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# Datos Matrix: Leading U.S. Providers of Digital Small-Business Banking

A full copy of the 54-page report is available through the Datos Insights website

Prepared for:

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## Overview and Methodology

Competition has never been greater to win the hearts and wallets of the coveted small-business customer segment. FIs are competing against each other and agile fintech companies with solutions that address critical small-business needs. The right strategy and product set are crucial to success, as is deploying the right technology to support them.

This report evaluates key market dynamics, the technology vendor landscape, and the competitive positions of leading vendors. It leverages the Datos Matrix, a proprietary Datos Insights vendor assessment framework, focusing on vendor capability (stability, client service, and product features) and performance (client satisfaction, implementation success, and client outcome) to differentiate the market leaders from the contenders and emerging/niche options.

## Methodology

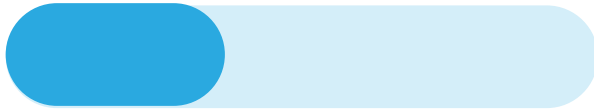
Datos Insights applied the following criteria to develop a list of vendors for participation:

- FI awareness of the vendor as a provider of a viable small-business digital banking offering
- Successful implementation of a small-business digital banking solution at a minimum of one U.S.-based FI and an ability to provide client references
- The ability to offer a full out-of-the-box solution (as opposed to just components of one)
- Capabilities suitable to meet the needs of small businesses, and not simply a rebranded consumer banking platform

## Call to Action

Gaps exist between small-business needs and bank offerings. FIs are at risk of losing these critical customers to agile, forward-looking competitors.

**37%**



**of small businesses state they will definitely or probably switch FIs in the next two years; 44% are among millennial- and Gen Z-run businesses.**

*Source: DatoS Insights survey of 1,004 U.S.-based small businesses, Q1 2025*

Small businesses are changing:

- They show more comfort with technology
- They are aware and in need of products and services to help them run their business and manage cashflow more effectively
- They are willing to pay for products and services with the right value proposition

## FIs Fall Short in Several Areas



75% of small businesses go beyond their FIs to meet at least one financial need.



77% of small businesses state their primary FI offers few products and services they would be willing to pay for.



85% of small businesses would like their online banking sites to integrate more tightly with their accounting systems.



82% of small businesses want to see their primary FIs offer more payment options.


Source: DatoS Insights Survey of 1,004 U.S. based small businesses, Q1 2025

## Key Trends Shaping the Market and Bank Needs/Strategies

Trend	Implication
<b>Small-business transaction volume may not be high, but their needs more often mirror those of middle-market companies, not consumers.</b>	FIs can no longer effectively serve small businesses with rebranded consumer platforms. They need true business capabilities.
<b>Small businesses show a greater willingness to work with fintech companies.</b>	FIs need more open platforms that enable easier integration with third-party fintech solutions. They should also form partnerships with these fintechs to avoid disintermediation.
<b>Cash forecasting remains a key challenge for most small businesses, but most FIs do not yet offer it.</b>	Cash forecasting and better overall money management tools, along with payments, should be top priorities for FIs when seeking out fintech partners.
<b>Demand for functionality is rising, but those capabilities must also be easy to use.</b>	Small-to-midsize businesses (SMBs) often lack the resources of larger organizations and may lack specialty finance knowledge. They seek capabilities that add in-depth knowledge and convenience, but in personalized, easy to understand ways that generate efficiencies—this includes a need for mobile banking parity.

# AI Usage in SMB Banking Is Gaining Traction

Interest in artificial intelligence (AI) usage in the small-business space is rising rapidly.

