



POINT OF VIEW

The Supercharged Small Business Banker



Small Businesses Aren't One-Size-Fits-All

Small businesses comprise more than 99 percent of the economy and are responsible for 65 percent of new job creation.¹ In our opinion, there's nothing "small" about that!

But first things first, when we say "small business," what do we mean? A small business is defined as one with fewer than 500 employees according to the Small Business Administration (SBA). However, financial institutions (FIs) that serve small business owners each have their own definition. Some define it by the annual revenue of the business, others by the maximum amount they could borrow for a given loan, and others by the maximum relationship exposure.

Despite their importance, FIs often ignore small business owners, embrace them, or do something in between. Only 25 percent of small-to-medium businesses (SMBs) have given a "very good" rating to relationship managers post COVID-19, which may be tied to banks' rigid segmentation criteria that impedes relationship managers from providing SMBs with the service they expect.² Accenture research indicates that 42 percent of SMBs believe that alternative providers can offer better service than traditional banks.³ The sentiment on the banking side is similar—in business lending, FIs are generally dissatisfied with their ability to lend to SMBs profitably and at scale.⁴

These definitions matter when it comes to the service gap that SMBs experience. In the same way that there is no one common definition for small businesses, there is no one-size-fits-all solution to all the variables that define them. Small business owners have banking needs that vary based on:

1 **DIGITAL APPETITE AND APTITUDE**

2 **MATURITY**

3 **SIZE**

4 **NATURE OF TRANSACTION**
(one time touchpoint versus ongoing relationship)

5 **INDUSTRY**



This variability creates small business needs that are inherently complex. As a result, FIs are stretched to serve every small business in a way which is right for them, in a particular moment in time. This results in fragmented and manual experiences both inside the FI and for the small business owner, creating a divide between the needs of the small business owner and what the FI can deliver.

The Triangle of Tension

In the small business segment, there are tensions and competing priorities between all the key players: the FI, the banker (for example, loan officer, relationship manager), and the small business owners they serve. FIs vary in their lending strategies, as well as their internal processes for onboarding, underwriting, and servicing small business loans. Bankers and small business owners both require different degrees of flexibility, from channel access to levels of communication.

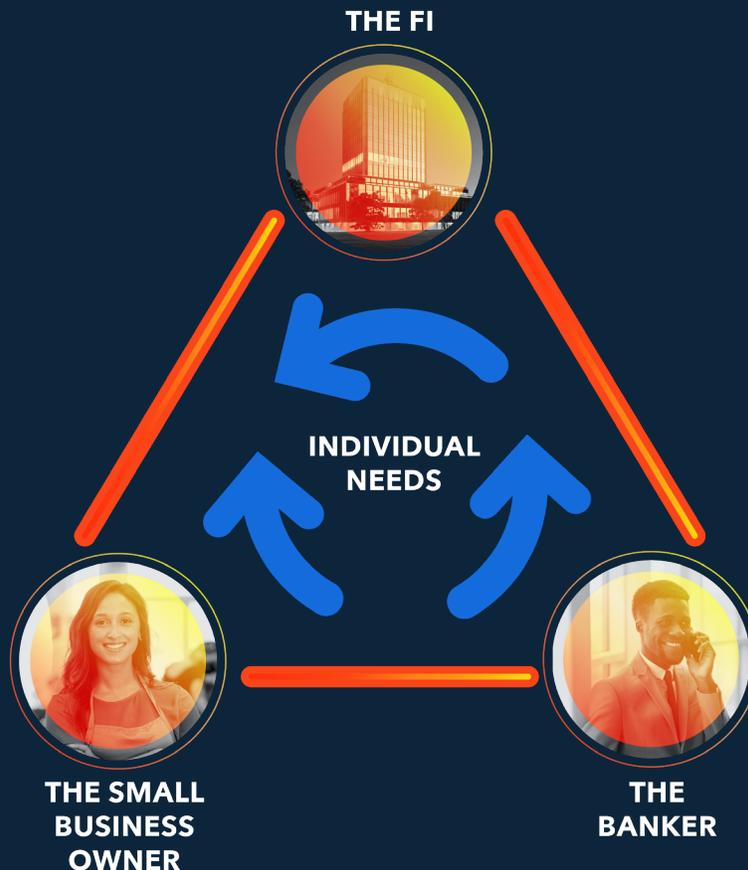
Specifically, bankers want to serve small businesses in a seamless way that suits them and fuels their relationships. They want to be efficient in the way they work, as not all business needs require the same level of effort.

For small business owners, they want to receive appropriate service for their digital appetite, problem at hand, size, sector, growth and preferences. They want to ensure that their time is used wisely and that they can get the help they need, when and how they need it. However, any mismatch in expectations on either side can place these two at odds.

Although alternative lenders appear to gain traction in the market, they often only serve one pillar of the triangle: the small business owner at a certain point in time, for a single transaction. The truth is, small business owners are looking for a trusted advisor, and that includes working with a trusted name. When small business owners have transactional relationships with their lenders, the opportunity for guidance is lost. Small business owners deserve better.

In the vendor space, point solutions and home-grown solutions only serve the FI, but the needs of the SMB owner and the banker are not accounted for, costing the FI millions of dollars in lifetime revenue-generating opportunities.

With the nCino Bank Operating System®, no single pillar is replaced or disregarded. Every party involved is essential to small business banking and accounted for, meaning small business banking with nCino efficiently serves all the key players in the small business segment.



Are Your Small Business Bankers Supercharged?

FIs must serve every small business to compete, from a two-person coffeeshop to a high-growth 300 employee tech firm. It is not a one-size-fits-all experience. They're stretched to provide a seamless customer experience, whether in-branch or digitally, from the first interaction with the small business, all the way through their relationship as it grows. On top of that, every small business is different. While slick, fast, online

service is right for some problems, some days – for some businesses, many FIs need a supercharged banker with the right data at hand in other situations. It's about doing what's right to serve the small business in that moment. That's when the banker's experience needs to be augmented with the right technology.

THE **SUPERCHARGED** SMALL BUSINESS BANKER



THE **EMPOWERED** SMALL BUSINESS OWNER



Augment Your Small Business Process with nCino

SMBs are short on time. They know their company like no one else and want support, comfort, and personalized guidance as they take the next step in their business journey. They want a banker who already knows what they're going through before they walk into the branch. To serve small businesses in a way that matters, FIs that choose nCino give their bankers the ability to show up as a supercharged advisor, asking the right questions to drive timely, accurate and competitive decisions.

nCino enables FIs to dial up or down the levels of automation to drive the right process for each small business for specific moments in time. nCino embraces the breadth of small businesses that fuel the market and provides the workflow and processes those small businesses demand and which drive each banker's relationship profitability across all channels (online, in-branch, or call center) and points in the journey (onboarding, origination, and growth).

Endnotes

- 1 ["Understanding the SBA's Definition of Small Business and Why it Matters,"](#) fool.com, 18 May 2022
- 2 ["How to Nail the Small Business Banking & Lending Market,"](#) thefinancialbrand.com, 18 Jul 2022
- 3 ["Bank of the profitable SME base,"](#) accenture.com, 31 October 2020
- 4 "Funds, Debt, and Tiers: How SMB Lending Gets Done," Aite, April 2021