



Winning the Digital Race for SMB Accounts

The four features required to scale Business Account Opening

MANTL

Introduction

There are now 33.2 million small businesses in America, which account for 99.9% of all U.S. businesses. Community and regional banks and credit unions are the backbone supporting these businesses. However, the emergence of digital-only neobanks and the branch-expansion efforts of the money center banks has brought stiff competition that they must fend against.

The issue lies in a technology gap. Account opening remains largely paper-based, so the experience lags far behind fintechs. The new dynamics in the deposit landscape will require community and regional FIs to invest in digital acquisition technology that can meet the expectations of a new generation of small and midsize business (SMB) owners and operators.

With commercial banking technology quickly catching up to retail, here are the four features you should look for in order to transform your customer and operational experience and reduce the time to open an SMB account by up to 90%.

SMBs Demand Digital Services

Today, business owners have moved past in-branch only services and want the same digital convenience available to a bank's retail customer. Yet, the amount of FIs offering enhanced online capabilities that are seamless and accessible for business owners remains shallow.

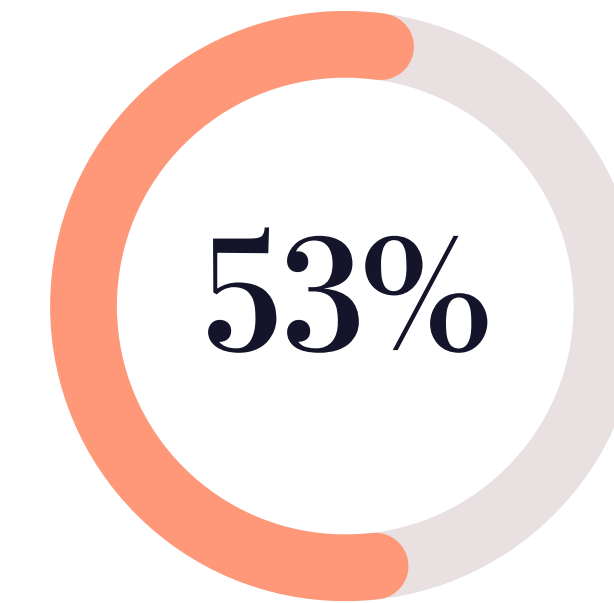
Being able to open an account digitally is now the expectation to win small businesses accounts. About 75% of small and midsize businesses want digital account opening, as do nearly two-thirds of moderate-complexity SMBs, according to Cornerstone Advisors.

The banks and credit unions not offering this service are feeling the impact on their ability to grow market share. 53% of midsize financial institutions say their business account opening process limits their ability to grow, with 40% rating their process as "somewhat or very poor." This stunt on growth was witnessed in recent years, as the top 25 banks in the U.S. now account for 84% of primary banking relationships for SMBs.

“As a digital bank serving SMBs and startups, Grasshopper Bank takes pride in being frictionless. With MANTL, we have an industry-leading account opening experience for business owners and back-office operations at Grasshopper Bank. We save our business clients valuable time, so they can reinvest it into growing their business, while deepening Grasshopper Bank's impact in the SMB market.



Danielle Kane
Director, Small Business Banking

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“SMBs customers prefer to bank with traditional institutions, and feel safer banking with them over neobanks”

Seizing the \$400B SMB market opportunity

The FIs that are willing to make technology investments to meet the digital demands of business owners should remain optimistic about the \$400B SMB market. A recent report stated that SMBs customers prefer to bank with traditional institutions, and feel safer banking with them over neobanks. The preference for businesses to bank locally presents an opportunity for community and regional FIs to regain control of the SMB market.

Strategically this move makes sense when looking at what segment is most defensible. Community and regional FIs can offer business owners local market knowledge, personalized banking services, and product specialization that mega and neo banks lack. Additionally, winning SMB deposits relieves the downward pressure on retail revenue and consumer deposit attrition, while opening up lucrative lending opportunities and fee-based services.

Community and regional FIs must be willing to make the necessary product innovations and digital investments to satisfy business owners with secure, simple, and convenient services. And with 65% of bank and credit union CEOs planning to expand their services to small businesses, it seems the industry is headed in this direction.

