

REINVENTING ONLINE BANKING UX FOR SME



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Small and medium-sized enterprises (SMEs) are rightfully known as the backbone of the European economy. An estimated 23 million SMEs [employ 100 million](#) people and account for more than half (56%) of the total value added to the €15 trillion EU economy.

The impact of COVID-19 shrank the European GDP by a whopping 6.1% in 2021. SMEs are now bearing the brunt of that seismic shock, with [nearly 70% reporting falling revenues](#) and 20% facing an uphill task in paying employees and meeting other financial obligations.

With this in mind, providing SMEs with friction less accessibility to banking and financial services is vital at this juncture. Below, we'll dive into why digital user experience (UX) is a critical yet often ignored aspect in banking.

SMEs' Current Issues with Digital UX

In 2023, the modern online banking landscape remains diverse. Across the EU and beyond, there are still many banks without any form of online banking available. Conversely, others have advanced their offering to include differentiated online banking channels for individual and corporate customers.

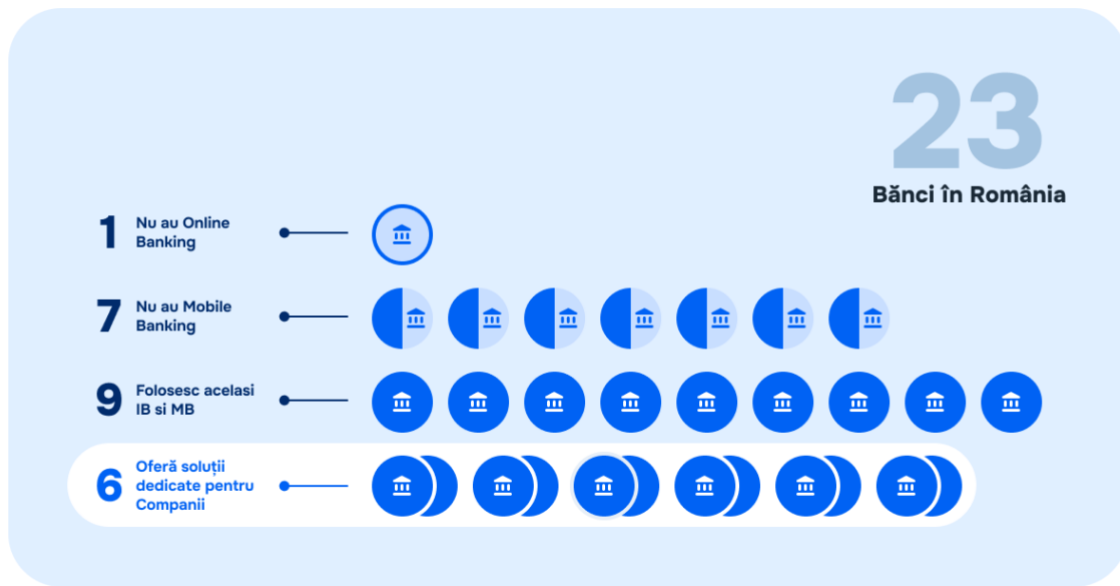
In a recent study conducted by our team, we examined a total of **23 banks in Romania** that offer products for individuals and companies.

Our findings showed that while it's generally true that the larger the bank, the more channels and features are available, there are significant exceptions to this rule. Namely, there are still a number of prominent Romanian banks that don't offer a mobile banking app, while some of the country's smaller banks already deployed them years ago.

Furthermore, from the customer segmentation perspective, most banks currently offer the same channel for individuals, SMEs, and corporate customers. Most features are common to all customers, while others are specific to individuals (like utility payments) or legal entities (such as payroll processing). Here are some key highlights of our survey's findings:

- 17 banks use the same channel for all types of customers.
- 6 banks offer a dedicated channel for corporate customers.
- 7 banks don't offer a mobile banking app.

- 1 bank doesn't offer any form of online banking channel.



So how are these shortcomings affecting customer behavior? In simple terms, the combination of difficult UX, slow application processes, and in-person meeting requirements are driving customers away from traditional banks.

In larger corporations, the complexity of banking relations and institutional processes significantly reduces the threat of account closure purely due to digital banking concerns.

However, SMEs don't face the same logistical or institutional constraints. In many instances, the owner is the sole deciding authority – and in those cases, both financial reasons and personal banking experiences can play a decisive factor.

According to [a global survey by Oliver Wyman](#), 75% of SMEs don't express any loyalty toward their current banking partners. They were willing to switch to lower-cost alternatives with similar service offerings. Furthermore, nearly 90% were open to the concept of digital-only banks.

