

# Rethink

## THE CUSTOMER JOURNEY: SMALL BUSINESS

### CONTENTS

- 1: Introduction
- 2: Market overview
- 3: The competitive landscape
- 4: Persona insights
- 5: Journey insights
- 6: Rethink the small business banking journey with LinkedIn

**LinkedIn**  
Marketing Solutions

## STAND OUT FROM THE CROWD

*As disruption impacts small business banking,  
what does a great customer journey look like?*

# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## INTRODUCTION



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“The jobs that businesses need to be doing are fundamentally changing.”

With so much change taking place in financial services, and a wealth of new competitors entering the market, it has never been more important for financial providers to focus on crafting the best possible customer journey in order to stand out from the crowd.

At our webinar ‘SMEs Disrupted: Lessons You Need to Learn to Improve the Customer Journey’, a panel of experts considered what a great customer journey looks like and discussed how this could be most effectively marketed.

FinTech start-ups and traditional banks alike are attracting new business by disrupting small business banking. The landscape is evolving, and so too is the way organizations are engaging with business customers.

As a strategic partner, LinkedIn Marketing Solutions: Financial Services is helping both incumbents and challengers to redefine their customer journeys.

This eBook takes the insights from the webinar and examines the key small business pain points, investigates the impact of technology and regulation and considers how innovative companies are helping give customers their lives back. Read on to discover what the future of marketing to businesses could look like and to learn more about the moments that really matter most in the customer journey. ■

# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## MARKET OVERVIEW

“We’re integrating all the best third party applications in financial services so that 100% of banking is done in one place, making it easier and faster for small businesses to do their business banking.”

Luka Ivcevic, Co-Founder and  
Head of Growth, Penta



If changing customer demands, growing regulatory pressures and new technologies are creating a flurry of change for small businesses, it is small business banking that sits at the heart of the reform.

Growing competition from record numbers of new companies, along with stricter lending rules and significant disruption around technology has radically changed the game for small and medium-sized enterprises.

The implementation of PSD2\* (the second Payment Services Directive) will create opportunities for merchants to access the data of bank customers with customers’ permission but require stronger and more complex identity checks for online payments.

As Luka Ivcevic, Co-Founder and Head of Growth at start-up SME Bank, Penta, says: “Business banking is awful. Our team weren’t able to open up a business bank account and, when we finally opened one, 99% of our banking was done outside of the account.”

APIs – or Application Programming Interfaces – such as those developed by Penta and Tide, which offers small, nimble business banking services, are enabling developers to create apps that simplify and speed up these processes for business owners. This is giving business customers back the most valuable of all business assets – time. ■

The Payment Services Directive is an EU Directive to regulate payment services and payment service providers throughout the European Union (EU) and European Economic Area (EEA). The Directive’s purpose was to increase pan-European competition and participation in the payments industry also from non-banks, and to provide for a level playing field. On October 8, 2015, the European Parliament adopted the European Commission proposal to create safer and more innovative European payments (PSD2). The new rules aim to better protect consumers when they pay online, promote the development and use of innovative online and mobile payments, and make cross-border European payment services safer.

## THE COMPETITIVE LANDSCAPE

As well as challengers such as Tide, Penta and Kabbage, other innovative brands breaking through include Holvi, Coconut, Lintel, Civilised and OakNorth.

While business banking service Tide enables customers to sign up in minutes, requiring only scanned versions of IDs and a quick selfie, Holvi is focused on providing a seamless customer experience via the desktop platform.

Penta, meanwhile, is focused on making the process faster for business owners and targets high-tech start-ups who share their passion for innovation and new technology.

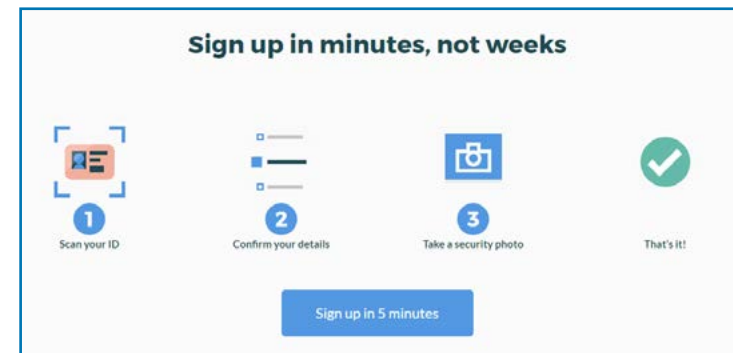
In recent years there has been a general trend for FinTechs to partner with incumbents. Kabbage is a great example of this, where Santander UK joined forces with the online lender to provide small businesses with lending in a matter of hours rather than weeks. Another great example of collaboration is

between JPMorgan Chase and On Deck Capital to offer almost real-time approvals.

