



[small] Business is Booming – Is your bank ready to ride the wave?

National surveys indicate that capturing small businesses is a [strategic priority](#) for most community banks, yet many feel they lack the comprehensive toolkit to compete effectively.

The landscape of small business has evolved dramatically, particularly in the wake of the pandemic. The surge in new business formations has been fueled by a trifecta of factors: instability in the job market, the acquisition of new skills leading to increased leisure time, and a growing desire for income diversification. Moreover, the barriers to entry for entrepreneurship have never been lower, with minimal costs and expertise required to establish a business online. The rise of non-employer SMBs, now numbering over [27 million out of the nation's 33 million](#), highlights the growing phenomenon of side hustles and digital entrepreneurship.

Yet, community banks are struggling to gain market share in this sector. In the SMB market, the top four U.S. banks claim [55% of primary business banking relationships](#). Community banks only command a fraction of this market. This trend persists despite surveys revealing that SMBs express a desire to work with [smaller banks](#). Why?

Research indicates a shifting landscape in small business banking preferences. Fintech solutions are gaining traction by offering streamlined, automation-driven services that cater to the evolving needs of modern entrepreneurs. As a result, the majority of SMBs relying exclusively on banks for payments or credit decreased from [64% in 2020 to 45%](#) presently, signaling a need for community banks to adapt and innovate to remain competitive in meeting the needs of modern entrepreneurs.

Furthermore, net promoter scores among business owners paint a mixed picture, with community banks [scoring lower](#) than regional banks and significantly lower than large banks. Neo banks, with their innovative digital-first approach, are also gaining traction among small business owners, further intensifying competition in the market.

To thrive in this dynamic landscape, community banks must adapt their strategies to cater to the changing demands of small businesses. This entails embracing technology to enhance their offerings, providing washexpert advice, offering seamless and convenient banking experiences, and delivering personalized solutions that blend human interaction with digital convenience. By investing in digital capabilities such as mobile and online banking solutions, integrating customer relationship management systems, and leveraging data-driven engagement strategies,

community banks can position themselves as trusted partners for small businesses seeking tailored financial solutions.

This customer-centric approach is crucial for community banks to differentiate themselves in a crowded marketplace and foster long-term growth for both their institutions and their small business customers.

So, what do small business owners seek from their banking partners? Survey data highlights three key areas:

- *Expert Advice:* Small business owners crave guidance and expertise in navigating financial complexities, freeing them to focus on their core competencies.
- *Convenience:* Seamless, hassle-free banking experiences are paramount, enabling entrepreneurs to devote more time to growing their businesses.
- *Personalization:* Tailored solutions that blend human interaction with technology are in demand, offering a differentiated banking experience.

Community banks must rise to the challenge by leveraging technology to enhance their offerings and meet the evolving needs of small business customers. Integrating customer relationship management (CRM) systems and digital origination channels for deposits and loans with core banking platforms can enable targeted, data-driven engagement strategies, while providing industry-specific insights directly to relationship managers empowers them to deliver personalized service at scale.

Furthermore, investing in digital capabilities is crucial to meeting the expectations of modern entrepreneurs. According to research from BAI, [nearly 70%](#) of small business owners prefer to conduct banking tasks remotely, highlighting the importance of mobile and online banking solutions. By prioritizing technology investments and streamlining processes, community banks can remain relevant in the digital age.

In conclusion, the journey towards attracting and retaining small business customers begins with a customer-centric approach. By actively listening to their needs, delivering tailored solutions, and embracing digital innovation, community banks can differentiate themselves in a crowded marketplace and foster long-term growth for both their businesses and their customers.

Whether you are just starting to serve your customers online or are ready to take your small business banking services to the next level of innovation, Core10 has the people, tools, and expertise you need in an innovation partner. [Contact us today](#) to learn more.

[About Core10](#)

Core10, founded in 2016, is a U.S.-based provider of lending, account opening, and middleware products, as well as software development services. Core10 is your trusted partner for banking digital transformation and innovation. The company's Accrue platform provides an omnichannel digital lending and deposit account opening solution to help elevate and streamline banking operations. Its Mesh middleware layer gives banks a flexible, modern infrastructure to connect their entire technology ecosystem with their core. Supporting their product lines, Core10's professional services team has years of experience building APIs and core connectivity as well as custom software product development.

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