



Growing Business²

Help Your Community
Get Down to Business



Market Overview

SMBs are the Backbone of Economic Success

The 33.2 million small and medium-sized businesses (SMBs) in the U.S. are much more than statistics; they represent an incredible 99.9% of all businesses in the country, according to the U.S. Small Business Administration (SBA).

Driven by a surge in entrepreneurship, a remarkable 10.5 million SMBs have been formed since 2021, marking the highest growth during a two-year period, according to SBA and Census data.

A rise in entrepreneurship, the burgeoning gig economy, and a significant post-pandemic shift in priorities contribute to this surge. SMBs are undeniably the backbone of the U.S. economy, contributing to 44% of all economic activity, according to the SBA. Their role in driving innovation, creating jobs, and enriching communities is unparalleled. Yet, big banks often overlook and underserve this dynamic segment.

The Dominance (and Disconnect) of Megabanks

In the contemporary financial landscape, a trifecta of mega-banks astonishingly holds 47% of the market, with the remainder spread among other large banks, community banks, and credit unions. This concentration of power has led to a homogenization of services. SMB customers – and their nuanced financial needs – remain unmet.

SMB Banking Market Snapshot

47%

of the market held by three megabanks.

18%

held by community banks and credit unions.

10%

controlled by PNC and Citizens Bank combined.

SOURCE: FORBES

A study from J.D. Power in 2020 found that only 37% of small business banking customers believe their bank appreciates their business, and just 32% say their bank understands their business. Additionally, another 34% are likely to switch their primary bank, according to the University of Reading's "Bank switching of US small businesses" report.

While big banks have the advantage of scale and reach, their size can often limit their ability to provide personalized service and execute agile strategies. SMBs aren't just looking for a bank, but rather a partner who understands their unique needs and can adapt quickly to serve them.

The Hidden SMB Opportunity

Enter the Community Bank and Credit Union SMB Service Model

The failure of larger banks to adapt creates an unparalleled opportunity. Banks and credit unions can design offerings that genuinely resonate by understanding the unique demands of modern SMBs and leveraging community engagement and innovative technologies. For instance, strategic partnerships with fintech companies can give banks and credit unions the technological edge to position themselves as an attractive alternative.

Delving into the realm of small business banking statistics, a staggering 1 in 4 small enterprises operate without a distinct business banking account. This data serves as a critical springboard for discussing the compelling need to educate, support, and empower small business owners in adopting prudent banking solutions, ultimately fostering a thriving entrepreneurial ecosystem.

The time has never been more opportune for credit unions to seize the moment and align themselves with the momentum of the small business sector. Community banks and credit unions have the chance to redefine themselves as essential partners for SMBs, capturing a substantial part of the market by offering customized, empathetic services that resonate with the unique needs of small business owners.

1 in 4

small businesses don't have separate personal and business banking accounts.

Source: ZipDo

What SMBs Need

Beyond Traditional Banking: Meeting the Unique Needs of SMBs

Community banks and credit unions seeking to serve the SMB market must adopt a strategic approach that recognizes and addresses this sector's unique needs, aspirations, and challenges and aligns with their entrepreneurial spirit and ambition. This requires understanding the distinct SMB landscape and implementing specialized tactics and practices to ensure alignment with their goals and values.



EASY ACCESS TO CAPITAL

Small businesses need a banking partner that understands their needs and can provide fast, flexible financing options to seize opportunities. Financing must be affordable and tailored to their needs, through business loans, lines of credit, or alternative funding sources.

45% of small businesses applied for financing in 2020, yet the approval rate for small business loan applications at big banks was 27.2%.

Source: ZipDo Small Business Banking



FAIR, FLEXIBLE, AND TRANSPARENT FEES

Surprise fees and rigid structures don't align with the often unpredictable nature of small businesses. SMBs seek clear, transparent fee structures that can adapt to their changing needs and scale.

64% of small business owners say a lack of transparency on trust and relationships could lead them to choose a new provider.