Accounting tools such as Xero are, arguably, one of the biggest threats to traditional banks, with some industry players predicting that they could render banks obsolete due to their comprehensive functionality. Others are more sceptical: “There are 5 million small businesses in the UK, and Xero just announced it has 100,000 customers,” explains George Bevis, Founder and CEO of Tide. “I would argue that no matter how good you are in accounting software, the number of customers is only ever going to be in the hundreds of thousands.”

However, the next wave of innovation in business banking is likely to come from companies who are exploiting regulatory change and the emergence of white label banking service providers to offer the full array of banking services by sitting on top of other organizations. ■

*Tide's sign-up process*



“The next wave of innovation in business banking is likely to come from companies who are exploiting regulatory change and the emergence of white label banking service providers.”

**George Bevis, Founder & CEO, Tide**

# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## PERSONA INSIGHTS



“FinTechs bring a true understanding of the customer mindset and are able to think from a customer perspective, when you combine this with our strong brand, resilience and scale, everyone wins.”

**Sigrður Sigurdardóttir, Chief Customer and Innovation Officer, Santander UK**

Business owners are passionate about their craft and that’s how they want to spend the majority of their time. As a result, they want their experiences with financial services providers to:

- Give them back valuable time to spend the way they want
- Empower them to build a better and more successful business
- Make transactions happen rapidly
- Open up access to a variety of different channels
- Help ensure an appropriate work/life balance
- Enable easier access to credit than has previously been available
- Remove the stress and complexity of admin systems

For Santander UK’s Chief Customer and Innovation Officer, Sigrður Sigurdardóttir, it’s about enabling small businesses to save time and give them the control they need to run their business. “What we need to do is deliver something that is simple, seamless and frictionless.”

When running a small business, financial admin can be stressful and complicated. The key is the ability to save time and money. This is where providers can differentiate themselves, says Bevis, who also sees great value in integrating services. “At Tide, we start with the workflows that small business owners and managers

“If you can enable businesses to spend less time banking, that’s the goal for the whole FinTech industry.”

**Luka Ivicevic, Co-Founder and Head of Growth, Penta**

have to endure in dealing with their admin and look at how we can work out clever ways to automate those things.”

One of the shocks for Tide has been its overwhelming male customer base – of around 80% to 90%. “That reflects the fact that a significant proportion of people who know about us are in the tech sector, which is relatively male-dominated, but it’s still something that surprises, mystifies and saddens us,” Bevis explains.

On the flip side, for Kabbage, who skew pretty high on the female-owned businesses in the US, it has been a positive story in terms of how well its customer journey and services have been received. That’s why, as Head of Business Development Pete Steger states, Kabbage actively seeks ways of creating more awareness around it. ■

# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## JOURNEY INSIGHTS

“Leveraging data and technology has allowed us to do some very interesting things.”

Pete Steger, Head of Business Development, Kabbage

### Acquisition

So how do providers attract new business banking customers? Delivering services through their channel of choice is fundamental, says Sigurdardottir. “Mobile continues to become more important in terms of digitizing that journey and providing speed into the system.”

Business banking is not great today, according to Ivcevic, and there are many better options out there. Penta’s strategy is to attract high-tech start-ups that recognize this. “You shouldn’t be doing your banking for hours and hours a week. It should be similar to booking an Airbnb or ordering your Uber. It comes down to targeting those who believe in this mentality and who are essentially early adopters.”

Both Penta and Tide are taking a similar approach, interacting with and interviewing a large subscriber list to understand their needs and what they believe beyond that.

Perception is also a challenge and Pete Steger from Kabbage finds “one in four small businesses are aware of Kabbage, but the majority of entrepreneurs still look to banks first when they need funding. Our focus is on continuing to make dramatic improvements to the customer journey to make automated lending the standard for customers and the organizations that serve them.”

