

Better Understand Small Business Owners' Banking Needs

With a little help from
Q2's User Experience Team



Since its inception in 2016, Q2's UX Research team has conducted roughly 1,500 live research sessions with users to gather feedback on Q2's products. This means that the UX Research team spends on average 200 hours per year engaging in live conversations with our users about their needs.

Introduction

Trying to meet the financial needs of small business owners can be difficult these days. There's no one-size-fits-all approach—each owner requires unique services that will help them.

To help your financial institution (FI), we'd like to share insights into today's small business owners from a recent project undertaken by the Q2 User Experience (UX) Research team to cultivate personas of who they are and what financial services will help them in their daily business. We hope the findings will benefit your FI in positioning to grow in this opportunity-rich market.

Defining a persona

The word "persona" is used a lot in just about any business market. From Q2's perspective, a persona is considered a "fictional person" or "composite" that can represent—as is the case in this paper—**the small business account holders of our banks and credit unions.**

With well-honed composites aiding our development efforts, Q2 is more assured of delivering the right products, services, and overall banking experiences that our FIs require for their customers and members. Not only have personas proven insightful to Q2's product and solutions roadmap over the years but they have been useful to just about anyone working at Q2—marketing, sales, support, and more.

Just as our research aids Q2, it can aid your FI in gauging the financial services you can offer small business owners and better aid your operations.

A project snapshot

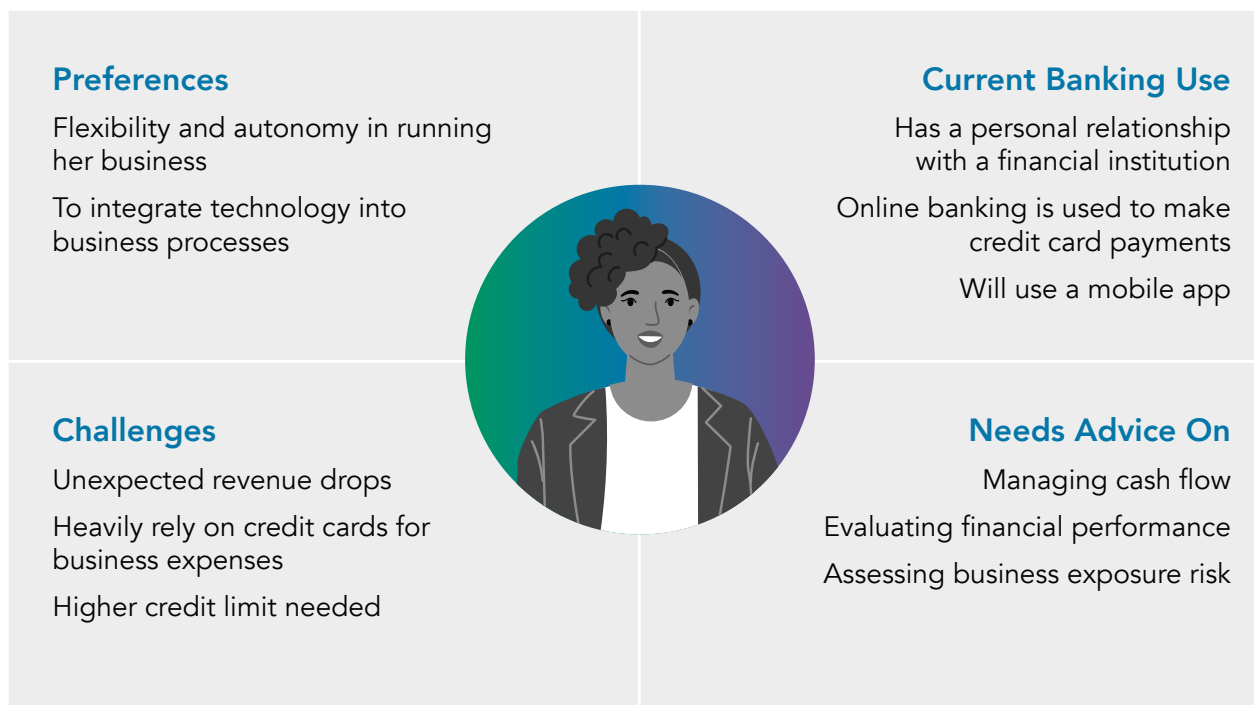
Over the course of 2022, Q2's UX Research team combined extensive quantitative and qualitative data for an in-depth analysis of today's small business owner. From the analysis, four definitive personas emerged and they will be shared with you in the pages to follow.

