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Become A Challenger In Small Business Banking: Embedding Fintech

A Celent Solutionscape Spotlight on Monit and Apiture



Leveraging Technology to Stay Ahead in Small Business Banking

Traditional financial institutions are facing increased competition from fintechs, big tech companies, and accounting software firms as they battle for the small business customer. In a market valued at \$120B, the opportunity is sizeable. But with a growing percentage of small businesses poised to change their primary institution, banks and credit unions must do more to demonstrate their value in this segment.

How can financial institutions transition from being challenged to becoming challengers themselves? This report from leading research and advisory firm Celent provides a blueprint for banks and credit unions to address small businesses' diverse financial needs more effectively. In this excerpt, you'll see how institutions can use Celent's "challenger formula" to:

- Harness the power of data
- Deliver value-added services through analytics and actions
- Turbocharge employees to become trusted advisors

Many community and regional financial institutions have lagged in their efforts to make effective use of data. At Apiture, our 300+ bank and credit union clients often tell us they lack the expertise, infrastructure, and resources to do so. For financial institutions that are challenged in this area, a digital banking provider offering API-based solutions that can take advantage of today's burgeoning fintech ecosystem is uniquely positioned to help.

Among Apiture's 200+ fintech integrations is Business Insights powered by Monit, the award-winning cash flow analysis, forecasting, and guidance platform. As you'll see in this report, Business Insights provides businesses with a view into their cash flow, revenue, and profitability while helping financial institutions better understand these businesses' current and projected financial health.

As the market for data solutions has matured, additional tools and features are available to help financial institutions better serve the small business segment, even when in-house resources are limited. As the Celent "challenger formula" suggests, a good data strategy, and the right digital banking solution partner, can help financial institutions leverage the power of data to deliver value-added services and to support employees as they provide guidance to businesses.

Now is the time to capitalize on the power of today's fintech ecosystem to better serve the small business segment. [Contact us](#) to learn how we can help.

About Apiture

Apiture delivers award-winning digital banking solutions to banks and credit unions throughout the U.S. Our flexible, highly configurable solutions meet a wide range of financial institutions' needs, from leveling the playing field with larger institutions to supporting growth through innovative data intelligence and embedded banking strategies. With our API-first approach, our clients can maximize the capabilities of their platform while preserving a seamless user experience. Our exclusive focus on digital banking, and a team with hundreds of years of collective experience working at U.S. financial institutions, means we're dedicated to meeting the unique needs of our clients while providing a level of support that's unmatched in the industry. Apiture is headquartered in Wilmington, North Carolina, with offices in Austin, Texas.

To learn more, visit www.apiture.com

BECOME A CHALLENGER IN SMALL BUSINESS BANKING: EMBEDDING FINTECH

A Celent Solutionscape Spotlight on Monit and Apiture

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This authorized reprint contains material excerpted from *Become a Challenger in Small Business Banking: Embedding Fintech*. It was prepared specifically for Apiture, but the analysis presented has not been changed from the original report. For more information on the full report, please contact agrealish@celent.com.

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EXECUTIVE SUMMARY



Becoming a challenger in small business banking requires financial institutions to move away from delivering “nouns”—that is, products—to enabling “verbs”—action on the part of customers. The rallying cry of challengers is “make your business run better and grow.”

—Celent

Over the past decade, financial institutions (FIs) have faced increasingly challenging competition in small business banking. “Hold your money” is a commodity. Fintechs, big tech, and accounting software firms are pursuing a platform strategy, posing an existential threat due to their warm customer base. With tech advances and bank-friendly fintech partners, FIs have the opportunity to move from being challenged to being challengers.

Becoming a challenger requires reframing a bank’s value proposition, a shift from thinking in terms of nouns (products) to verbs—that is, actions like pay, get paid, budget, and plan (Figure 1). Overall, it involves the bank and its bankers becoming a virtual CFO for their small business customers. The end-game is delivering a value proposition that supports the many facets of a small business’s financial wellness.

Figure 1: The Challenger Formula

DATA	+ KNOWLEDGE	+ WISDOM	= CHALLENGER
<p>Harness the power of data</p> <ul style="list-style-type: none"> • Tap all internal data and other FI data • Collect small business app data • Ingest third-party data 	<p>Deliver analytics and actions to customers</p> <ul style="list-style-type: none"> • Deliver actionable insights via performance metrics and benchmarks • Provide forecasts to preserve financial wellness • Provide next best action and product recommendations • Deliver workflow digitization 	<p>Turbo-charge employees to be advisers</p> <ul style="list-style-type: none"> • Provide data analytics at the aggregate and micro level • Assist in identifying and prioritizing next best action for specific customers • Support marketing and product campaigns 	

Source: Celent research, interviews, and analysis

Motivation to become a challenger comes from threat and opportunity. Both are clear and present: an estimated revenue pool of \$120 billion that is growing and a restless customer base. According to survey findings by [Phase5](#), 8% of US small business stated that it is very likely they will move away from using their current primary FI in the next year or two. That translates into a large number up for grabs: around 2.8 million. Furthermore, there are growing signs that banks' competitive position in small business banking is eroding. A few of the glaring red flags are deposit run-off to fintechs and shrinking share of small business credit.

Overcoming threats and seizing opportunity have become easier for FIs. Technological advances are eliminating the economic trade-offs between personalization and industrialization.¹ SaaS deployment and open ecosystem platforms are allowing FIs of all sizes to deliver advanced functionality that generates new revenue streams (e.g., cash flow forecasting with actionable alerts). FI-friendly fintechs are proving to be powerful partners in transforming FIs into challengers.

This report begins by discussing the “challenger formula”: harnessing the power of data, delivering value-added services, and turbo-charging employees. We then examine the fintech partner landscape and profile eight players: Autobooks, BankiFi, FIS Business Hub, Monit (including an overview of Apiture Business Insights powered by Monit), 9Spokes, Personetics, TCS Customer Intelligence & Insights™, and upSWOT. We close with guidance on how to achieve the “challenger formula” and monetize the initiatives.

Celent's Small Business Banking Series

Celent is dedicated to producing timely, insightful reports that help financial institutions excel in **Small Business Banking**.

During 2021 and 2022, we produced the **Reinventing Small Business Banking** series:

- *Reinventing Small Business Banking Part 1: Pacesetters in Embedded Finance and Part 2: Pacesetters in Artificial Intelligence*
- *Reinventing Small Business Credit Part 1: Market and Innovation Trends*
- *Reinventing Small Business Credit Part 2: Digital Origination Vendors, A Celent Solutionscape*

In addition, we published four reports focused on digital banking technology vendors (XCelent Awards) and how to outcompete.