The Rising Threat of Challenger Banks

Challenger banks are a new breed of retail banks that compete with established traditional banks using modern financial technologies and practices. Also known as neo-banks, these players first emerged as a result of the fallout of the 2008 financial crisis.

In the last decade, the UK has emerged as a major hub for challenger banks and other non-banking digital financial service providers. Its relatively mature digital banking market has been cited as a possible reason for the higher satisfaction levels among SMEs reported in the CREALOGIX survey. And with COVID-19 accelerating digital adoption across the world, challenger banks are rapidly closing in on traditional high-street banks. Starling Bank, the leading digital-only bank in the UK, already has [over 450,000 SME accounts](#) among its 3 million UK accounts.

[Nearly 27% of retail customers](#) already have a digital bank account in the UK. In addition to Starling Bank, challengers like Monzo, Revolut, and Atom Bank consistently outrank traditional banks in critical areas like online services, frictionless onboarding, and customer satisfaction with UX.

SME Customers: The Most Demanding Banking Segment

SMEs differ from large businesses and individual customers in their needs and preferences and what it takes to properly serve them. In terms of UX, SMEs lie at the intersection of two segments — individual and corporate — and they expect to reap the benefits of both.

In today's business landscape, tech giants like Apple, Amazon, Netflix, and Uber are shaping individual expectations. Customers have become accustomed to instant gratification, excellent digital UX, and high levels of support. In response to these expectations, there has been an observable increase in , retail features, which are all about simplicity and gamification, aiming for one-click UX.

Corporate clients, on the other hand, operate their banking accounts in a different manner. They often have more than ten users from different departments with complex authorization roles. Since their large transaction volumes aren't suitable for manual processing in the online banking interface, corporate clients commonly upload batches of payments or even integrate internal ERPs with the banking systems. For large businesses, automating the banking processes is what improves their experience, thus diminishing direct interaction with online banking.

SMEs expect the same flawless and frictionless UX as individuals, but unlike individual clients, SMEs have significantly more operations. Like larger businesses (though at a smaller scale), SMEs need to handle the same company activities, but they lack human resources and advanced ERP systems.

Ultimately, the SME market is incredibly diverse, as it's spread across numerous sectors of the economy with different needs.

Banks serving the SME market have found that SMEs prioritize being perceived as valued customers — they don't want to be treated like an account number. This results in a segment of banking clients with high demands, an issue on which poor UX can have a disproportionately negative impact.

Top Benefits of Good UX for Banks

The importance of meaningful digital experience for companies is still underestimated by banks, likely due to the fact that calculating the ROI of specific experiences isn't straightforward.

Nevertheless, there are three tangible results to expect from improved UX for SMEs:

The first result addresses the many clients that work with multiple banks: Developing a set of features bundled in a compelling way persuades them to **bring all their business to a single institution**.

The second result is to make the customer willing to take on new business through **cross-selling and up selling**. After all, it's much easier for a Relationship Manager to offer additional products to a happy customer than an unsatisfied one!

And third, banks and industry experts report that one of the most cost-effective ways to reach new clients is through existing clients. Thus, improving the digital experience of existing customers will significantly impact **new customer acquisition**.

Easy Steps to Improve UX

We've identified four main directions on the road to digitalization along with examples of practical steps to address the most common pain points for SME clients in banking. Let's take a look at each of them:

1. Solving the most basic SME needs

Payments are an essential feature in a bank, yet most banks fail to address this module from an SME's perspective. Since businesses rely on partnerships, most of the financial transactions are repetitive between the same entities — be it rent, utilities, raw materials, or subcontractors. And since there are many payments to perform, users make them in sets (for example, payroll sets or invoices grouped by due date or project).

To input a payment, the user performs the following steps: Search for a previous payment, duplicate it, adjust the amount and details, and save it. This flow is suitable for one payment, but it becomes a daunting process when thinking about 5, 10, or 20 payments.

Some users try to shorten the process by manually creating payment files that can be uploaded to generate the payments. Though it can take less time, it involves challenges in dealing with files, like keeping track of the files, transforming them into a specific file format (usually CSV), and dealing with date and amount format. This manual workaround usually generates a number of errors in the process.

The solution is a specific flow for multiple payments. With this flow, the user would open a table-like form with the payroll payments from the previous month and edit the amounts and details for all payments on the same screen. This option is much faster and isn't prone to errors.

There are also other flows in the payment journey that we've improved, such as targeted approval for business owners, adding visibility on missed or duplicated invoices, and even providing protection against invoice fraud.