 <p><b>70%</b> of SMBs are comfortable/very comfortable with greater AI use banking and payments.</p>	<p><b>90%</b> of banks expect to see impact on cash and money management from AI.</p>	<p><b>91%</b> of SMBs that use AI tools report that it boosts their revenue.</p>
<p><b>What are vendors delivering?</b></p> <ul style="list-style-type: none"><li>• AI-driven customer communications with automated responses based on policies</li><li>• Data intelligence solutions enabling analytics-based decisions</li><li>• Personalized dashboards with data-driven insights</li><li>• Cash forecasting and money management tools</li><li>• Advanced fraud prevention and risk management</li></ul>	<p><b>What are vendors promising?</b></p> <ul style="list-style-type: none"><li>• Customer lifetime orchestrators with AI-based campaigns</li><li>• Generative AI capabilities for business insights</li><li>• Advanced data-driven recommendations</li><li>• Predictive payment analytics</li><li>• AI-powered cash flow forecasting</li></ul>	

Source: DatoS Insights

## Banks Are Replacing SMB Banking Platforms

**After years of underinvestment, FIs at all levels are replacing outdated SMB platforms with more modern, open ones.**

Investment in new SMB capabilities remains high year-on-year, driven by key pressures:

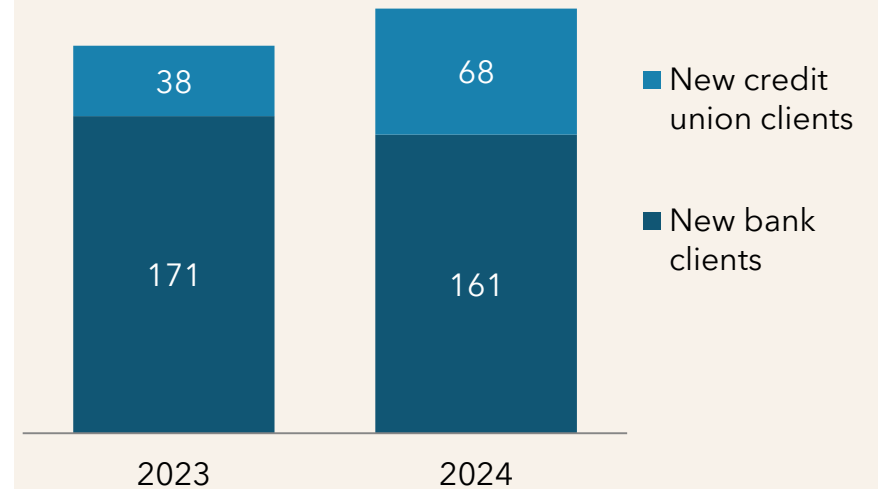
- The “Big Four,” digitally forward institutions, and fintechs are all gaining a greater shares of new SMB clients aided by their superior SMB banking offerings, spurring investment by other bank categories.
- Investment by credit unions is accelerating, aided by the growing range of cloud-based deployment options.
- SMB customer expectations are shifting for more self-service and more integration into accounting and enterprise resource planning (ERP) systems.

These numbers only include contracts for new deployments, not the addition of new modules. They also only count solutions aimed specifically at small-business use cases and not broader cash management capabilities.

The average number of new contracts varies dramatically between vendors. Those targeting credit unions are seeing the most growth.

### Number of New SMB Digital Banking Contracts Signed by U.S. Banks With a Leading Provider, 2023 to 2024

(Excluding cash management-only platforms)

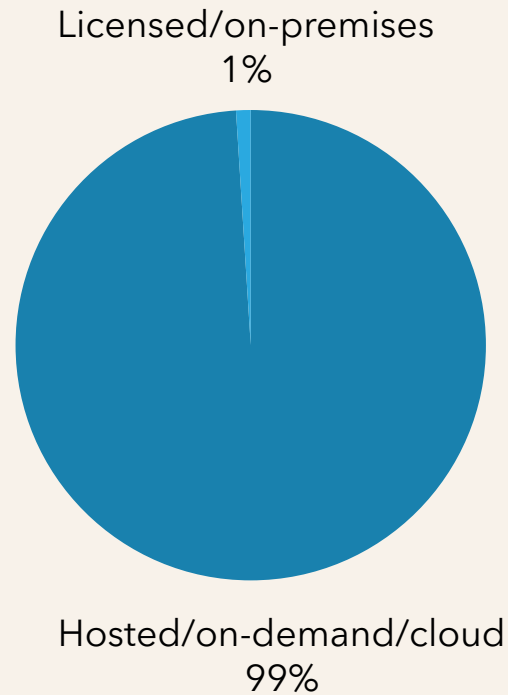


Source: Key vendors included in analysis include Alkami, Apiture, Backbase, CSI, FIS, Fiserv, Jack Henry, Narmi, Q2