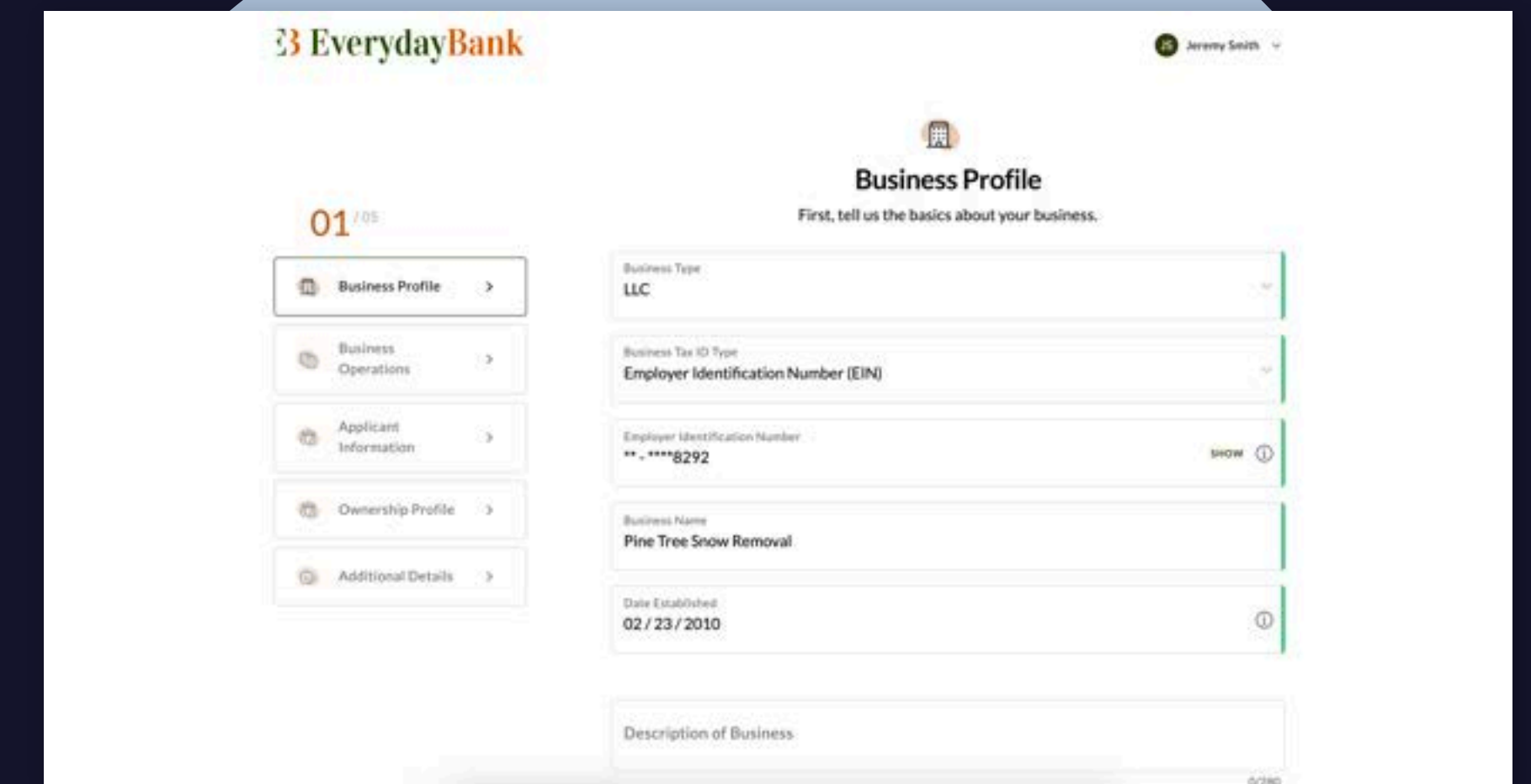
Four features required to scale SMB deposit origination

The ability to grow SMB account holders at scale lies in technology that can properly blend digital and in-person account origination so that they complement one another. MANTL brings first-of-its-kind technology that enables you to support account opening fully online, fully staff-led, or any combination of the two. Our omnichannel approach creates a synergistic relationship between online and offline experiences so that all internal and external stakeholders can participate in the application process in a cohesive, transparent and convenient way.