- *Small Business Digital Engagement: How to Outcompete*
- *Small Business Digital Banking Platforms: North America Edition – Solutions for Community FIs*
- *Small Business Digital Banking Platforms: North America Edition – Solutions for Midsize and Large Banks*
- *Small Business Digital Banking Platforms: International Edition*

¹ See Celent report, [Small Business Digital Engagement: How to Outcompete](#).

THE CHALLENGER FORMULA

It's an exciting time to become a challenger in small business banking. Technological advances are opening opportunities to reimagine your value proposition and competitive differentiation. It's "game on" to become the virtual CFO for small business customers.

The formula for becoming a challenger can be broken down into three components: harness the power of data, deliver analytics and actions to customers, and turbo-charge employees to be advisers (Figure 2). The journey to becoming a challenger begins with collecting both internal and external data on the small business customer. Data, however, is meaningless unless it can be translated into knowledge and wisdom—knowledge in the form of performance metrics and actionable insights for customers, and wisdom in the form of tools and analytics that support front office employees and marketing and customer success teams.

Figure 2: The Challenger Formula

DATA	+ KNOWLEDGE	+ WISDOM	= CHALLENGER
<p>Harness the power of data</p> <ul style="list-style-type: none"> • Tap all internal data and other FI data • Collect small business app data • Ingest third-party data 	<p>Deliver analytics and actions to customers</p> <ul style="list-style-type: none"> • Deliver actionable insights via performance metrics and benchmarks • Provide forecasts to preserve financial wellness • Provide next best action and product recommendations • Deliver workflow digitization 	<p>Turbo-charge employees to be advisers</p> <ul style="list-style-type: none"> • Provide data analytics at the aggregate and micro level • Assist in identifying and prioritizing next best action for specific customers • Support marketing and product campaigns 	

Source: Celent research, interviews, and analysis

Harness the Power of Data

A vast set of internal and external data on small business customers exists and is typically underutilized and/or untapped. Many banks struggle to gain access to internal data due to data silos and do not have the means to ingest and process external data. Celent's conversations with bankers reveal that most are frustrated by the fact that the value in their small business data remains untapped.

Overcoming data collection challenges is worth the effort. Small business data can be translated into actionable insights for both FIs and their customers. (The next two sections delve into the details.) For example, FIs can gain insights to avoid attrition blind spots and to identify opportunities to increase share of wallet. Small business customers can benefit from cash flow forecast alerts and recommendations. Furthermore, they could enjoy personalized digital engagement.

Tapping internal data has historically been a challenge due to data silos and, for some FIs, lack of full access to data on products provided by third parties (e.g., merchant acquiring). An FI can have over a dozen systems containing small business data, ranging from core systems and card platforms to foreign exchange platforms and accounts payable tools. Even after the data are collected, challenges often remain. An FI can struggle to understand what the data represent (e.g., what a field in a core system represents), how to apply a data stream outside of the traditional use in reporting, and how to link various data sets (e.g., CRM data with loan origination data).

Even after an FI successfully collects and enhances internal data, it could find that it has insufficient internal data to deliver data analytics, in particular if they lack a business's operating account. For example, business bankers are eager to know whether or not a new client has cash parked at another FI or is an active user of another FI's credit card. Fortunately, thanks to third party data aggregation partners, FI data is readily accessible. Moreover, thanks to rising use of business apps, additional external data is increasingly accessible and growing in volume.



56% of small businesses are using five or more SaaS apps or solutions on a regular basis (the average is seven), an increase of 25% compared to its 2017 survey finding (2021 [AppDirect survey](#)).



28–37% of businesses provide banks with continuous opt-in access to their business apps to get, for example, financial management tools, speed up lending decisions, and boost credit scores (upSWOT).

The crown jewel of external data is accounting software data, which is paramount to accurate cash flow tools and, at times, critical to robust underwriting. In addition, data from vertical specific applications can be highly valuable. One banker commented that connecting to external data sources can be incredibly valuable when it comes to improving underwriting for specific verticals (e.g., the booking history and reservations of small hotels).

FIs also cited data from payment facilitators (aka PayFacs such as Square and Venmo) as valuable for gaining visibility into balances left with the PayFac and for insights into business needs based on the granular transaction data.

Deliver Analytics and Actions to Customers

Small businesses are in dire need of data analytics and workflow efficiency tools. They typically have very limited ability to track their performance and struggle with collecting and analyzing data that are valuable in informing business decisions and managing cash flow. FIs can deliver on the powerful equation of data-plus-insights by harnessing internal and external data to descriptive analytics (e.g., KPIs and benchmarking data), predictive analytics (e.g., cash flow forecasts), and prescriptive analytics (e.g., You're expected to have a cash shortfall in three days. Here are three options to cover it and their costs.).

The biggest crux they face is monitoring cash flow and avoiding falling into the red.



Negative cash flow is the biggest risk small businesses face: **57%** of small business owners have less than \$5,000 set aside. (Researchscape [2021 US survey](#) for Wave)



Small businesses recognize the importance of cash flow monitoring: **71%** of small businesses replied, “very important to critically important” to the question “How important is forecasting cash balances in the short term, one month or less?” ([Phase 5 2023 Survey](#))



The good news for banks is that small businesses would look to their FI for cash flow forecasting tools. **26%** ranked their FI as their number one choice “to get better at forecasting cash balances” compared to fintechs and accounting software providers, which were ranked number one by **12%** and **21%**, respectively. ([Phase 5 2023 Survey](#))

In addition to delivering data analytics, FIs can further support small businesses by improving their cash flow through workflow efficiency tools. In particular, small businesses often struggle to “get paid.” They grapple with manual processes and face late payments. Once they are paid, they have to deal with manually reconciling payments with invoices. Auto-reconciliation—the syncing of bank payment data with their accounting software—would be a great leap forward for them.

Turbo-charge Employees to Be Advisers

FI staff that support small business banking face a myriad of challenges to be productive and add value. Several bankers reported that CRM tools often require manual data entry, are often weak when it comes to prospecting, and do not generate actionable insights.

With improved internal and external data collection, FIs can leverage both traditional and AI/machine learning models to translate the data into wisdom for their employees. Three areas stand out: customer, marketing, and underwriting analytics.