## Hosted and Cloud-Based Deployments Continue to Be Preferred

**Current Vendor Portfolios by Deployment Type**



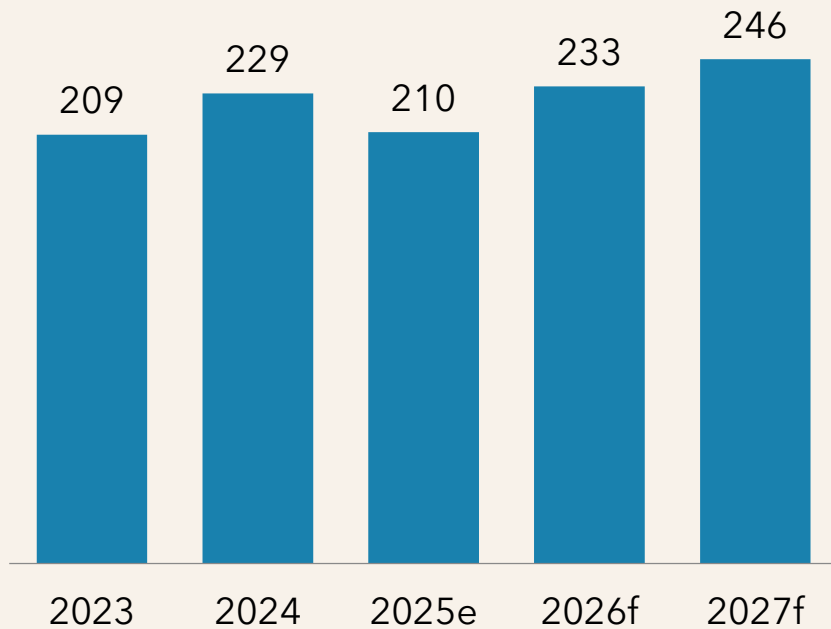
Source: Vendors

- All new 2025 contracts signed are for offerings that will be hosted in a vendor data center or cloud environment.
- Benefits of a hosted/cloud deployment include the following:
  - Faster speed to market
  - Lower capital expenses
  - Greater likelihood to be on the latest release of a solution
  - Risk transferred to vendor
- Offering a cloud deployment option has become the industry standard, with most vendors not even offering licensed/on-premises deployment options.
- Public cloud such as AWS is now increasingly preferred, particularly by banks under US\$9 billion in assets.

## Datos Insights Expects the Number of SMB Banking Replacements to Waver, Then Rise Steadily

### Forecast New SMB Digital Banking Contracts, 2023 to 2027f

(Excluding cash management-only platforms)



Source: Vendors and Datos Insights' estimates

- Outdated platforms must be replaced to remain competitive. "Good enough" is no longer sufficient in the increasingly competitive SMB space.
- Momentum was strong between 2023 to 2024, with 10% market growth driven largely by credit unions. Macro-economic conditions and economic slowdown, including the uncertainty brought on by tariffs, is expected to see a slight decline in new contracts in 2025 as many FIs take a wait-and-see approach on their investment decisions.
- Most activity will continue to come from community banks with less than US\$9 billion in assets and commercially focused smaller banks and credit unions, as most large and super-regional banks have already replaced their platforms or maintain home-grown platforms.
- Larger banks are focused on building out their solutions to meet shifting customer needs and expectations. Newer functionality, such as the growing use of AI tools, more API integration and reporting, and analytics functionality means overall investment will remain high, even outside of full SMB banking replacements.

