

2022 AUTOBOOKS

Small Business Data Report

**An analysis of transactional data to determine
the state of small business banking**

autobooks

Analysis of transactional
data to determine the

THREATS AND OPPORTUNITIES IN SMALL BUSINESS BANKING

Small business has become big business.

The small business opportunity is a massive one: perhaps close to \$400 billion, according to Cornerstone Advisors. Nevertheless, the small business (SMB) market until recently has been expensive to reach and costly to serve.

The Autobooks Small Business Data Report

is designed to help you better understand the opportunity and threats in small business banking through an analysis of transactional data collected by the Autobooks team.

113

Total number of financial
institutions evaluated

529,106

Total number of business
accounts evaluated

7

Months of transactional data
from January –July of 2022

Third-party app providers are winning over small business direct deposit relationships

To lock in customer primacy, your financial institution must offer products that enable business owners to accept customer payments that settle directly into their existing business account at your financial institution.

The challenge is that many business owners are turning to third-party app providers to receive customer payments. While many of those businesses may link to their business account at your financial institution today, that may not be the case tomorrow.

Business Accounts Accepting Deposits through Third-Party Apps

The below table shows the total number of business accounts analyzed that received an incoming deposit from either Square, PayPal, or Venmo (third-party apps).

Asset Range	# of FIs	# of Connected Business Accounts	Total Monthly Third-Party App Transactions	Total Monthly Incoming Deposits from Third-Party Apps
< \$1B	84	13,601	279,601	\$266,636,060.23
\$1 - \$3B	27	15,285	329,113	\$318,425,276.46
\$3 - \$10B	9	15,530	321,429	\$273,826,391.79

Evaluating the account penetration of third-party app providers

It's not often that you can easily benchmark the influence a competitor has over your customer base, but in the case of third-party app providers, we can do just that.

If an account holder is accepting payments through a third-party app, you can likely draw two conclusions from their behavior:

- **Their need** to accept online or in-app card payments from customers, and...
- **Their interest** in a solution that is increasingly becoming an alternative to the banking services you provide a business.

Financial Institution Benchmarks

The below analysis represents per FI averages based upon total incoming deposit activity from PayPal, Square, and Venmo.

Asset Range	# of Accounts per FI	% of Account Penetration	Total Monthly Deposit Amount per FI
< \$1B	162	12.2%	\$3,174,238.81
\$1 - \$3B	566	11.2%	\$11,793,528.76
\$3 - \$10B	1,726	10.5%	\$30,425,154.64

Account Benchmarks

The below analysis represents per account averages based upon total incoming deposit activity from PayPal, Square, and Venmo.

Asset Range	# of Transactions per Account	Average Deposit Amount	Average Total Monthly Deposit Amount per Account
< \$1B	20.56	\$953.63	\$19,604.15
\$1 - \$3B	21.53	\$967.53	\$20,832.53
\$3 - \$10B	20.70	\$851.90	\$17,632.09

Benchmarking the Competition – Financial Institution Averages

The below analysis represents the total monthly amount of incoming deposits from PayPal, Square and Venmo across all the FIs within each asset range.

Asset Range		# of Connected Business Accounts	Total Third-Party App Transactions	Total Incoming Deposits from Third-Party Apps
< \$1B	PayPal	4,387	36,365	\$71,019,475.63
	Square	5,069	202,607	\$176,750,594.07
	Venmo	4,145	40,629	\$18,865,990.53
	# of FIs 84			
\$1 - \$3B	PayPal	5,185	44,796	\$97,135,513.25
	Square	6,431	249,493	\$203,858,940.26
	Venmo	3,669	34,824	\$17,430,822.95
	# of FIs 27			
\$3 - \$10B	PayPal	5,330	40,722	\$56,716,796.40
	Square	6,207	241,927	\$195,522,676.80
	Venmo	3,993	38,780	\$21,586,918.59
	# of FIs 9			

Benchmarking the Competition – Account Averages

The below analysis represents per account monthly averages of incoming deposit activity per third-party app provider.

Asset Range		# of Accounts per FI	# of Transactions per FI	# of Transactions per Account	Average Deposit Amount	Average Total Deposits per Account
< \$1B	PayPal	52	433	8.29	\$1,952.96	\$16,188.62
	Square	60	2,412	39.97	\$872.38	\$34,868.93
	Venmo	49	484	9.80	\$464.35	\$4,551.51
\$1 - \$3B	PayPal	192	1,659	8.64	\$2,168.40	\$18,733.95
	Square	238	9,240	38.80	\$817.09	\$31,699.42
	Venmo	136	1,290	9.49	\$500.54	\$4,750.84
\$3 - \$10B	PayPal	592	4,525	7.64	\$1,392.78	\$10,641.05
	Square	690	26,881	38.98	\$808.19	\$31,500.35
	Venmo	444	4,309	9.71	\$556.65	\$5,406.19

With any challenge, there is an opportunity

Enabling business owners to accept payments through your existing online and mobile banking channels creates an opportunity to generate non-interest fee income, increase deposits, and increase account engagement.

Generate non-interest fee income

\$

Average monthly processing volume per active small business account

X

%

Transaction processing rate

-

%

Estimated transaction processing cost

-

%

FI revenue share

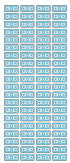
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\$8.45

Estimated monthly transaction revenue per active small business account

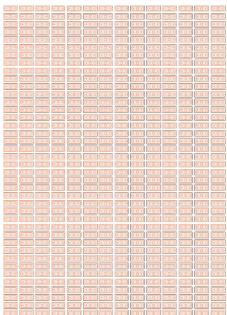
Increase deposits and reduce deposit displacement

For every **\$1 deposited** into the FI from a third-party app ...



\$80,000 a month deposited

\$7 stayed in the third-party app

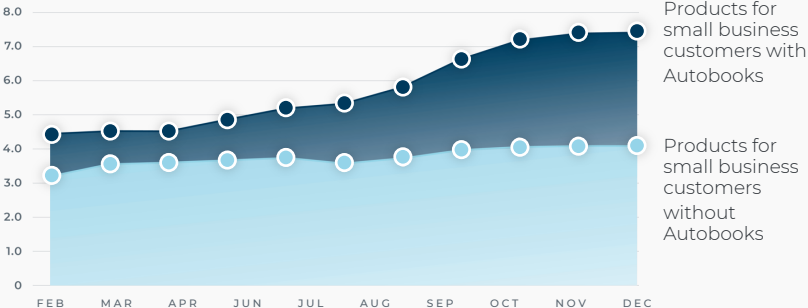


An analyzed bank experienced **87.5%** deposit growth from existing accounts

\$580,000 a month not deposited

Based upon deposit analysis of 308 accounts that adopted Autobooks

Increase small business primacy, engagement, and loyalty



Introducing Autobooks at the time of account opening **increases relationship depth** by **61%**

Benefits for your
small business
customers

Potential cost
savings for
your customers

PayPal	Transactions	Transaction Amount	Total
Payments to SMB	9	\$2,000	\$18,000
Fees Charged to SMB	(\$0.49)	-3.49%	(\$632.61)
Net			\$17,367.39

Autobooks	Transactions	Transaction Amount	Total
Payments to SMB	9	\$2,000	\$18,000
Fees Charged to SMB	\$0	-2.89%	(\$520.20)
Net			\$17,479.80

\$112.41
Monthly Savings

\$1,348.92
Annual Savings

Accelerate
cash flow &
increase
deposit
balances



95%
of all invoices sent
through Autobooks
get paid within
5 business days.