Customer analytics can be used to:

- Personalize digital interactions/engagement
- Inform bankers about opportunities and threats (e.g., attrition blind spots, such as PayFacs gaining balances)
- Prepare bankers for customer meetings
- Inform digital banking road maps (e.g., development of persona-based dashboards, personalized engagement)

Marketing analytics can be used to:

- Better segment customers based on needs
- Deliver contextual next best action or offer based on an insight (e.g., cash shortfall in two weeks)

Underwriting analytics can be used to:

- Expedite product onboarding (e.g., remote deposit capture, merchant services)
- Expedite loan application processing
- Identify early risk of loan loss

FINTECH PARTNER LANDSCAPE

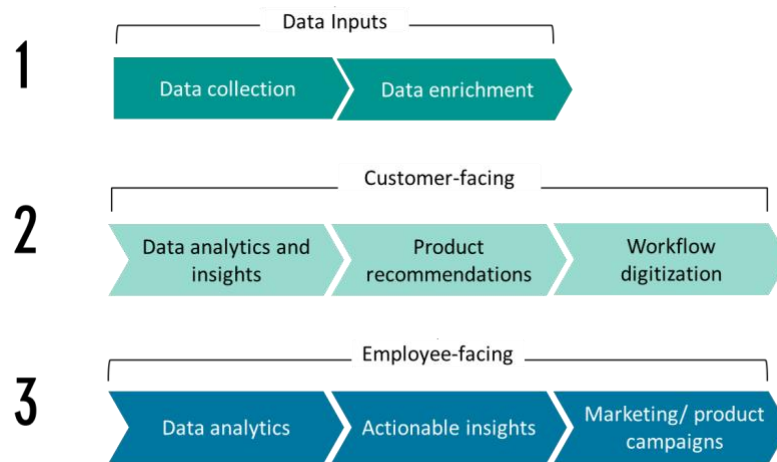
The game is on to be a challenger in small business banking. FIs are already proving that they can reimagine their strategy and harness new data to deliver analytics and workflow efficiencies to both customers and employees. Many are facilitating and accelerating their reinvention through third party partners.

Celent profiles eight fintech partners that are powering new bank value propositions for small businesses: Autobooks, BankiFi, FIS Business Hub, Monit (including an overview of Apiture Business Insights powered by Monit), 9Spokes, Personetics, TCS Customer Intelligence & Insights™, and upSWOT. These “FI-friendly” partners offer white-label solutions that can be embedded in a bank’s digital banking platform.

For each fintech, we provide an overview including six elements:

- **Location and clients:** headquarters, geographic presence, market sweet spot, and client examples.
- **Size proxy and growth momentum**
- **Deployment options:** embedded components (e.g., widgets in a digital banking platform), iFrame, RESTful APIs, and stand-alone (web-based). For customer-facing functionality, embedded components are the best choice to deliver a seamless experience and ensure optimal placement of tools and services in the customer’s digital journey.
- **API connections for data,** listing key partners and/or direct connections. As underscored in the previous section, harnessing external data is critical to delivering actionable insights.
- **Digital banking partners,** including marketplace (select digital platform vendors have established a marketplace which enables third-parties to offer their services directly to FIs using the platform) and embedded in platform. The latter is ideal for both the fintech and the bank because it expedites deployment and shortens time-to-revenue.
- **Solution scope:** three categories of each fintech’s solution scope are examined: data inputs, customer-facing, and employee-facing functionality (Figure 3).

Figure 3: Solution Scope – The Challenger Value Chain

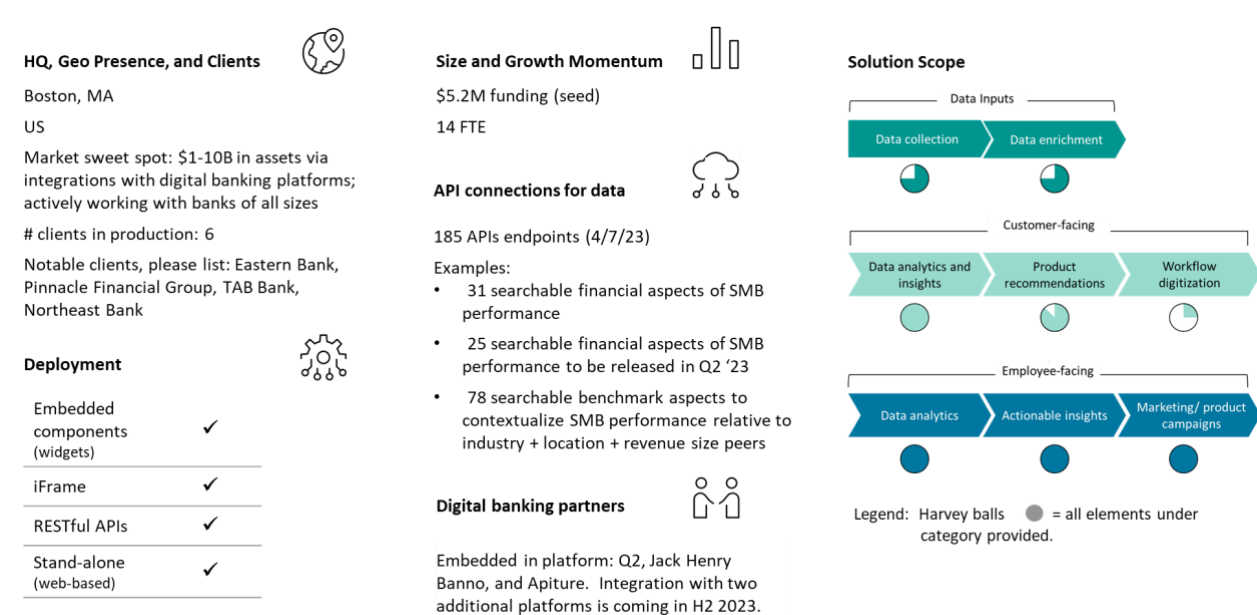


Source: Celent research, FI interviews, and analysis

Monit

Monit is a fast growing bank tech partner that has built a digital intelligence platform serving both small businesses and their bankers. It delivers three core value propositions: small business data aggregation; small business financial dashboard, including cash flow forecasts and predictive guidance; and a dynamic banker dashboard and targeting engine. The platform stands out for its benchmarking analytics and actionable insights for customers and banker analytics and campaigns, as detailed below. Monit has a strong legacy of being “in the trenches” with business bankers (see sidebar). It makes a concerted effort to gather banker and customer feedback to inform and accelerate enhancements, including expansion of insights for business owners and next best actions for bankers.

Figure 4: Tech Provider Snapshot



Source: Celent interview and analysis, and tech vendor

Monit Origin: Co-creation with Eastern Bank

Monit was born in 2019 from a concept originating out of Eastern Labs, Eastern Bank's fintech incubator (Eastern Bank was the [2016 winner](#) of Celent's Model Bank of the Year). In August 2020, Eastern Bank became the first bank to roll Monit out to its small business customers. The bank continues to extend the platform to new use cases. For example, Eastern Bank launched a new program to help meet the needs of business owners in historically underrepresented communities. Monit is a key feature in this program, helping provide education and recommendations to these business owners while helping Eastern bankers better serve these clients.

Data Inputs

Monit leverages FI data and accounting data via direct connects (Figure 5). It stands out for collecting and translating anonymized business IRS tax returns into benchmarking metrics. Monit normalizes and categorizes the collected data to make it more useful.