## Factors for and Against Adoption of a New Business Banking Platform

### Adoption promoters

- Desire to offer small businesses true business capabilities rather than rebranded consumer ones
- Need for more robust capabilities to attract and retain small businesses, such as real-time reporting and money management
- Need for greater flexibility and more open platforms that more easily integrate with third-party fintech offerings
- Desire for better client-life-cycle management, particularly with high-growth SMBs
- Competitive pressure from fintechs and Big Four banks

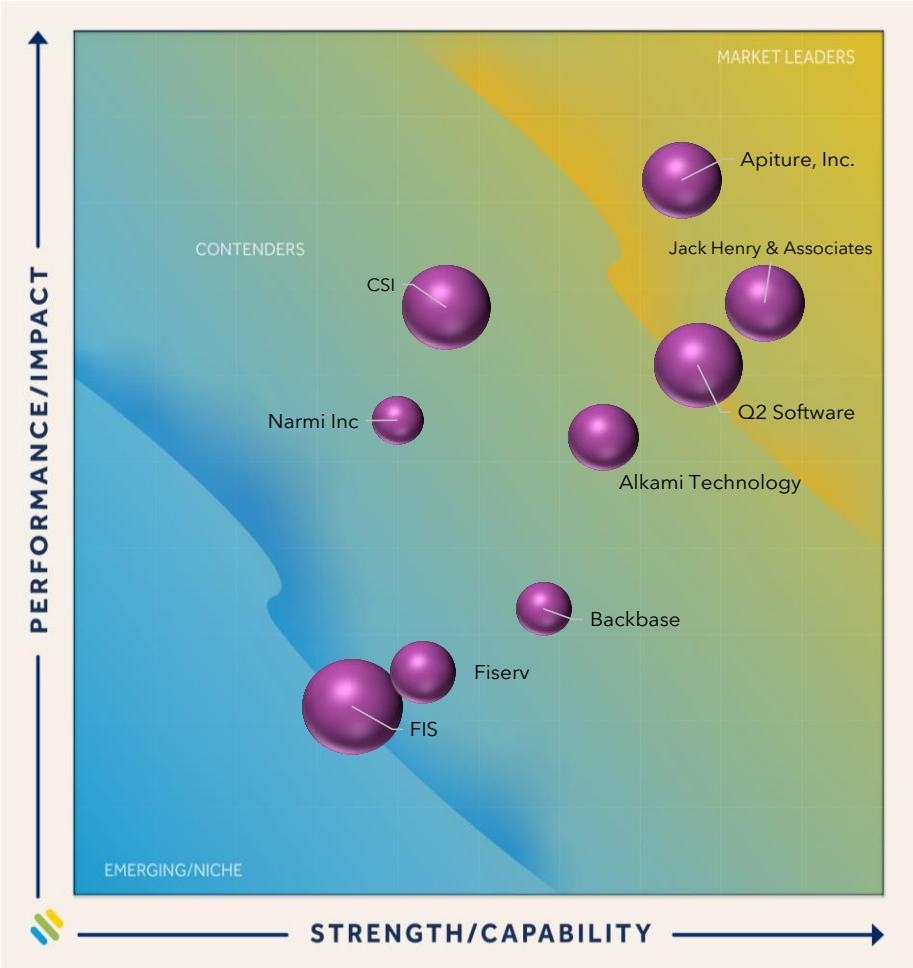
- Building business case for SMB investment due to perceived lower return on investment per customer
- Competing IT priorities and limited budgets
- Inertia and comfort with existing systems and processes
- Concerns about impact of migration on clients
- Fear that small businesses won't pay
- Siloed lines-of-business; SMB banking lost between retail and commercial

### Adoption inhibitors

## Key Functionality Trends

Minimum requirements	Competitive differentiators	Next-generations features
<b>UI</b> <ul style="list-style-type: none"> <li>• Personalized dashboard</li> <li>• Single view across products</li> <li>• Granular entitlements</li> <li>• Alerts and reminders, including fraud</li> <li>• Omnichannel capabilities</li> </ul> <b>Transactional capabilities</b> <ul style="list-style-type: none"> <li>• Zelle for Business</li> <li>• ACH</li> <li>• Basic commercial card</li> </ul> <b>Integration</b> <ul style="list-style-type: none"> <li>• QuickBooks/Xero/NetSuite integration</li> </ul>	<b>UI/embedded analytics</b> <ul style="list-style-type: none"> <li>• Cash forecasting</li> <li>• Money management tools</li> <li>• Scenario planning</li> </ul> <b>Transactional capabilities</b> <ul style="list-style-type: none"> <li>• Payroll functionality</li> <li>• Immediate payments</li> <li>• Virtual cards</li> <li>• Expense management</li> </ul> <b>Integration</b> <ul style="list-style-type: none"> <li>• Industry vertical ERPs</li> <li>• Fintech partnerships</li> <li>• E-commerce platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced, data-driven recommendations</li> <li>• Advanced fintech ecosystem</li> <li>• Industry peer comparisons</li> <li>• Generative AI capabilities</li> </ul>

# Datos Matrix



Bubble size corresponds to U.S. SMB digital banking market penetration.