Banks are using this synergy to their strategic advantage. For example, some choose to encourage sole proprietors and small businesses to open accounts in a more self-service fashion to lower the cost of originating smaller accounts. While others are using their newly acquired digital capabilities to attract out-of-market business accounts and test the viability of new markets prior to branch building.

In our work, customers have called the act of deploying MANTL Commercial Deposit Origination as a transformation of their branches from service channels to sales channels. The high degree of back-office automation enables FIs to cost-effectively serve businesses of all complexities by bringing down the overall man hours required to collect and review data. One customer, for example, brought their average time to open an SMB account from 87 minutes to 8 minutes and 46 seconds. In turn, this frees up hours for staff to spend prospecting and relationship building.

In practice, there are four core features customers have called out as pivotal to their ability to scale business account origination. These are features that should be deeply explored and understood not only for technology vetting, but because they evolve the way you will open accounts for the better. Institutions considering digitizing their in-branch and commercial account opening need to not only be open to the change required to implement them effectively but also be thoughtfully resourced to manage that change.



The screenshot displays the 'Business Profile' form on the EverydayBank website. The form is titled 'Business Profile' and includes the instruction 'First, tell us the basics about your business.' The form is divided into several sections:

- Business Type:** A dropdown menu with 'LLC' selected.
- Business Tax ID Type:** A dropdown menu with 'Employer Identification Number (EIN)' selected.
- Employer Identification Number:** A text field containing '**-****8292' with a 'SHOW' button and an information icon.
- Business Name:** A text field containing 'Pine Tree Snow Removal'.
- Date Established:** A text field containing '02 / 23 / 2010' with an information icon.
- Description of Business:** A large text area for providing details about the business.

On the left side of the form, there is a progress indicator '01 / 05' and a list of steps: 'Business Profile', 'Business Operations', 'Applicant Information', 'Ownership Profile', and 'Additional Details'. The 'Business Profile' step is currently active.

Four features required to scale SMB deposit origination (cont.)