More in-depth information about the project is found on page 9 of this paper.

The 4 Personas

Persona 1

Committed Casey has high business competence. Throughout the day she is selling to customers and keeping in touch with her other business locations to answer any questions. Committed Casey has a positive business outlook and her business cash flow is high. She also is a risk taker who more likely relies on bookkeepers, accountants, and financial advisors.




Persona Type 1 Small Business Owners: Other insights on online banking, payments, and reporting use and needs.

Online Banking	Payments	Reporting
<p>Likes using Wave because it automatically imports all of their transaction data from online banking and automatically generates profit & loss statements.</p> <p>However, finds it difficult to set "everything" up in Wave initially, and have found the process for creating new vendors to be cumbersome.</p>	<p>A single credit card is used heavily for all business expenses. Prefers to use a credit card to earn rewards and dispute transactions easily.</p> <p>However, they are frustrated because the credit limit is not as high as they would like. Plus, there is often a wait of a few days for a credit card payment to hit before they can use their card again.</p> <p>Even with those limits, Committed Casey types would prefer to make all of their payments using their credit card, but not all of their vendors accept that.</p> <p>They are open to making ACH payments and wire transfers.</p>	<p>Currently generate profit & loss statements from Wave and couldn't think of a time when it would be useful to be able to generate additional reports from online banking.</p> <p>However, it would be useful to have profit & loss statements automatically sent to them via email every month, so they are reminded to balance their checkbook.</p>

Persona 2

Dreamer Devon is a new business owner who is independent and has a high entrepreneurial spirit. He is most likely to start his business because of an idea he had. Likes doing things on his own and is least likely to rely on bookkeepers, accountants, or financial advisors, or have someone else track his financial records.

More about Dreamer Devon:



<p>Preferences</p> <p>To produce and share a product he has created, and grow the business</p>	<p>Current Banking Use</p> <p>Uses online banking to check balances and transfer funds</p>
<p>Challenges</p> <p>Does not like Square due to processing fees and connectivity issues with the card reader</p>	<p>Needs Advice On</p> <p>Evaluating financial performance Managing cash flow</p>


Persona Type 2 Small Business Owners: Other insights on online banking, payments, and reporting use and needs.

Online Banking	Payments	Reporting
<p>Would like to sort and filter their income.</p> <p>They would prefer to do that in online banking rather than having to import data into their accounting software.</p>	<p>Doesn't like that their bank requires an account and routing number in order to make payments, but they also don't like situations where they are taken to a third-party SSO to make payments – they feel that's not trustworthy.</p> <p>They are in the market for a business credit card.</p>	<p>Currently, they manually enter transaction data into ZipBooks to create reports, but they would like to be able to generate reports within online banking.</p> <p>They only receive a quarterly account statement from their FI but would like to have access to reports in online banking for cashflow and paid checks.</p> <p>Having a weekly cashflow report automatically sent to them via email is sought.</p>

Persona 3

Doubtful Dylan is driven by extra income, and isn't as committed to his business as other personas. He doesn't take risks with his business and has lower business account competence, cash flow, business outlook, and entrepreneurial spirit. He also is least likely to seek education and guidance regarding his business.

More about Doubtful Dylan:

<p>Preferences</p> <p>Lower fees More transparency about transaction process status</p>		<p>Current Banking Use</p> <p>Uses online-only banking but misses having a more personalized local banking experience</p>
<p>Challenges</p> <p>Keeping the business low maintenance</p>		<p>Needs Advice On</p> <p>Running his business which is cumbersome to do</p>


Type 3 Small Business Owners: Other insights on online banking, payments, and reporting use and needs.