# Vendor Profiled in This Report

Vendor	Product name	Headquarters	Cloud options	Hosted deployment options
Jack Henry	Banno Business	Monett, Missouri	• Public cloud (GCP)	• None

# Vendors’ Payment Capabilities

Datos Insights Digital Small-Business Banking Assessment	
Capabilities	Jack Henry
Support RTP	●
Support FedNow	●
Support Zelle for Business	◐
Ability to support batch payments in bulk	●
Payment scheduling	●
Request to pay functions	◐
Ability to initiate payment via mobile device	●
Payment wizard/rules-based engine	●
International payment capabilities	●









● Available and live at client site

◐ Available but not yet live at client site

◑ On product roadmap

○ Not available

# Vendors’ Money Management Tools

Datos Insights Digital Small-Business Banking Assessment	
Capabilities	Jack Henry
Support for sweep accounts	
QuickBooks integration	
Integration with other key small-business accounting systems (Autobooks, NetSuite)	
Open APIs for business tool integration	
Forecasting and money management capabilities	
Ability to generate and deliver electronic invoices	
Integrated expense management features	
Commercial card program management for business users	



Available and live at client site



Available but not yet live at client site











On product roadmap





Not available





# Vendors’ User Experience Bells and Whistles

Datos Insights Digital Small-Business Banking Assessment	
Capabilities	Jack Henry
Online knowledge center for customers to view demos, read articles on industry trends	
Create unique experiences and workflows for different personas, industry groups	
FI can roll out the system headless so they may leverage their UI	
Support multi-entity accounts with hierarchies for parent/subsidiary accounts	
Online account opening	
Customizable end-user dashboards	
Single platform to manage accounts for multiple business entities under one owner	
Integrated chat/digital agent support	


 Available and live at client site

 Available but not yet live at client site

 On product roadmap

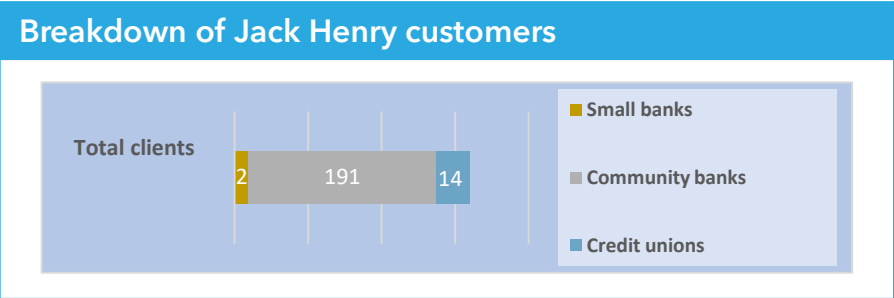
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# Vendor Profile: Jack Henry

Company overview	
	Jack Henry & Associates is a well-rounded technology provider serving community and regional Fis with a wide offering of capabilities.
Founded	1976
Headquarters	Monett, Missouri
Ownership	Public











Sample clients





Product overview	
Product name	Banno Business
Target customer base	Banks and credit unions
Number of U.S. clients	224
Deployment options	Hosted on a public cloud (GCP)

Differentiating features and recent enhancements	Key roadmap focus areas
Single, intuitive cloud-based platform for retail and business banking with full digital capabilities	Native in-app merchant acquiring for clients with real-time accounting capabilities
API-first design with open platform, enabling easy third-party integrations and fintech partnerships without paywalls or additional fees	Unified entitlements process to simplify multibusiness management
Integrated AI capabilities in customer communications with automated responses based on customer service policies	General fraud prevention and risk management capabilities
Granular multi-user entitlements for business customers with easy administration	Access to a fintech marketplace or ecosystem through which FI customers can offer new capabilities to small-business customers
Strong core integration with Jack Henry systems while maintaining an open, API-based approach for non-Jack Henry systems	Payments and cash management tools, including a payment wizard/rules-based engine and integrated expense management

