

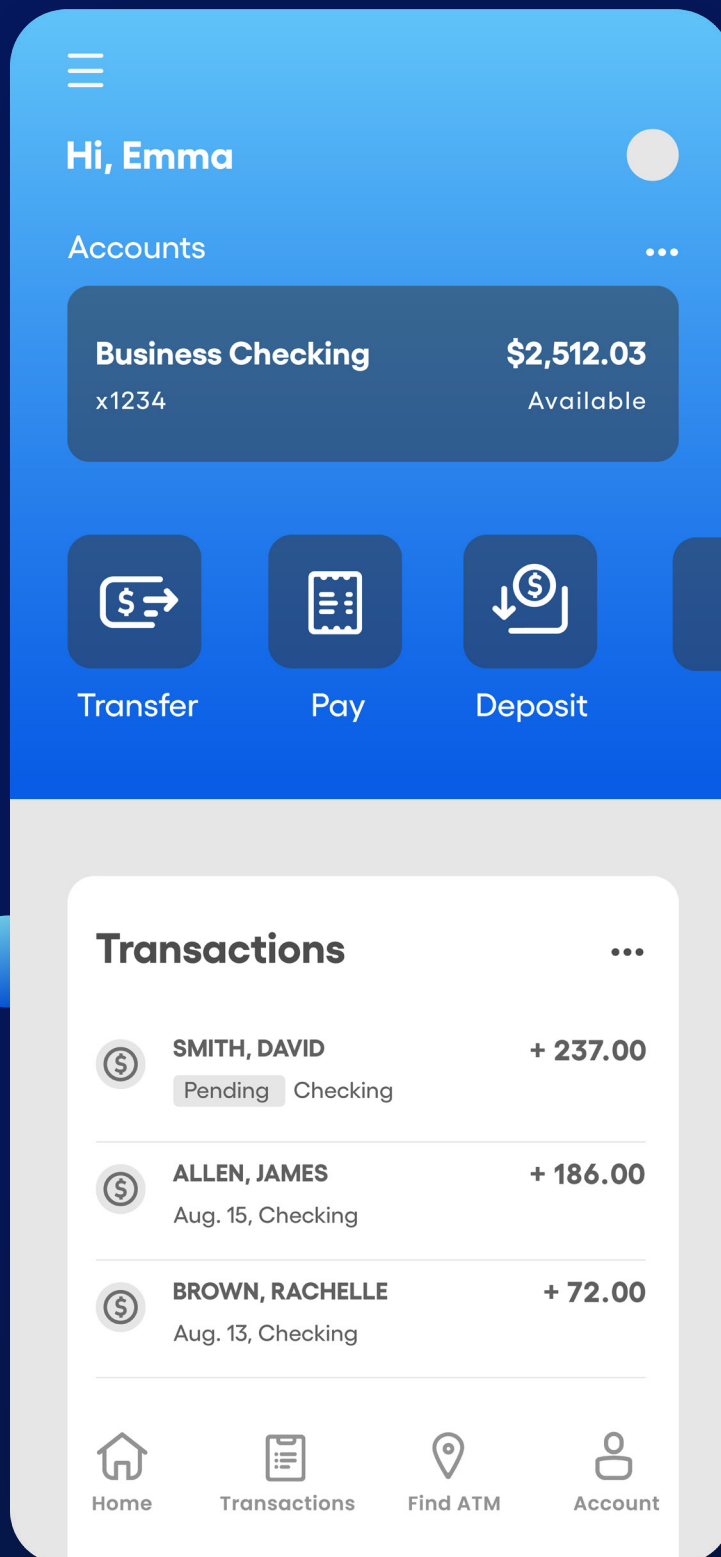
modern payments services

# Jack Henry<sup>™</sup> payments survey for small and micro businesses

What do small and micro business owners and decision makers really want from a payments system? Discover the services you can offer to win the business and loyalty of lucrative business accountholders.

**jack henry**<sup>™</sup>





growth opportunity

# SMB payments marketplace insights

Offering modern integrated payments services to existing or potential small- to medium-sized business (SMB) accountholders gives banks and credit unions a powerful tool in their quest to acquire and effectively serve this enormous and lucrative market segment.

What's more, these services can significantly reduce barriers to financial health in the communities that financial institutions serve.

To help financial institutions understand how potential and existing SMB accountholders think about payments and payment services, Jack Henry fielded a sentiment survey aimed at decision makers at small and micro businesses. This eBook presents the results of this survey.

## Methodology

Jack Henry commissioned original survey research to provide financial institutions with insights into how small and micro businesses perceive payment services and the options available for their business.