Online Banking	Payments	Reporting
<p>Regularly use their online banking app.</p> <p>There's nothing in particular that they really like about their online banking app; they just don't want to be charged a lot of fees.</p> <p>Complete their bookkeeping tasks once or twice a week, including transferring funds into their primary bank account.</p> <p>Often misses having a more personalized, local banking experience.</p>	<p>Accepts payments via Venmo, Zelle, PayPal, checks, and cash from their clients and doesn't like to accept credit cards.</p> <p>May receive an international payment, which has been challenging for them in the past. Challenges with international payments being delayed for an extended period of time is a significant pain point.</p> <p>Because of the payment delays they've experienced, they would like their bank to be more transparent about the status of each transaction as it's being processed.</p> <p>Would like some explanation about why funds are being held, and when to expect the funds to be available in their bank account.</p>	<p>Relies heavily on spreadsheets for tracking their business finances; in addition they use a Franklin planner.</p> <p>Also they rely heavily on reminders from their calendar on their phone for work tasks.</p> <p>May be open to more innovative reporting solutions if easy to use.</p>

Persona 4

Established Emory has been running a business for a long time with a “moderate” approach to most areas of the business. For this persona, all orders, communication with customers, and financial tasks happen online. Established Emory feels he has a good relationship with technology, but he sometimes is overwhelmed by all of the choices available to him and finds it trying to decide which solution will best fit his needs.

More about Established Emory:



Preferences

- Looking for a bank that can lend to his business
- Accepts many different payment methods so he doesn't alienate any potential customers

Current Banking Use

- Uses online banking frequently to review account balances, transfers, and recent transactions

Challenges

- Too much manual data entry and a lack of integration tools related to business

Needs Advice On

- Determining which solution is best for his business needs
- Evaluating financial performance

Persona Type 4 Small Business Owners: Other insights on online banking, payments, and reporting use and needs.

Online Banking	Payments	Reporting
<p>Often reviews account balances, transfers, and recent transactions when they login to online banking.</p> <p>It's important for them to have access to lending from their FI. If they have a business loan it is important for them to be able to check the status of their loan easily.</p>	<p>Accepts payment from PayPal, Venmo, Apple Pay, and Stripe.</p> <p>Must be able to accept many different payment methods so they don't alienate any potential customers.</p> <p>However, accepting multiple payment types can be a pain point because it requires a lot of manual data entry from disparate sources into a single spreadsheet.</p> <p>They would like to automate this process.</p>	<p>Would like to receive a report on all of their transactions, account balances, budgets, and revenue goals on a weekly or monthly basis.</p> <p>They'd also like to have access to business insights such as comparing performance of the business month over month.</p>

Online Banking	Payments	Reporting
<p>They would be open to an online-only bank if they could have a personal banker assigned to them.</p> <p>They would find it useful to receive email or text notifications for any incoming payments from their bank.</p> <p>They are looking into accounting software that can help automate financial tasks.</p>	<p>Prefer to have a single platform that they could use to manage all of their payments and invoices, and that integrates with any financial spreadsheets they maintain.</p> <p>They prefer to make payments using their credit card so they can get rewards points. However, some of their suppliers don't accept credit cards so they will send payment via check, Venmo, or PayPal.</p> <p>Has had problems in the past with customers wanting to send them international payments via online banking. They find it cumbersome to gather the routing number, account number, and country code; prefer to receive international payments via PayPal.</p>	<p>Currently pull any reports from online banking, but they generate reports in the spreadsheets that they maintain.</p> <p>They are often comparing performance of the business month-over-month, or year-over-year. Areas of comparison include business budget to revenue and inventory from period to period.</p> <p>Would like to be able to integrate the financial spreadsheets that they maintain with online banking, so they're not having to manually update their account balances in their spreadsheets.</p>

More about the UX Research team's persona development

As a mission-driven company, Q2 uses our well-researched, well-defined personas to spur the further wellbeing of businesses, communities, and FIs. In 2022, the UX Research team embarked on a rigorous effort to review, assess, and further develop personas based on today's small business owners.

A lot has changed since 2020. The biggest change being many small business owners increased their use of online banking and liked the immediacy and overall ease of use so much that a major shift to digital took place.

The shift accelerated the realization that one-size-fits-all banking doesn't meet many small business owners' expectations. Just like consumers, personalization and tailored experiences are being sought.

