SMEs ‘More Reliant Than Ever’ on Digital Services in Wake of COVID-19

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With 84% of SMEs feeling frustrated by lacklustre business banking offerings, banks must accelerate digital innovation roadmaps to retain customers and attract new ones

LONDON--(BUSINESS WIRE)--Marqeta, the global modern card issuing platform, today released a new report highlighting SME frustrations with business banking services. The survey showed that digital banking services have been vital for SMEs during the past year, with almost four-in-five (78%) saying the COVID-19 outbreak has made them more reliant on digital banking than ever before. Yet despite the increase in demand, 84% of SMEs are frustrated with their business banking experience, while three quarters say banks “must do more" to offer a better digital experience.

With fintechs like Tide and a growing number of challenger banks offering business banking services, SMEs are being offered more digital alternatives than ever. Given the rising dissatisfaction among the surveyed SMEs, banks must move quickly to address frustrations and seize this opportunity to further digitise services, or risk losing market share. Other key findings among SMEs surveyed include:

- Almost nine in ten (89%) of the 400 UK SMEs surveyed say it is important that banks offer more digital services within business banking post-COVID-19
- More than two thirds (67%) of SMEs say that if their business bank account provider is unable to provide better digital capabilities, they are more likely to switch to another provider
- 28% have changed business bank accounts in the last two years, citing better online and digital customer support (31%) and better services (29%) as the main reasons for switching
- 68% say the digital features of business bank accounts aren't as advanced as consumer bank accounts

“*SMEs are craving digital banking experiences, but have previously been limited by what’s on offer. In the onset of the COVID-19 pandemic, digital channels became the only way for SMEs to manage finances, apply for loans and make payments – so they had to adapt, and they aren’t keen to go back to the old ways,”* explains Ian Johnson, Managing Director Europe at Marqeta. *“At the same time, new and innovative fintechs, like Tide and Capital on Tap, have entered the scene offering a frictionless digital experience to SME customers. Challenger banks like Starling Bank, Revolut and Monzo have also launched business banking propositions which are driving up SMEs’ expectations around business banking, which may create a perfect storm. If banks don’t act now to improve existing digital services, they risk losing a vital revenue stream as customers switch to other providers with better offerings.”*

Banks must address SME frustrations to compete

Of the SMEs surveyed, the biggest frustrations with their business bank account were restrictions in what they can do on the digital platforms without paying more (33%); lengthy lending decisions and inflexible credit offerings (30%); and difficulty integrating business bank accounts with other business systems, such as accounting (29%). The SMEs surveyed are also struggling to make sense of the options available to them, as 57% of those surveyed find it confusing to understand the differences between digital banking products.

When asked about their future banking needs and the types of features they would like their business bank account to offer, those surveyed say the following were the most important:

- The ability to track income and expenditure in real-time from their business bank accounts (82%)
- The ability to send, pay and track invoices directly from their business bank account (80%)
- The ability to integrate business banking with other systems, like accounting, to help speed up decision making on loans (77%)

“Our survey results suggest that SMEs want greater integration, choice and flexibility from digital business bank accounts. However, while banks are taking steps to improve digital services, we believe more can be done, especially for those still hampered by legacy. Every bank, regardless of their digital maturity, should focus on improving the digital services and features that users are demanding to better manage their finances, quickly access funding and link up with existing systems,” concludes Johnson. *“To succeed, we believe that banks need to be supported with modern core banking and payment platforms, using an API-driven approach to help them develop and launch new digital products and services at pace. Time is of the essence, as those who can move quickly and double down on digital to address SME frustrations may be well placed to take advantage in a confusing, complex market.”*

Business banking whitepaper

This study has been published in Marqeta’s latest whitepaper – “SME Banking: Business banking done differently”. You can download the paper in full here: https://www.marqeta.com/uk/resources/business-banking

About the study

The findings are from 400 survey responses from SME business owners who have a business bank account. SMEs were defined as businesses with 10-250 employees. The study was conducted by Censuswide and commissioned by Marqeta.

About Marqeta

Marqeta is the modern card issuing platform empowering builders to bring the most innovative products to the world. Marqeta provides developers advanced infrastructure and tools for building highly configurable payment cards. With its open APIs, the Marqeta platform is designed for businesses

who want to easily build tailored payment solutions to create best-in-class experiences and power new modes of money movement. Marqeta is headquartered in Oakland, California. For more information, visit www.marqeta.com, Twitter and LinkedIn.

Contacts

Tom Reynolds / Robert Fretwell
Spark Communications for Marqeta
0207 436 0420
marqeta@sparkcomms.co.uk