Figure 5: Solution Scope – External Data Inputs

Data collection	Other FI data (e.g., other bank providers, credit card providers)	Merchant acquiring (e.g., WorldPay, Square, Stripe)	Accounting data	Other
	Yes, indirect	Yes, indirect	Yes Two-way sync? No	Yes
	Via accounting software connection provided customer has connected their FI providers	Via accounting software connection, data are imputed from trx data, including proprietary capability to identify trx that likely come from a PayFac.	E.g., QuickBooks Online and Desktop, Xero, FreshBooks, and Sage50	Anonymized business tax returns from the IRS

Data enrichment	Cleanse	Normalize	Categorize
	No	Yes	Yes

Source: Celent interview and analysis, and tech vendor

Customer-Facing Functionality

Monit has extensive customer-facing functionality (Figure 6 through Figure 11). In the area of data analytics, Monit delivers forecasts along with actionable insights, as illustrated in Figure 7 and Figure 8. Monit stands out for delivering unique benchmarking metrics for small businesses (Figure 9). It ingests anonymized IRS small business tax returns (~35 million) and generates performance metrics at the zip code level and industry level (if sufficient sample size exists).

Figure 6: Solution Scope – Customer-Facing Data Analytics

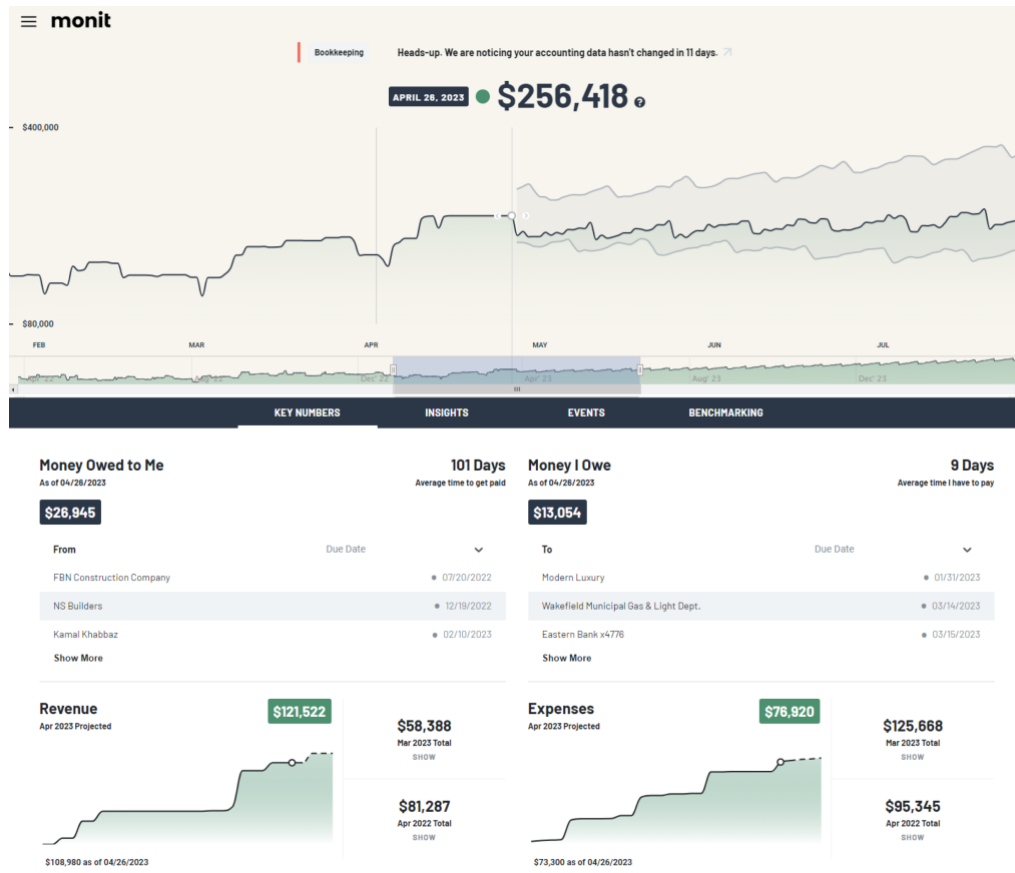
Data analytics - Types	Insights/alerts Based on current & past data (e.g., revenues falling, late receivables increasing)	Forecasts	Budget/expense management tools	Benchmarking E.g., compared to your peers in zip code xx, your expenses are above avg.	Other
	Yes E.g., <ul style="list-style-type: none"> Collection assistance (e.g. overdue invoices) Declining margins and what to do about it Forecasted cash usage indicates potential need for a credit line 	Yes <ul style="list-style-type: none"> Cash flow, up to 1 year Includes seasonality; customized for each business Event planning allows owner to examine scenarios (e.g., future expenses and revenues). Inputs update the cashflow forecast and tailored insights. 	Yes Scenario planning on how future revenues/expenses impact cashflows	Yes Data source: anonymized IRS business tax returns E.g., <ul style="list-style-type: none"> Rent expense ratio Payroll exp. Ratio Gross and net profit margins 	Business valuation

Data analytics - Models	Traditional*	AI/ML
	✓ AI/ML	✓ AI/ML

*E.g., regression, Monte Carlo, and Bayesian.

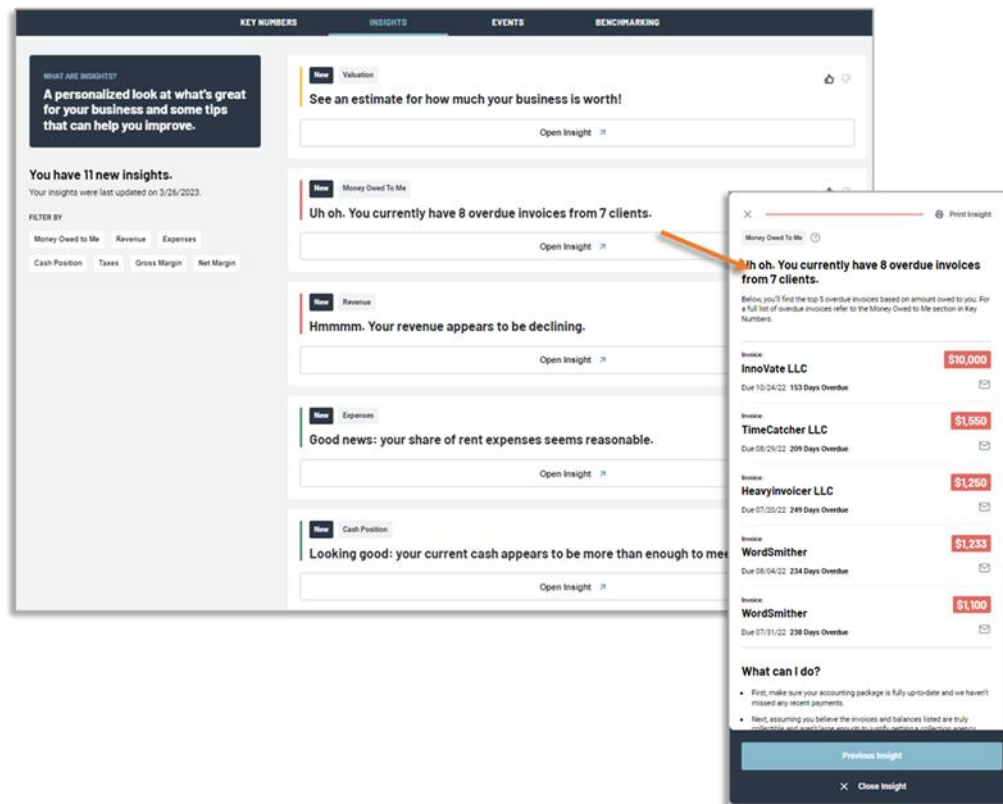
Source: Celent interview and analysis, and tech vendor

