



## Closing Critical Gaps in Small-Business Digital Lending

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Digital loan applications have become the norm in consumer banking. But they're available for business products at only eight of the top 30 U.S. banks, and even those are severely limited. Digital lending capabilities at banks serving businesses continue to lag even though business owners have grown more digitally savvy and rely on online and mobile banking for day-to-day business management. This lack of online lending functionality is pushing small businesses into the arms of nonbank players such as Kabbage and OnDeck, as well as Silicon Valley giants such as Intuit, PayPal, and Square. And the matter is especially urgent as the coronavirus pandemic and the PPP rollout accelerate the push toward digital channels and applications.

This report analyzes the behavior and attitudes of small-business owners about applying for credit; explores offerings from leading banks, nonbank lenders, and vendors; and lays out a detailed series of industry best practices for tackling the small-business digital lending process.

### **Key questions discussed in this report:**

- What friction points do small businesses face in current application processes?
- What is the level of bank participation in the small-business online lending space? Where do these banks shine, and what are their limitations?
- What innovations have nonbank lenders made to streamline processes and attract applicants?
- What vendor solutions are available to banks, and which features should banks be careful to evaluate?
- What capabilities should banks prioritize in building digital lending solutions for customers and prospects?

The data in this report was primarily collected from two random-sample surveys:

- 1,000 business owners and decision-makers conducted in June 2019.
- 500 business owners and decision-makers conducted in March 2020.

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