Source: PwC Small Business Banking Survey



CASH FLOW MANAGEMENT

SMBs must manage their cash flow effectively to ensure liquidity to cover operational expenses, inventory purchases, and growth investments. This includes monitoring incoming and outgoing cash flow, optimizing payment terms with suppliers and customers, and maintaining a healthy cash reserve. Tools that offer real-time tracking, forecasting, and budgeting can help companies maintain financial equilibrium, ensuring they have the funds they need when needed.

64% of small business owners find it easier to manage cash flow with digital banking services.

Source: ZipDo Small Business Banking



COST CONTROL AND EXPENSE MANAGEMENT

Managing and controlling costs is a crucial priority for SMBs to maintain profitability. They seek a daily pulse on outgoing cash flow, separated by business project or area, to ensure sustainable financial growth. Financial management tools must enable businesses to make informed decisions that align with their financial and business objectives.



INTEGRATED TECHNOLOGY SOLUTIONS

Small businesses want banking platforms to seamlessly integrate with their existing systems. From accounting software to e-commerce platforms, the ability to sync information effortlessly saves time and reduces errors.

41% of small business owners use invoicing/payment processing software.

Source: ZipDo Small Business Banking



SECURITY AND TRUST

With increasing threats to digital security, small businesses want to know their financial information and funds are safe. They look for banking partners who demonstrate an unwavering commitment to security and earn their trust through consistent reliability.



FLEXIBILITY TO FIT THEIR BUSINESS

Small business owners have diverse needs and require configurable workflow and approval settings (entitlements, rules, or users) that are tailored to match their specific business structures. A connected library of tools designed for their specific line of business, from legal to medical to contractors, can reduce investment in operational tasks and accelerate growth.



Beyond Function and Features: SMBs Crave Personalized Service and Support

SMBs need more than one-size-fits-all solutions; they require a banking partner that understands their unique challenges and goals. This means being a financial ally that echoes their entrepreneurial drive, understands their business, and delivers solutions to help them grow.

Personalized financial advice could include tailored growth strategies, risk management and insurance recommendations, referral partners, and even retirement planning. Holistically addressing these priorities enables community banks and credit unions to combine human understanding with digital efficiency – creating a tailored experience that resonates with small business owners.

Small businesses want to be understood.

With needs unique to small businesses, credit unions have the chance to tailor their offerings, providing specialized financial products and services that traditional banking may not adequately address. By doing so, credit unions can foster stronger relationships with small business members, build trust, and position themselves as vital partners in their growth journey. With relationship-based banking rooted in customer service, community banks and credit unions are uniquely positioned to win in this space.

“People will tell you what’s not working, and you can find solutions to bridge that gap together. Not just through transactions, but through interactions.”



John Janclaes
President, Nymbus CUSO

From Legacy to Leadership

FLEXIBILITY MEETS CAPABILITY FOR COMMUNITY BANKS AND CREDIT UNIONS

According to Cornerstone Advisors, 70% of credit unions still depend on legacy core systems. Those legacy cores have been slow or completely stagnant when it comes to adding SMB-focused capabilities in cores and digital banking platforms. This is particularly true in the community bank and credit union technology sector, where business banking has largely been a complete afterthought or set of workarounds. Additionally, the lack of interoperability of these tools prevents customers from having access to the latest and greatest fintech capabilities.

Community banks and credit unions, with their community-centric approach, are uniquely positioned to serve SMBs with:

01**Personalized Services:**

With a more intimate understanding of local markets, community banks and credit unions can provide services tailored to the specific needs of SMBs.

02**Innovative Solutions**

Offer convenient, responsive, customized financial solutions by embracing modern technology and processes.

03**Trust and Transparency**

Community banks and credit unions have a strong reputation built around trust and transparency, key factors in building long-term relationships with SMBs.

Launch SMB helps community banks and credit unions equip small businesses with the tools to manage their finances more effectively, access capital to invest in their business, control expenses and cash flow, and drive business growth.

Enable small business growth with **mighty solutions**

WITHOUT DISRUPTING EVERYDAY OPERATIONS.