Our UX researchers and designers' goals were to determine:

- Who these small business owners are
- Their pain points
- What would make their businesses and lives better

A rigorous process was undertaken. Rather than relying on the more typical approach to persona creation—conducting interviews from a small sample—Q2 opted for a mixed-method approach that employed both quantitative- and qualitative-research techniques. The first step was to field a survey to a large sample of participants and to identify personas through quantitative analysis of survey data. The second step was to conduct follow-up interviews with select individuals to enrich personas through qualitative analysis of interview data.

Rising economic uncertainty requires knowing today's small business owners and what they need from their banks and credit unions.

Creating personas through survey.

The initial survey was a preexisting third-party one that was reviewed and edited by Q2's commercial design and product teams.

Quantitative analysis was conducted on survey responses to identify groups of questions that produced correlated responses across participants. The groups of correlated questions established the traits to define and differentiate participants and, eventually, the personas. Analysis of survey responses identified the following traits:



1. Business Accounting Competence

This trait included survey questions about respondents' (1) knowledge of and confidence in business finances, (2) confidence in obtaining business financing, and (3) relationship and engagement with one's FI.

2. Cash Flow

This trait included survey questions about respondents' (1) annual revenue and performance and (2) frequency of transactions and funds transfers.

3. Business Outlook

This trait included survey questions about respondents' (1) perceived long-term business outlook and (2) long-term motivation to keep business running.

4. Age of Business

This trait included survey questions about respondents' age of business and age of primary banking account used for business.

5. Entrepreneurial Spirit

This trait included survey questions about respondents' (1) active involvement achieving financial success, (2) perseverance in face of challenges, and (3) attitude toward working by oneself.

6. Risk Tolerance

This trait included survey questions about respondents' willingness to take on risk and follow instincts.

The degree of each trait was measured for every participant, and a subsequent analysis was then conducted to identify groups of participants with similar traits. The resulting four groups served as the basis for the four personas.

Enriching personas through interviews.

Next, follow-up interviews with select individuals within each persona group took place to deepen personas through qualitative analysis of interview data. This allowed Q2 to validate findings that were found in the analysis and use the data collected to build out the background story of each persona type.

Q2 dug even deeper to understand business owners' mindset, overall entrepreneurial experience, and how they actually use online banking in the context of their small business. Interview questions were drafted to gain further insights based on these five critical areas:

1. Influences on decision making
2. Banking tasks associated with running their business
3. Motivations for keeping business open
4. Challenges and pain points they face when running their business
5. Tools they use to accomplish their task and goals

Conclusion

A Clearer Understanding Has Been Gained into an Important, Underserved Market Segment

In aggregate, the four personas paint a fuller picture of what small business owners seek from digital banking and their FIs.

Areas of improvement also will be assessed from the insights obtained. Other ideas to help our FIs and their business clients will emerge, and the ability for Q2 staff – across our company – to better understand and assist our FI customers and prospects and theirs is furthered.

What would help these small business owners:

- **Fast, useful reporting; based on choice of delivery, often email**
- **Self-service and easy admin (most persona types are busy running their businesses)**
- **Robust integration capabilities to add new APIs (especially payment related)**
- **Configurable workflow to meet growth needs; hyper automation preferred**

Your bank or credit union can put personas to work, too.

Even if your FI used a qualitative, survey-based approach to persona development, it could help your staff interaction with account holders and prospects.

Here are some questions to consider in approaching your persona development:

- How many personas should there be: 3, 4, 6, or 8?
- Are the personas really generalizable beyond the small sample to the larger population of users?
- What details should be collected and displayed to developers?
- What variables differentiate the personas?

Digital transformation requires really knowing your customers. It all comes down to asking questions and finding out the why behind the why. From there, patterns emerge to develop composites of the customers that can be helped by your FI.

About Q2 Holdings, Inc

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder—from consumer to small business and corporate. Headquartered in Austin, Texas, Q2 has offices worldwide and is publicly traded on the NYSE under the stock symbol QTWO. To learn more, please visit [Q2.com](https://www.Q2.com).

**For more information about Q2 and our UX Research team,
contact 1-833-444-349.**