Figure 7: Monit Cash Flow Forecast



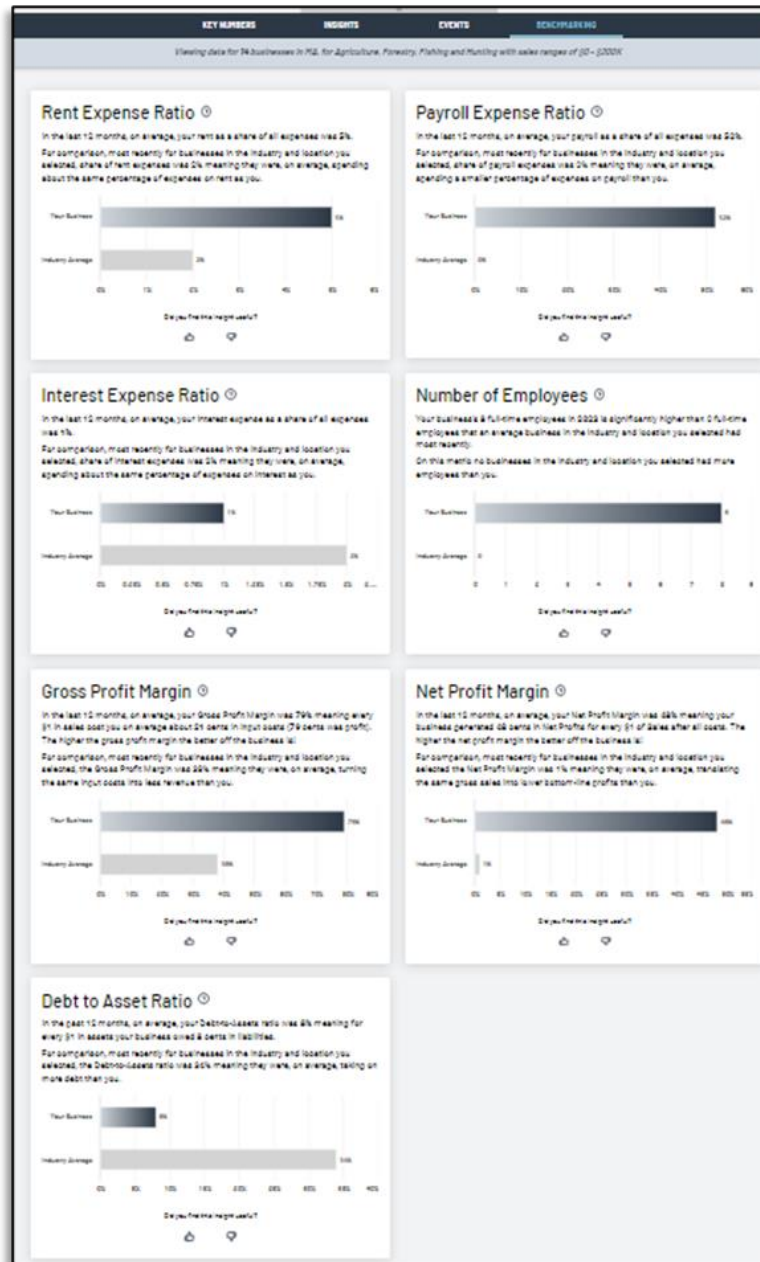
Source: Monit

Figure 8: Monit Example of Actionable Insight



Source: Monit

Figure 9: Monit Benchmarking Metrics



Source: Monit

In the area of product recommendations, Monit offers extensive guidance to business owners for appropriate banking solutions that help address their current and future needs (Figure 10). For example, a business with slow receivables may receive a recommendation to consider merchant services as a way to accelerate cash flow. Or a business owner that has flagged future equipment purchases in the event planning feature will be provided with an opportunity to connect with their banker to discuss financing needs.

Figure 10: Solution Scope – Product Recommendations

Product Recommendations	Credit products	Savings products	International payments	Foreign exchange	Other
	Yes Factors (e.g., positive borrower characteristics, share of wallet, and future business needs) that impact credit consideration for: <ul style="list-style-type: none"> Line of Credit Business Charge/ Credit Cards Equipment Financing ABL Term loans CRE loans 	Yes Clients' holistic deposits taken into consideration with guidance around: <ul style="list-style-type: none"> Insured Cash Sweeps Account analysis offers, including fee avoidance via consolidation of deposits from other institutions Business Savings Accounts 	No	Yes Detection of foreign trading partners with insight to suggest banker assist with currency conversion options to limit expense and risk	Yes <ul style="list-style-type: none"> Merchant services Cash management Business valuations - which in turn can suggest/inform wealth management needs (Q3 2024)

Source: Celent interview and analysis, and tech vendor

In the area of workflow digitization, Monit is building its accounts receivable-related capabilities, beginning with invoice tracking based on data pulled in from the small business's accounting software and ability to send out reminders (Figure 11).

Figure 11: Solution Scope – Workflow Digitization and Other

Workflow digitization	Automatic actions e.g., set savings goal with auto transfer; predict taxes and set aside funds	Payables i.e., ability to pay an invoice in app	Invoicing i.e., ability to send an e-invoice in app	Payment link i.e., ability to send an e-invoice in app with a e-pay link	Other
	No	No	No	No	Yes
				Coming late 2023, early 2024	Invoice tracking and ability to initiate email reminder in app

Other	Accounting software (proprietary to app)	Other
	No	

Source: Celent interview and analysis, and tech vendor

Employee-Facing functionality

Monit has relatively extensive employee-facing functionality, spanning data analytics to marketing/product campaigns (Figure 12), including a banker portal and integration into CRM tools like Salesforce (Q3 2023). For example, a bank can target customers of other banks and fintechs with a potentially superior value proposition for a specific product (e.g., help the client save on business checking fees through a cash management offer). In addition, business bankers (including call center) receive recommendations via Monit's Next Best Action guidance. Examples include identifying businesses with deposit balances that are above FDIC insurance levels and balances that exceed monthly expenditures that could benefit from an insured cash sweeps account. Another example is identifying clients with significant business credit card balances held away that could save money through a loan consolidation offer. In addition, bankers can respond to an event that a small business has added (e.g., expand to second location, purchase of new equipment).

