



2021 Small-Business Digital Banking & Payments Trends

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A year ago, no one could have predicted the massive changes in the small-business banking and payments spaces that occurred in 2020, with business owners drastically altering their financial habits to keep up with evolution in consumer preference and the necessities of pandemic shutdown. Millions of business owners tried digital banking and payments for the first time, card and digital payment acceptance skyrocketed, and small businesses flooded to third-party tech platforms for point-of-sale and e-commerce solutions, as well as business financial management and credit. In the coming year, the financial services industry will deal with the aftermath, with serious questions about whether digital behaviors among customers will stick, what the role of banks is in a far more competitive environment, and ultimately how to best serve as a growth and success engine for their small-business clients.

In this report, Javelin outlines three key trends that banks, core providers, card networks, and fintech companies should watch for in the coming year to support those efforts: increased development and competition from banks for small merchant services relationships; the commoditization of checking accounts and growth in offerings at nonbank providers; and changes in small-business savings behavior.

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