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Building Digital Banking for Entrepreneurs and the Self-Employed

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The nature of work has evolved tremendously in the past few decades, and there are now 16 million Americans who are either entrepreneurs or self-employed consumers. Most sit on consumer banking platforms. They face daily challenges managing their finances, including making and accepting payments, obtaining financing, separating personal and business activities, handling tax obligations, and dealing with unpredictable income streams — tasks that are made more difficult by the lack of targeted options from banks and credit unions. Entrepreneurs and self-employed consumers are cobbling together credit, payments, and business management services from a constellation of banks and credit unions, fintechs, neobanks, and tech giants like Intuit, Square, and PayPal. Javelin believes that's about to change. This report explores the opportunity available to banks, credit unions, and digital banking vendors to develop a solution targeted at this segment and outlines the leading digital features that would constitute such an offering.

Key questions discussed in this report:

- What financial challenges do entrepreneurs and self-employed consumers face?
- How are they managing their finances today?
- What providers do they prefer for various financial management chores?
- What do they value in a banking relationship?
- How important are digital tools?
- What would an ideal solution to target this segment look like?

The data in this report was primarily collected from a random-sample, nationally representative survey of 11,448 U.S. adults conducted in May 2019. There were 668 consumers in the survey who identified as a self-employed/freelancer or small-business owner.

Supplemental data was derived from a random-sample, nationally representative survey of 1,000 business owners and operators conducted in May 2018. Businesses in the survey had annual revenues ranging from \$100,000 to \$10 million.

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