Figure 12: Solution Scope – Employee-Facing

	Data analytics (e.g., financial data, KPIs)	Actionable insights (e.g., product recommendations)	Marketing/ product campaigns
End-user:			
Business banker	✓	✓	✓
Call center	✓	✓	✓
Loan officer/ underwriter	✓	✓	✓
Marketing	✓	✓	✓
Prime examples:	<ul style="list-style-type: none"> Top competitors by industry and product segment Mix of accounts/loans at other banks Share of wallet 	<p>Observations and next best actions include identifying clients with:</p> <ul style="list-style-type: none"> Excess cash on hand that would benefit from an insured cash sweep product Excess cash deposits with recommendations to protect/win share Positive financial performance most likely to be open to new loan offers Aging equipment and likely in need of financing to procure new equipment <p>And ability to respond to a customer's adding of an event</p>	<ul style="list-style-type: none"> Audience builder to create custom groups based on clients' financial attributes Campaign builder to create custom offers that can be distributed via multichannel campaigns Targeted product offers delivered within Monit's Insights feature

Source: Celent interview and analysis, and tech vendor

For marketing, Figure 13 displays Monit's Insights, a product campaign tool.

Figure 13: Setting Up an Insight Campaign

New Insight Campaign

Targets 383 SMBs, or 96% of your total SMB clients

SETTINGS

Name of Campaign: No Fee LoC Offer

Category of Product/Offer: Lending

Engagement with User: Serve an insight

VALUES

Opportunity Trigger: Current cash

Value Filters: 2-3 month of expenses, 3-6 month of expenses

And Or - REMOVE VALUE

Opportunity Trigger: Debt-Service Coverage Ratio

Value Filters: >2

+ ADD MORE VALUES

Preview Edit

Loans & Lines of Credit

Have you considered? Now might be the right time for a Line of Credit.

Cancel Clear Initiate

Source: Monit

Monit also supports the bank's go-to-market with its Customer Success program. This helps guide banks through technical implementation, project planning, marketing and communications plans, and banker education to maximize the bank's ROI. The use of templates/accelerators, best practices, and case studies helps streamline implementations.

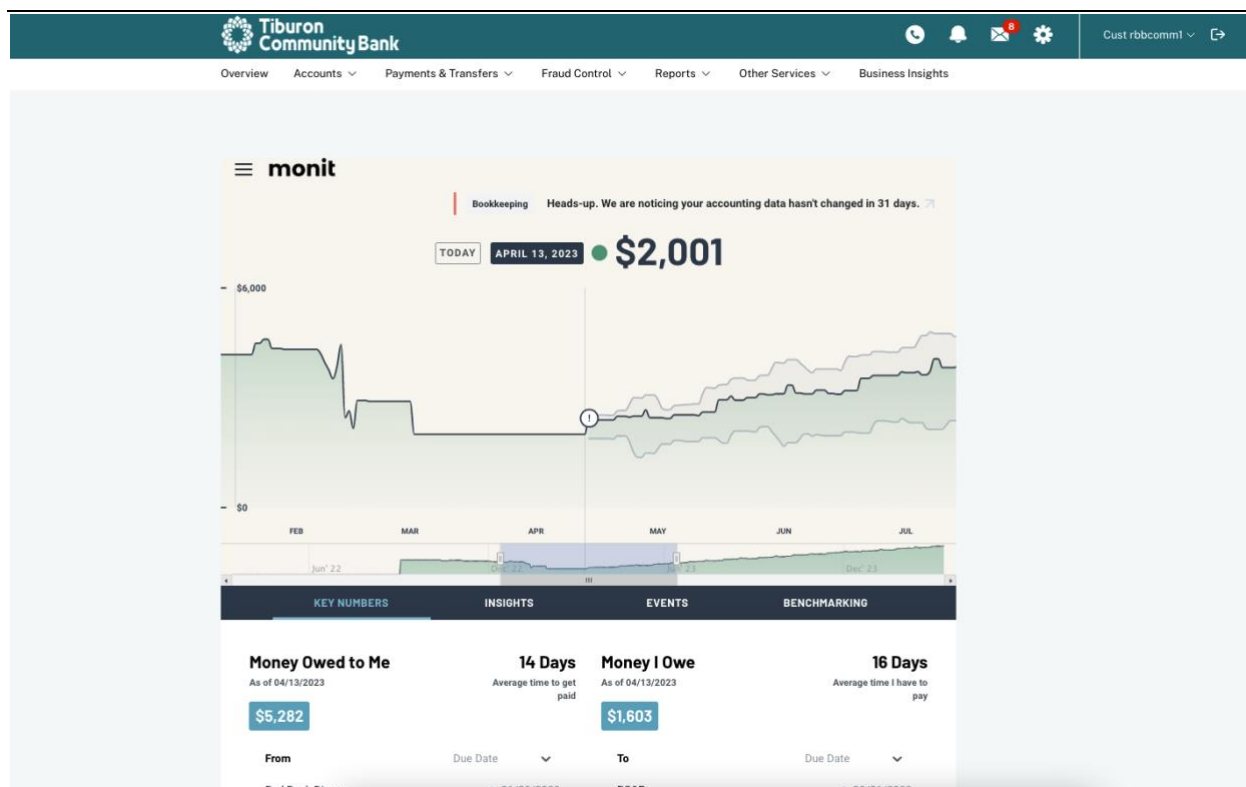
- **Program initiation**, including partnering with executive sponsors, strategic alignment, resource planning, governance reviews, go-to-market planning (sales, marketing, ops programs).
- **Go-to-market execution**, with digital implementation, theming/branding, training, marketing, and operational support. Includes FAQs, webinars, and other events to drive business owner and banker adoption.
- **Program expansion** to incremental use cases, including product campaigns, new user groups, and additional integrations with banker tools (e.g., CRM or LOS tools).

On its 2023 road map, Monit is planning to add incremental features based on feedback from business owners and bank partners. Monit will also be completing integrations with two additional digital banking platforms in the second half of 2023.

Apiture Business Insights Powered by Monit

Apiture is a leader in digital banking solutions for community and regional financial institutions. Apiture Digital Banking Platform won an XCelent award for Breadth of Functionality in Small Business Digital Banking Platforms: North America Edition - Solutions for Community Financial Institutions. In Apiture's quest to continue to enhance the value proposition of its platform for small and medium-sized businesses (SMBs), it partnered with Monit to launch Business Insights, part of Apiture's Business Banking solution. Apiture chose Monit based on its strong understanding of FIs and their small business clients, and because it has a strong partner engagement model. Specific to Monit's platform, Apiture found the UI, UX, and onboarding process to be user-friendly and the data analytics (outlined above) to be compelling. In addition, Apiture values the way Monit and its solution work to strengthen the relationship between bankers and their SMB clients through data-driven offers and guidance.

