



Serving the Personal Banking Needs of Small Business Clients

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For many small business owners, the prospect of choosing where to bank, how to monitor and manage business finances on a daily, weekly, and monthly basis, and how to satisfy bookkeeping duties is a primary source of confusion and frustration. Those chores are magnified when the personal accounts of small business owners are brought into the picture. There is significant overlap in the personal and business accounts of small business owners, running the spectrum from prospective entrepreneurs looking to manage their business on a consumer banking platform to owners of multimillion-dollar businesses who wish to view their personal and business finances in one convenient place. In fact, 81% of self-employed and small business owners hold business accounts at the same FI as their personal accounts. In this report, Javelin examines how bankers can best serve the varied needs of entrepreneurs as their businesses grow and their personal finances mature.

Key questions discussed in this report:

- Where do business owners hold their personal accounts, and how do they manage them?
- To what extent are businesses commingling with personal funds?
- How many small business owners would like to view and manage their personal finances alongside their business finances?
- What is the state of aggregation in small business banking? What are the arguments for investment in aggregation across personal and small business accounts?
- What set of products and services can bankers develop to enable and encourage business customers to consolidate their personal accounts at the same FI?
- What are the education challenges for the newest small business owners looking to separate their personal and business activities?

The small business data in this report are based on information collected in a random-sample panel of 1,000 small and micro businesses in a February 2016 online survey. Javelin defines microbusinesses as those with annual revenue between \$100,000 and \$1 million and small businesses as those with revenue between \$1 million and \$10 million.

The consumer data in this report are based on information collected in a random-sample panel of 10,639 consumers in a May 2016 online survey.

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