## Who was surveyed:

- Considers themselves a small business
- Make or influence payment decisions
- Sell products/services at least in part from a non-permanent location
- Age 18+

## Respondent categories

- Switchers (253) –Uses a digital payment system to accept cards
- First-timers (329) –Does not use a digital payment system (use cash, P2P, invoicing)

serving the SMB market

# a key component of an effective SMB tech ecosystem

A fully realized SMB tech ecosystem is the key to realizing the full benefits of attracting and serving the SMB market for both the accountholders and the financial institution. With a comprehensive tech ecosystem, you can create a hugely compelling proposition with a consolidated financial experience.

## Data Analytics & Insights

- Cash Flow Visualization
- Actionable Data Insights
- Data Led Profiling
- Cross Selling & Up Selling

## Access to Capital

- Small Business Origination
- Decisioning
- Relationship Management
- Pricing/Profitability

## Financial Services

- Account Opening & Onboarding
- Digital Banking
- Core Services

## Payments

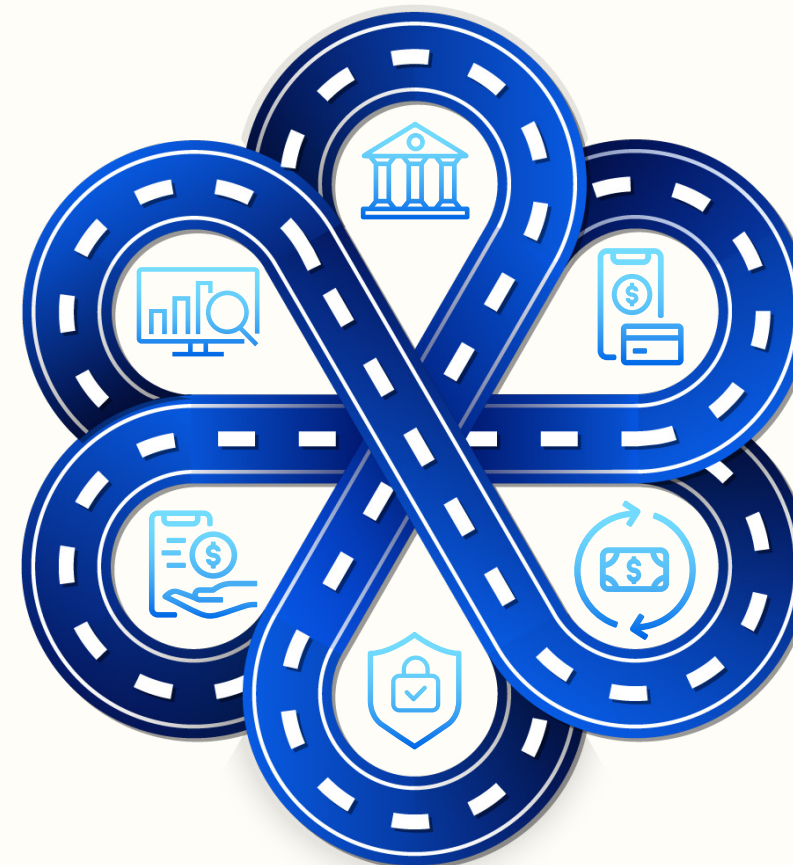
- Card Issuance & Processing
- Merchant Services
- Invoicing
- Remote Deposit Capture
- Payroll Services

## Cash Management

- Cash Flow Management
- Account Receivables & Payables
- Accounting

## Fraud & Security

- Positive Pay
- Multi-Factor Authentication



## Payments Are Key

Many small independent businesses are underserved in today's payments sphere.

Take for example a small business like an independent hair stylist who works through a salon. Currently, they pay a fee for the salon to swipe the customer's card. Or, what about a small retail franchise where a salesperson can take a payment on the spot – staying engaged with the customer instead of walking away to swipe a card? Survey respondents expressed interest in this aspect of payments.

What about small niche home or mobile businesses that currently operate through Zelle® and can't take credit cards?

Some banks are starting to slow down large payments for up to 24 hours due to the level of fraud. SMBs are looking for ways to get instant payments that are still safe from fraud.

Then, what about the business operating on very thin margins with tight cashflows that has to wait for their balances to update, rather than receiving payment instantly? Instant payment receipt was a top consideration for some survey respondents.

This survey explores these types of questions from the perspective of small and micro decision makers. **Getting to these levels of payments services for business accountholders must be a key focus for any financial institution hoping to build a winning tech stack in the SMB space.** This will attract business accountholders and serve them – and thus the wider community – successfully.

# SMBs describe their ideal payments system

To help you understand what small and micro businesses really want from a payments service, we explored what decision makers feel an ideal system would offer. Their answers provide insights into the aspects of a system that would tempt an SMB to switch or acquire access to a new payments system.