Apiture released Business Insights in March with an opt-in for purchase model for clients. It has priced the service attractively to encourage adoption. A \$40 billion FI operating across the Southeast and a \$1 billion full-service, digital-only bank will be among the first to use Business Insights. Business Insights is a primary tab within Apiture's Business Banking solution, enabling single sign-on in a seamless display within the Apiture Digital Banking platform (Figure 14). Apiture plans on deploying it as a widget that could be placed on its Digital Banking landing page in the future.

Figure 14: Business Insights

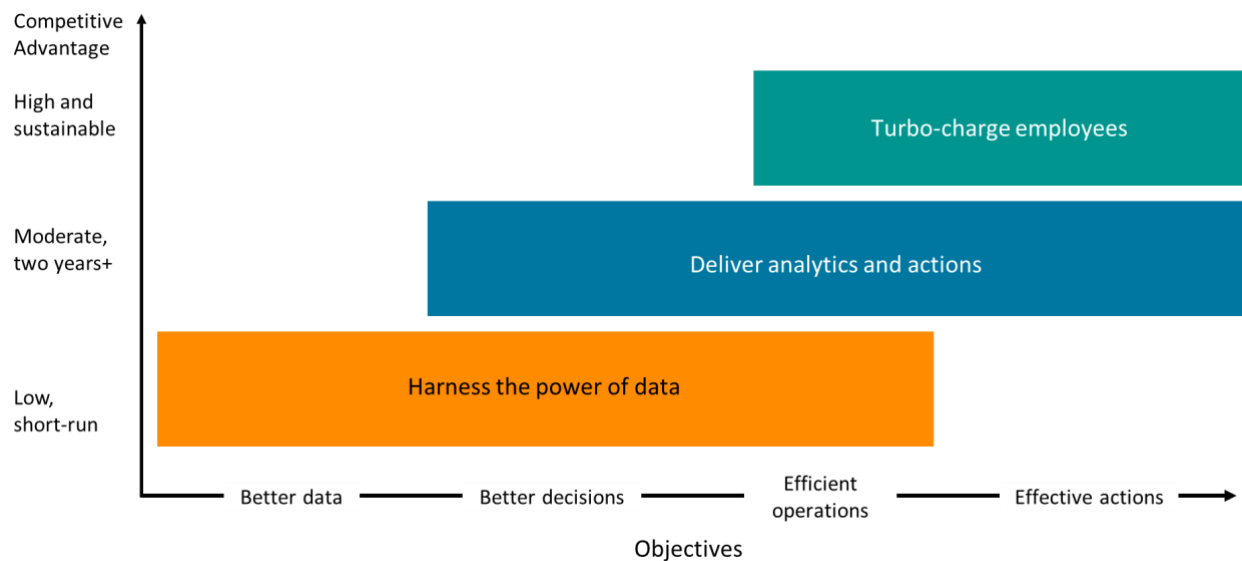
Source: Apiture

In addition to partnering with Monit, Apiture offers Data Engage, powered by Pendo, to help banks and credit unions better understand user experience and journeys and to convey contextual messages to end-users. This no-code toolkit can be used to encourage users to explore Business Insights through on-screen messages, such as pop-up tips, navigational guides, and targeted walkthroughs.

PATH FORWARD

Realizing the challenger formula is not easy. If it were easy, no differentiation would be achieved. It requires hard operational and IT work (harness the power of data), business model transformation (deliver analytics and actions), and a data analytics-driven culture (turbo-charge employees). Those that succeed will realize sustainable competitive advantage and maximize the lifetime value of their small business customers, including potentially improving customer viability.

Figure 15: The Challenger Formula



Source: Celent research, interviews, and analysis

Steps to Achieve the Challenger Formula

Based on past research and consulting on best practices and recent interviews with both FIs and fintechs, we have outlined the following steps to achieving the challenger formula.

Harness the Power of Data²

- Examine your data supply chain from point of creation to point of use
- Determine how to improve the supply chain from capture (e.g., customer application and data entry into CRM) to movement through bank systems to data end-users (e.g., ease and timeliness of access)
- Make raw data more valuable by integrating/merging with another data set (e.g., check image data and transaction posting)
- For external data, assess your API strategy and framework to determine if they are robust enough to facilitate easy access to data and/or if you should partner to make improvements
- Ensure fair value data exchange to incentivize customers to share their data

Deliver Analytics and Actions

- Examine your digital banking strategy and determine if a reimagining is needed to deliver your new value propositions and the implications³
- Determine optimal roll-out of analytical tools and workflow efficiency tools based on resources available (e.g., some banks will initially leverage internal data and then add external data)
- Aim to include these tools as widgets within your digital banking platform
- Determine go-to-market plan, carefully planning initial pricing approach and feedback loop, honing target audience, and crafting messaging
- Ensure that the onboarding process is fast and easy (e.g., for current customer, self-service under 10 minutes)

Turbo-charge employees

- Take into consideration the value chain from product development and prospecting/marketing to sales and customer engagement
- Improve delivery of aggregate and customer-level performance metrics gleaned from additional data collection and enrichment
- Leverage AI/ML to surface actionable insights (e.g., next best action and product recommendation)
- Link and test marketing and product campaigns to actionable insights via the digital channel
- Establish a collaborative team to monitor customer engagement metrics and reinforce the business case to steadily roll-out new tools