Business Savings & Spending Accounts

- > Savings Goals
- > Round-up Savings
- > Transaction Cleansing
- > Transaction Categorization
- > Transaction Folders
- > Cash Flow Insights
- > Category Budget Insights
- > Category Spend Insights
- > Expense Management with Hurdlr
- > Direct Deposit Forms
- > Tax Savings Goal Folder
- > Statement & Tax Form Viewing



Money Movement

- > Person to Person (P2P) Payments
- > Mobile Deposit
- > Bill Pay
- > Loan Payments
- > Account Linking with Plaid*
- > One Time & Recurring Scheduled Transfers
- > Inter-FI transfers between customers
- > External Bank Transfers (A2A)
- > International & Domestic Wires (USD)
- > Business ACH
- > Bulk ACH
- > ACH Templates
- > ACH File Upload
- > Invoicing with Hurdlr



Identity & Security

- > Multi-factor Authentication
- > Biometric Authentication
- > Device Registration & Rule Enforcement
- > Geoblocking
- > Step Up Authentication
- > Digital Self Enrollment
- > Forgot Username/Password
- > Fraud Detection & Blocking
- > Robust Card Controls
- > Check Positive Pay
- > ACH Positive Pay
- > Payment Approvals



Alerts & Messages

- > Info Banners
- > Alerts Enrollment
- > SMS/Email/Push Delivery
- > Chat (Talkdesk)
- > Customer Service Secure Message
- > Platforms
- > Marketing Banners
- > In-App Feedback & Reviews
- > Account Funding Indicators



Settings & Profile Management

- > Contact Information Updates
- > Change Username/ Password
- > Manage eStatements
- > Show/Hide Accounts



Card Management

- > Card Info (Last 4 and Expiration Date)
- > View Card Limits
- > Change/Forgot PIN
- > Disable Foreign Transactions
- > Activate Cards
- > Lock/Unlock Cards
- > Business Entitlements
- > Credit Card Integration



Credit Union Admin Tools

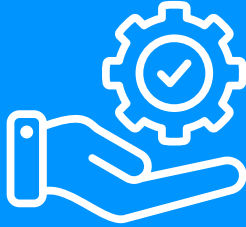
- > Account/Product Configurability
- > Advanced User Entitlements
- > User Management
- > Back Office Messaging
- > OLB Administrative Settings
- > Info Banner Management



Lending

- > Unsecured Business Line of Credit
- > Unsecured Business Term
- > Unsecured Business Credit Cards
- > Configurable Risk Rating Assessment
- > Cash Flow Analysis
- > Compliant Loan Documentation
- > KYB Validation
- > Loan Pipeline Reports



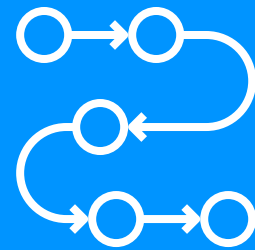


People

The **people** to power SMB growth with digital experience center support, VIP concierge onboarding, regulatory compliance, and brand and growth marketing.

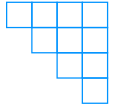
Process

Efficient **processes**, streamlined project management, and documentation for a smooth SMB launch.



Technology

Modern **technology** with a comprehensive suite of features that unlock innovation – from integrated cash flow to lightweight lending.



Summary

Leveraging the ethos of people helping people, community banks and credit unions are uniquely positioned to connect with the nation's 33.2 million SMB owners. This community-centric approach is more than strategy; it's an alignment of values that deeply resonates with small businesses. Targeting specialized verticals like Healthcare, Construction, and Retail, community banks and credit unions can offer tailored financial solutions that address sector-specific needs.

The result? Enhanced member engagement, increased market share, and a strong ROI for community banks and credit unions willing to fully engage in the SMB space.



UNLOCK EXPONENTIAL IMPACT

A member-centric approach and personalized business banking services can help community banks and credit unions foster strong, enduring relationships with small business owners. In elevating community banks and credit unions as the preferred choices for personalized banking experiences over large banks, a greater portion of investments remain rooted in the communities these financial institutions serve, improving local economic health.

Drive Your Digital Transformation Journey

Launch SMB is more than a service; it's a digital transformation catalyst. By deploying Nymbus' advanced solution, your community bank or credit union can bridge the existing digital gap in the market. You'll position yourself as the go-to digital banking solution for SMBs, accelerating sustainable growth and strengthening ties with the communities you serve.



**Ready to see what Launch SMB
can do for you?**



GET IN TOUCH