Overall assessment		Datos Insights client outcome/impact analysis		Functionality assessment	
<p>Jack Henry’s Banno Business is a strong offering in the small-business digital banking market, particularly for community banks and credit unions. Though relatively new (GA in early 2024), the platform benefits from Jack Henry’s deep experience in financial technology and builds on a successful consumer banking foundation, providing a seamless experience across both segments. The solution balances functionality and UX by offering robust business capabilities within an intuitive interface. Its cloud-native architecture enables faster innovation via continuous releases, and its open API framework provides institutions the flexibility to integrate with third-party solutions without additional costs or technical barriers.</p> <p>Client references highlight the platform’s ease of use, open architecture, and quality of support as key strengths. Integrated communications capabilities (secure messaging, video chat, screen-sharing) provide personalized digital experiences to help FIs maintain customer relationships and improve operational efficiency. Banno Business is a compelling proposition for FIs seeking to enhance their small-business capabilities while maintaining control over digital strategy and supporting customer engagement and growth objectives</p>		<b>Client satisfaction</b>	Clients are satisfied with Jack Henry’s Banno Business platform, noting the UI and responsive customer service. References rate the management team as “exceptional” and are very satisfied with service and support. Some clients are interested in having more customization capabilities for segment-specific experiences.	UI	
		<b>Implementation success</b>	An implementation team comprising 51 to 100 specialists provides efficient onboarding. References rate the total cost of ownership and ease of implementation as “exceptional.”	Payment capabilities	
		<b>Client outcome/impact</b>	Clients report that Banno Business meets or exceeds expectations in helping attract new clients and retain existing ones. They also highly rate the solution’s impact on their ability to generate fee-based revenue via new cross-sell opportunities. The open architecture and API-first approach are particularly valuable for integration with third-party solutions.	Custom client journeys	
				Business insights/reporting	
				Integration with key ERP and accounting systems	
				Mobile banking capabilities	
				Money management tools	
				Multi-user entitlements	
				Speed of innovation	
				Implementation/support	
Datos Insights strength/capability analysis					
Vendor stability		Client base strength		Product features	
Jack Henry, founded in 1976, is an established, publicly traded vendor (JKHY). Its steady profitability and high recurring revenue (90% to 95%) demonstrate financial stability. Client retention is excellent (over 95%); customers are very unlikely to replace the solution in the next 12 to 24 months.		Jack Henry maintains a strong client base of 224 FIs for its Banno Business platform, largely community banks (191) and credit unions (14). The company adds about 72 new clients per year, with strong growth in the community bank segment.		It has a user-friendly interface that clients consistently rate positively. The platform is particularly strong in UX, ecosystem integration, and multi-user entitlements. Native payment capabilities and secure communications features are robust, while some functionality are in active development on the roadmap.	

## About Datos Insights

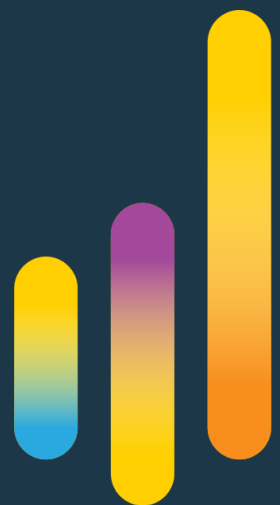
Datos Insights is the advisor of choice to the banking, insurance, securities, and retail technology industries—both the financial institutions and the technology providers who serve them. We help our clients make better technology decisions so they can protect and grow their customers' assets.

Our consulting and thought leadership delivery are set apart by the deep industry knowledge of our advisors, a long history of successful client partnerships, and a foundation of empirical research and data. Our advisors have been in our clients' shoes, so their counsel is rooted in real-world experience, not speculation. We are staffed for deep client partnerships—not for scale—and we offer open-door accessibility. Whenever clients need us, they can reach us.

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