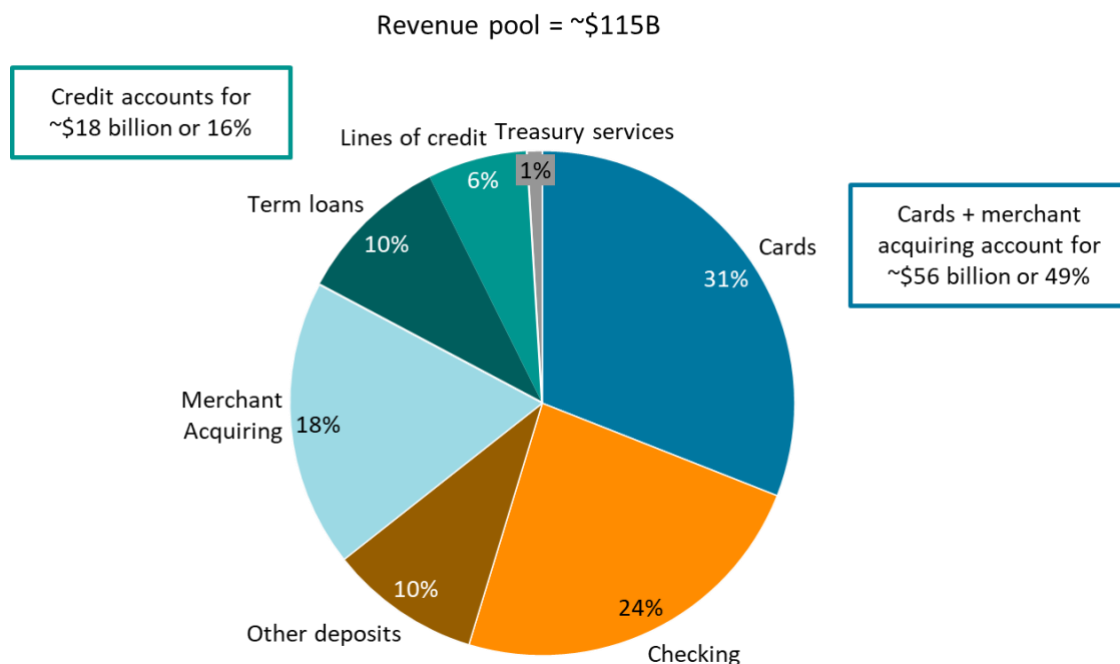
² For further discussion, see Celent report, [Unlocking Treasury Insights: Road Map to Intelligent Solutions](#).

³ For further discussion, see Celent report, [Small Business Digital Engagement: How to Outcompete](#).

Pathways to Monetization

When making their business case for delivering analytics and actions to their small business customers, an FI should first take a share of wallet lens. Small businesses generate around \$115 billion in annual banking-related revenues in the U.S. with card-related revenue dominating (Figure 16). What share do they currently hold? What share could be at risk?⁴ What share could they gain through analytics and actions (e.g., line of credit and merchant acquiring)? Second, an FI should think beyond traditional products. What new revenue streams can it generate (e.g., e-invoicing and request for payment and accounting software features)? Figure 17 displays the potential revenue types generated by delivering cash flow forecasts and digitizing accounts receivable/payable. Third, when partnering with a fintech to deliver new services, an FI should pick a partner that embraces a win-win revenue sharing approach and supports the FI in its go-to-market and subsequent improvements in delivering the right value proposition at the right time.⁵

Figure 16: U.S. Small Business Revenue Pools



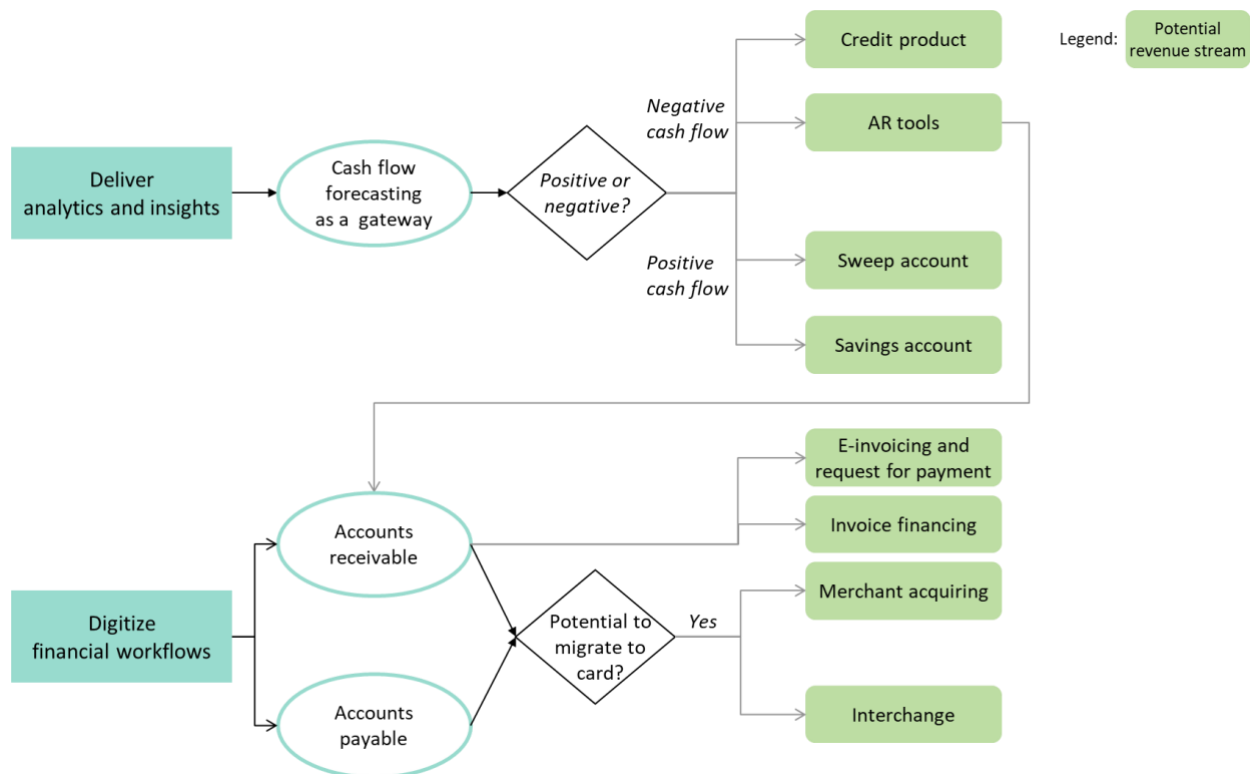
Source: Small Business Administration Office, Oliver Wyman, FDIC, and Celent analysis and estimates

⁴ For further discussion of customer attrition risk in the context of corporations and open banking, please see Celent report, [Expectation versus Reality for Payments Data Monetisation: Identifying the Data Led Services Corporates Want](#).

⁵ For further discussion regarding the win-win formula for bank-fintech partnerships, see Celent report, [Adventures in the Open Banking Ecosystem: Considerations for Corporate Banking Partnerships](#).

There are several pathways to revenue generation. Delivering cash flow forecasts is an effective “gateway” to providing credit products and AR tools when negative cash flow is forecasted and to suggesting a sweep or a savings account when a positive cash flow is projected. Moreover, the external data used to generate forecasts can be delivered to the FI’s credit team to expedite and improve underwriting and pricing. FIs can generate revenues from digitizing a small business’ financial workflows by migrating payments from checks to card. An AR tool can encourage a business to accept cards and/or migrate from an external merchant acquirer to the FI’s offering. In addition, visibility into a business’ AR can facilitate underwriting of invoice financing.

Figure 17: Pathways to Monetization – Three Examples



Source: Celent interview and analysis, and tech vendor

Banks that succeed at the challenger formula will find that they not only increase share of wallet but also generate a positive flywheel of digital engagement and banker engagement—and ultimately maximize the lifetime value of the customer.

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If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

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