1. Automated workflows for digital data and document collection

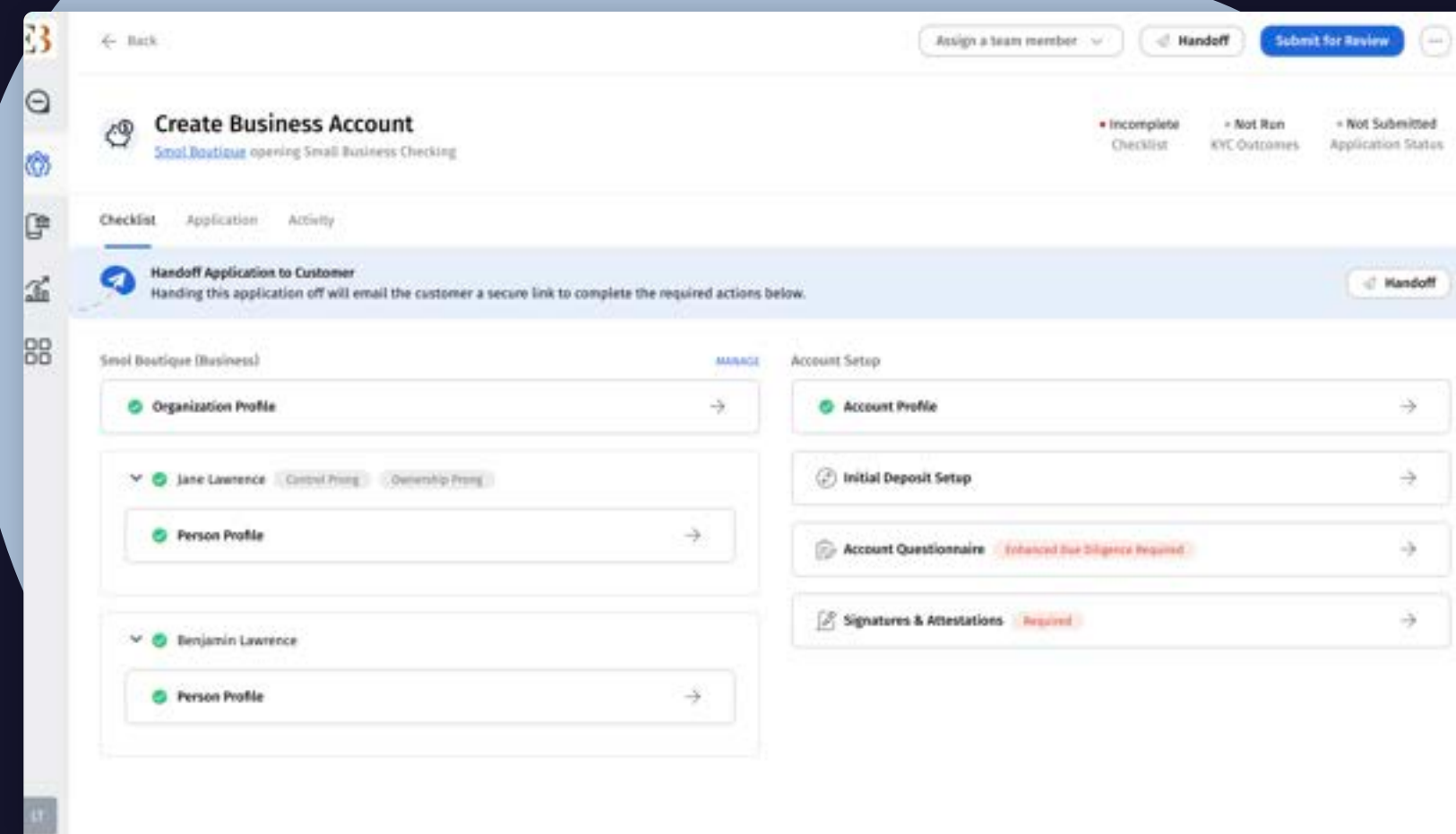
MANTL offers easily configurable KYC/KYB decision waterfalls and a tagging system that explains why accounts are flagged for EDD. Our technology provides a time stamped record of every customer engagement and decision that takes place for easy auditing. Lastly, documents and signatures are collected and stored digitally.

2. Adaptive due diligence

Applications include a dynamic checklist of required steps that evolves as the system collects information about the applicant. This means staff can get rid of paper cheat sheets and dense compliance binders and that all internal parties know where the application stands at all times. And that applications are tailored to the riskiness and profile of the applicant without asking unnecessary or irrelevant questions.

3. Digital sources for automated, verification

Mailing forms and documents back-and-forth makes for a poor customer experience. MANTL leverages government and public databases and leading APIs to validate information about businesses and business owners, examine credit history and meet anti-money laundering and terrorist financing requirements.



Four features required to scale SMB deposit origination (cont.)

4. Digital handoffs between customer and staff

Our sleek digital experience makes it possible to collect information from all beneficial owners and stakeholders remotely and simultaneously as required. Applications can be digitally handed off to necessary parties who can choose to submit information remotely or work with their relationship manager in a branch or on the phone.

Whether your institution seeks to rapidly grow your deposit base, improve customer experience and cross sell, or boost operational efficiency and employee satisfaction, MANTL customers are delightfully surprised by the opportunities the platform unlocks to take their institution to new levels.





About MANTL

MANTL is a banking technology firm offering account opening software that empowers banks and credit unions to open deposit accounts from anywhere, on any device and at any time. Consumer Deposit Origination by MANTL is among the fastest and most performant solutions on the market: on average, people can open accounts through the white-labeled software in less than three minutes. The system automates application decisioning for over 90% of cases, all while reducing fraud by over 60%. Business Deposit Origination by MANTL reimagines account opening for businesses of all sizes to improve operational efficiency, agility and customer satisfaction. MANTL's customers have raised billions in core deposits to date. Founded in 2016, MANTL is a privately held company headquartered in New York with the backing of prominent venture capital investors. For more information, visit mantl.com.

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