### Onboarding

Tide’s five minute sign-up is significant, says Bevis, but it is not likely to be a long-term strategic differentiator. “I expect that other organizations will try to copy it over the next few years.”

Ivcevic agrees that this is short-term gain. “In a few years this is going to be the industry standard for the big banks. I have a No.26 account and through the onboarding process I was chatting to somebody live on Skype and found that to be a real ‘wow’ moment. This is the reason start-ups are growing so quickly.”



### Lending

Many alternative online lenders set out to say they can fill the gap in servicing businesses, by attracting capital and customers to a platform via partnerships. However, for Steger, the challenge is that it does not really bring anything innovative to the table.

“As pain points lie in technology and understanding how to leverage it, creating a meaningful partnership with a bank that not only establishes operating efficiencies but also a seamless experience for customers, will be most likely to succeed.”

### Running the account

Business banking is the information hub in a business. As they have to a certain level of administration, the information power in banking can over time empower business owners to build a better and more successful business, says Bevis.



# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## JOURNEY INSIGHTS

(CONT)

“When the Apple App Store came out, nobody knew what kind of impact it would have on our lives and different software started popping up and developers got really creative – a lot of these products are essentially improving our lives today.”

Luka Ivcevic, Co-Founder and  
Head of Growth, Penta

→ Companies such as Receipt Bank and Xero have been able to rise so quickly because they are willing and able to build experiences that exist only to serve the needs and interests of the customer – without having to worry about appeasing regulators, credit committees or other internal bureaucracy.

For Bevis, banks haven’t historically found it easy to come up with great user experiences on the surface in the digital age. “The question for me is the extent to which those banks are willing to partner with newer organizations such as Tide to allow organizations to present our own user experiences to customers.”



But there is a ‘creative’ side and a ‘scary’ side to this, says Ivcevic. “When the Apple App Store came out, nobody knew what kind of impact it would have on our lives and different software started popping up and developers got really creative – a lot of these products are essentially improving our lives today. At Penta we’re enabling developers to build apps for business owners to optimize business processes and we want to give them the freedom to create apps that bring value to businesses and essentially make an open platform where developers are allowed to get creative.

“The scary side is PSD2 and accounting tools – most of the time you’re spending time doing your accounting and what we’re preparing for is that banks are going to become completely obsolete. There would be no point in having a bank account if you were using a tool like Xero that can execute transactions, do your invoicing, manage your cashflow and even apply for a loan. Accounting tools are one of the biggest threats to the banking industry but it’s up to the challenger banks like Penta and Tide to open up their APIs so that we’re enabling different accounting tools and software.”

### Channel Choice

Although digital plays a key role, there are times when people do want to have a face-to-face conversation or talk to someone over the phone, says Sigurdardottir. “A lot of our experience is the ability to pick up the phone or talk to a person. That, plus the ability to provide a broader range of services, is really important in terms of our focus to meet customer needs in their ‘channel of choice.’”

Bevis says members communicating via in-app messaging seems to work incredibly well. “Hardly any of them seem to ask for a phone call, but we can provide that if they ask for it. We have an online community and recently opened up a store for a few weeks in an underground station which allowed us to get closer to our members. Business owners do appreciate a variety of channels.”

As Bevis concludes, “looking to the future, the proportion of businesses that want face-to-face access will decline significantly and the most favored form will be zero interaction - where it can be reduced to a click, that’s better than anything.” ■

# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

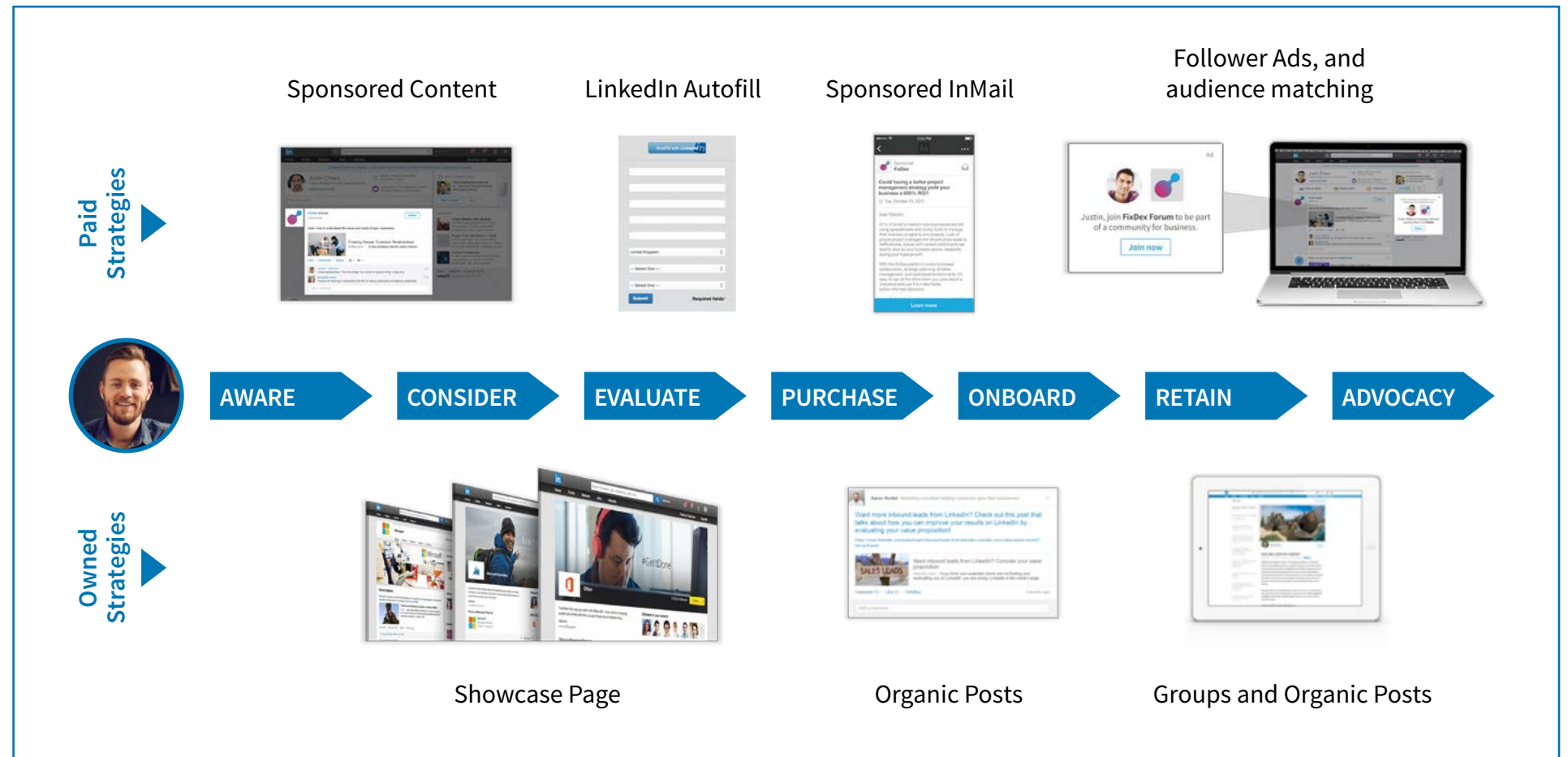
So how can LinkedIn Marketing Solutions: Financial Services help? New competitors, digitized technology, changing customer demands and growing regulatory pressures – all of these elements have necessitated an overhaul of the traditional customer journey.

## RETHINK THE SMALL BUSINESS BANKING JOURNEY WITH LINKEDIN

Where and how can new customers be found? How do we talk to them? And what do they want to hear? We aim to be your partner in answering these questions and crafting new customer journeys.

We can do this through:

- **Our Platform:** offering both scale and granularity to provide deep insight into your clients and their journeys.
- **Marketing Solutions:** we can help you target small businesses by offering both scale and granularity providing deep insight into your clients and their journeys.





# Rethink

THE SMALL BUSINESS  
CUSTOMER JOURNEY

## NEXT STEPS ON THE SMALL BUSINESS BANKING JOURNEY

Our 'Rethink the Journey' series of events and research will provide the backdrop against which these different financial customer journeys should be rethought. View our [webinar](#) to hear innovative financial institutions and brands share their thoughts on the future of business banking marketing.

If you are interested in rethinking your own organization's small business journey, or looking to find out more about our individual marketing solutions, visit <https://business.linkedin.com/marketing-solutions/financial-services-marketing>

