

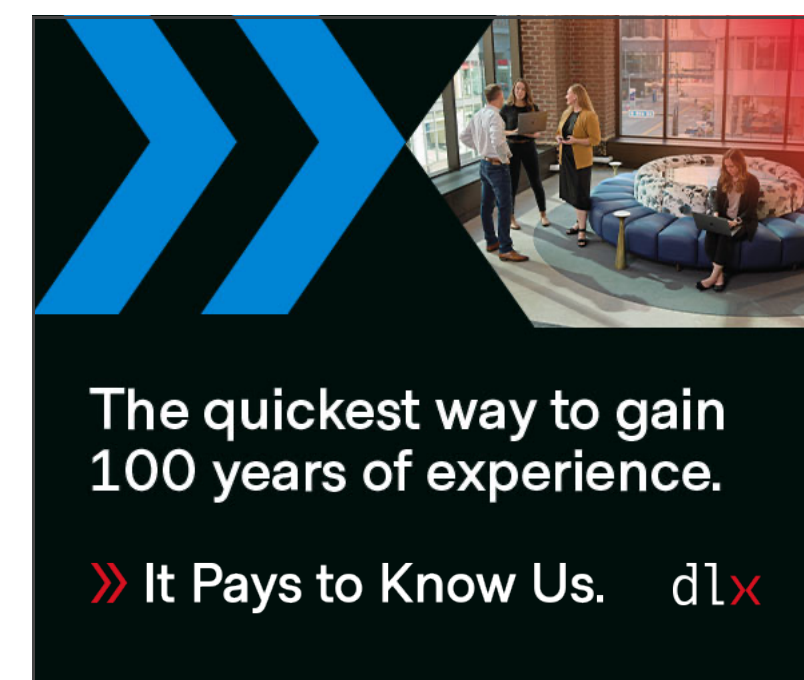
PAID CONTENT

FORTUNE + deluxe

How digital payment solutions can help banks compete for small business customers



Nimble fintech providers, such as Deluxe, offer payment-ready solutions designed to meet the needs of small- and medium-size businesses.



In order to stay competitive amid digital transformation, small- and medium-size businesses (SMBs) are adopting innovative technologies to bring their companies online. As these businesses become increasingly tech-savvy, they are embracing digital payments. [Eighty-seven percent of business owners](#) that started a company during the pandemic said that access to electronic payment options was important, according to the Small Business & Entrepreneurship Council—creating a valuable opportunity for banks that can enable this digital transition.

“There’s growing competition for these small business customers,” says Michael Reed, president of the payment division at Deluxe, a Minneapolis-based fintech company with 4 million active small business customers and more than 4,000 financial institution clients. “But banks still play an important role in this digital ecosystem—companies still need things like accounts and loans. So, banks need to ensure they can offer technical capabilities that complement their offerings.”

Today, there are [more than 33 million SMBs](#) in the U.S. Through trusted, technology-enabled solutions, Deluxe is helping connect these SMBs with financial institutions that can help them tackle their toughest challenges, from accessing funds faster to automating timely financial administrative work—ultimately helping get money into SMBs’ bank accounts faster.

“We have been servicing banks for more than 100 years,” says Reed. “We understand the regulatory framework in which banks must operate, as well as the solutions they need to compete with fintechs.”

With banks and their clients facing a growing array of choices, it’s critical that SMBs can offer value-added services that differentiate it from competitors. Deluxe allows financial institutions to embed its solutions on a white label basis—meaning branding can be customized for each institution—or integrate them into their banking platforms. Both options allow merchants to lower expenses, send payments, and reduce risk while equipping banks with the tools they need to compete with the more agile fintech startups that are also targeting small businesses.

Access to these digital services will also be critical to SMBs as alternative payment methods grow in popularity and existing digital payment technology continues to evolve. In the U.S., [the use of QR codes for electronic payments is predicted to increase by 240%](#) from 2020 to 2025, while other options, such as cryptocurrency and blockchain, are also on the rise.

“The pace of change is putting pressure on banks,” says Reed. “But it’s also opening a lot of opportunities for fintech. We are working to evolve our solutions to meet new needs.”

According to [recent McKinsey & Company data](#), nearly nine in 10 Americans are now using some form of digital payments—and that trend is only expected to grow. For merchants, this means the ability to process digital payments quickly and easily is a top priority. To meet this need, Deluxe Merchant Services provides everything from the actual hardware and equipment used at the point of sale to the software that ensures timely distribution of funds due to the business owner. Deluxe also offers human resource services and payroll processing, as well as a full suite of accounts receivable automation tools that empower customers to make smarter decisions quickly.

These modernized payment solutions also eliminate reliance on checks and paper-based methods that can require greater costs and more effort to process. They also allow important payment data, such as invoice details or other contextual information, to travel with each payment.

“The challenge that most of these companies have is keeping the data with the payment, whether it’s coming in from a storefront, online, or a mobile app,” explains Reed. “We can help them process and reconcile those payments.”

Digital processes are further streamlined through solutions like the Deluxe Payment Exchange platform, a fast, easy, low-cost solution that allows companies to send payments instantly. This helps businesses reduce their costs, speed up payments, and increase operational efficiencies overall.

“We know there are a lot of options for small business customers out there,” says Reed. “We continue to innovate our platform to provide banks with the best solutions, so they can be the partner of choice throughout companies’ lifecycles.”

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