order to enable these capabilities can be key to gaining high adoption of digital channels.

Many Devices, One Consistent Experience

While leveraging the power of the mobile wave can be rewarding, various technical and integration issues can inhibit the delivery of the optimum digital banking experience for businesses. A business user may employ a desktop or laptop computer; a mobile device with browser access, downloadable applications and SMS text messaging capabilities; and a tablet or phablet (a device with a screen that is larger than a phone

but smaller than a tablet). Their use of these devices inevitably shapes their perceptions of what constitutes desirable digital banking experiences.

Digital banking users expect consistency across the many channels they use—preferring the same accounts and account information displayed, the same passwords and preferences used, and the same look and feel. Tight integration between the financial institution’s digital banking platforms and with the core account processing system is critical to enabling this degree of consistency.

A Fiserv qualitative research study found that consumers expect experiences on online, mobile and tablet channels to be optimised. Consumers will apply the same expectations to using digital channels for business banking.

Beyond the User Interface

Beyond these foundational capabilities, businesses need billing and invoicing capabilities, as well as auditing and reporting capabilities that help them meet internal and external compliance requirements. Similar to their consumer counterparts, business bankers expect the ability to set up alerts that are customised to their needs. Further down the road, larger businesses are likely to want digital functionality that spreads across the value chain—incorporating expanded real-time payment options, payroll capabilities and point-of-sale transaction support. These should all be considerations in building out a digital banking strategy that has staying power even in turbulent times.

Riding the Mobile Wave

Investing now in the mobile experience for businesses is essential for financial institutions that plan to ride the mobile wave and not be capsized by technology. Solutions that were designed as short as three years ago may not meet the demands of today's tech-savvy business users and certainly will not meet the needs of tomorrow's workforce.

Optimising the experience for business users requires a solution that starts with security and control, adds advanced cash management capabilities, offers streamlined onboarding and facilitates a consistent user experience across all channels. By delivering the optimum business banking experience across all digital channels—tailored to the unique needs of commercial account holders—financial institutions will deepen their relationships with business customers, paving the way to increase transaction volumes, enhance revenue and improve profitability.

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