2. Increasing engagement and positive interaction

Customers feel more engaged when they can participate in the building process of the features they need. Because of this, banks should seek the opinion of the users to test each approach in terms of products and features.

With a survey feature embedded in the digital experience, banks could trigger context-based questions targeting specific business areas. The questionnaires, deployed naturally among day-to-day operations and delivered to a particular user at the right moment, can have greater penetration and accuracy compared to traditional email surveys.

Using these questionnaires, banks could test their ideas and even get proposals for improvements from the users. They can then choose the most requested features for the biggest ROI. As a result, the entrepreneurs would feel they are important and that the bank is willing to fulfill their requirements. This dramatically improves loyalty to the bank.

Among other features that improve interaction is the Live Chat module that helps the operator to see the customer's screen for better assistance.

And to monetize customers' engagement, banks could collect stars for the app stores with an intelligent mechanism that would prompt the rating at the right moment.

3. Using continuous digitalization to avoid repetitive flows

Banks need to reduce the mandatory in-person visits to a bank branch. Though online account opening has been very popular in recent years, it is used by customers only once they're in a long-lasting relationship with their bank. There are other repetitive flows that could bring much more value if digitized, like **loan origination** and **regulatory company data updates**.

While not all companies apply for loans, all of them have to update their data periodically — and they have to do this with all their banks. This flow could be as simple as sending the documents by email signed with an e-signature (since we talk about SMEs, most of their users already have an electronic signature). An advanced version of the flow would involve interactive screens with pre-filled information, where the user would change only the expired information.

Converting this procedure to a digital interaction may save customers a lot of time and effort over time, avoiding damage to their experience while clearly differentiating the bank from its competitors.

4. Improving security and reducing friction

With rising security threats, banks keep adding protection layers that may increase friction. In the case of SMEs, the friction is multiplied by more frequent interaction with the apps. One example is the increasing complexity of the passwords: Users are forced to choose complex passwords, which they don't manage to retain and need to change periodically.

The good news? It doesn't have to be like that. There are solutions that improve security and, at the same time, reduce user friction and even bring value to customers. One such solution is **password less authentication** technology that replaces passwords with biometrics .

This solution also simplifies the mandatory flow for recurrent renewal of Strong Customer Authentication (SCA). A bank can achieve this by embedding a token solution into its mobile banking app. In the end, users won't have to manage a separate mobile token app and will get rid of passwords.

What's more, augmenting mobile banking apps with an integrated **anti-malware module** would extend protection onto all the apps on the user's phone. In case of threats, the app will stop loading and will notify the customer and the bank's security team.

This is another excellent example of increased security with reduced friction.

Go Beyond Banking

By addressing the genuine needs of SMEs, banks have the opportunity to provide more than just banking products and move towards solution-driven propositions. Thus, embracing the next level of digitalization, which revolves around financial services that aren't traditionally served by banks. There is a growing number of non-banking financial apps on the market. But unlike their personal account experience, entrepreneurs don't jump into discovering apps for their businesses because it takes more time to set up and test a business app. Many of these apps rely on open banking infrastructure, which is still limited in terms of integration capabilities to provide flawless interaction. Also, the issue of SME customers trusting their financial data to third-party providers remains a challenge.

Even with this being the case, SMEs would be more willing to turn to their bank. This is where banks can extend their offer by working with a variety of SaaS partners. The partnership could extend open banking integration capabilities with additional data that would enrich features and the customer experience.

For example, many entrepreneurs find it challenging to manage budgeting and cash flow — particularly in the current inflationary climate. Integrating with a business budgeting solution along with an invoicing platform could result in an efficient cash flow tool that provides an integrated overview of all variables, including accounts receivable, pending invoices, and cost/income forecasts. This can make daily finance management into a much more straightforward task.

The Conclusion: Banks Still Have a Vital Edge

Despite their many visible flaws in the digital arena, traditional banks still have the advantage of experience, expertise, and above all, goodwill accrued over decades. SMEs are not known for their loyalty; however, they would still prefer to stick with their current banking partners if possible. Unlike challenger banks, traditional banks don't have to worry too much about customer acquisition. This is because retention is the key target, and in the case of SME customers, it can be assured by the careful integration of high-priority features.

Finally, it's not necessary for banks to reinvent the wheel when it comes to improving UX. They have the option of developing solutions in-house or partnering with fintech experts to unlock access to improved online banking for SMEs.

GETIK is here to help.

Contact us to see how our platform can help you improve the online banking experience for SMEs today.

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