## What SMBs Want

When asked about an ideal payments system, SMB decision makers said these attributes were the most important:



### Total Acceptance – 77%

The ability for a payments system to accept all cards and wallets ranked number one overall. However, there was a difference between those currently using a system who ranked it at 84%, and those not yet using a system who ranked it at 69%. This may reflect that those with an existing system experience problems with full acceptance.



### Instant Visibility – 75%

SMBs indicate they want to confirm immediately that the payment has gone through.



### Immediate Transfer – 75%

Likewise, they want immediate access to the funds, which probably reflects a need to manage daily cashflow.

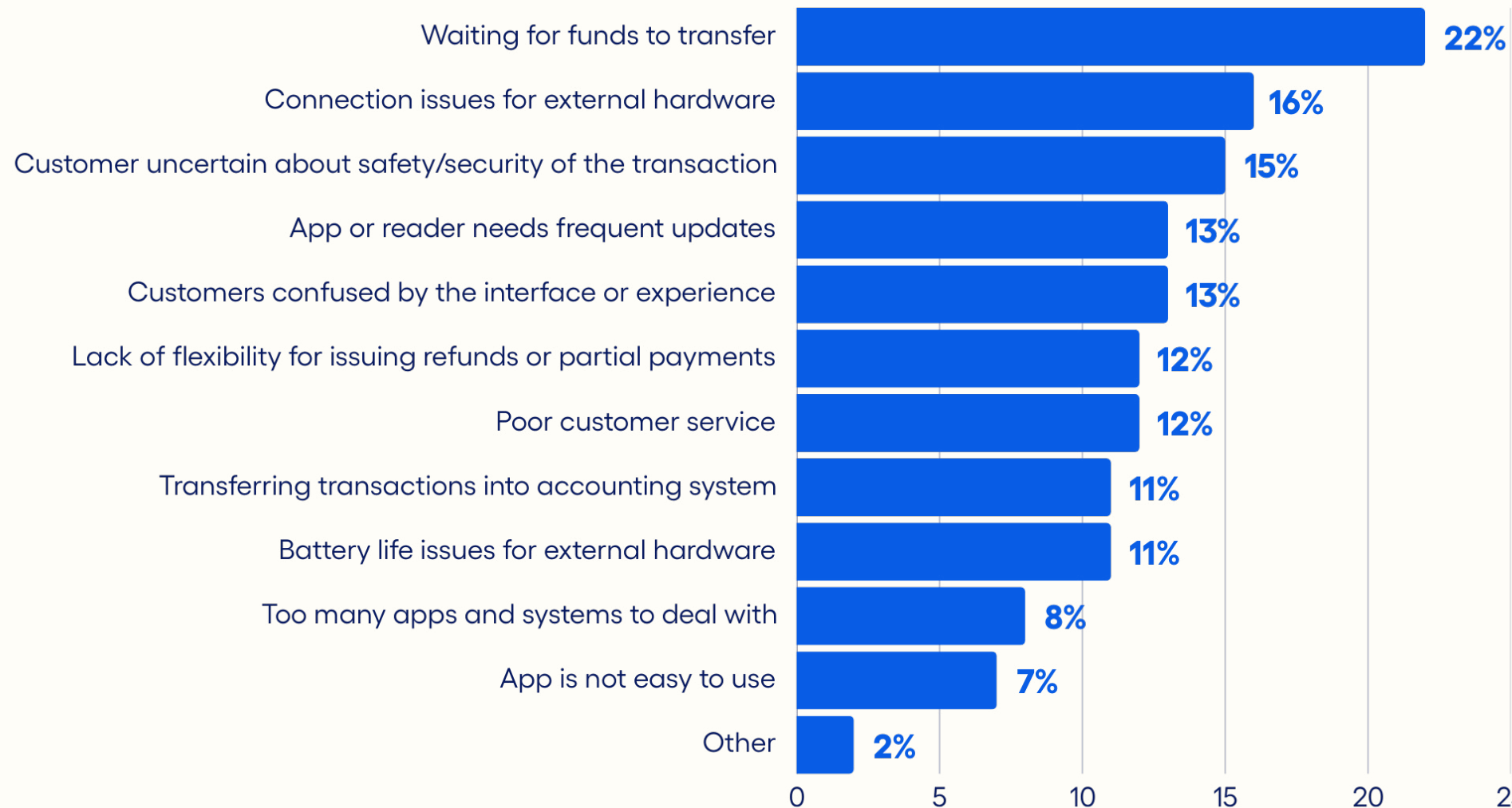


### Easy Set-Up – 74%

Small business owners are busy people, whether they're full-time or running a side-hustle micro business. They want quick easy set-up and operation.



## Challenges SMBs Identified With Their Current Payments System



top challenges

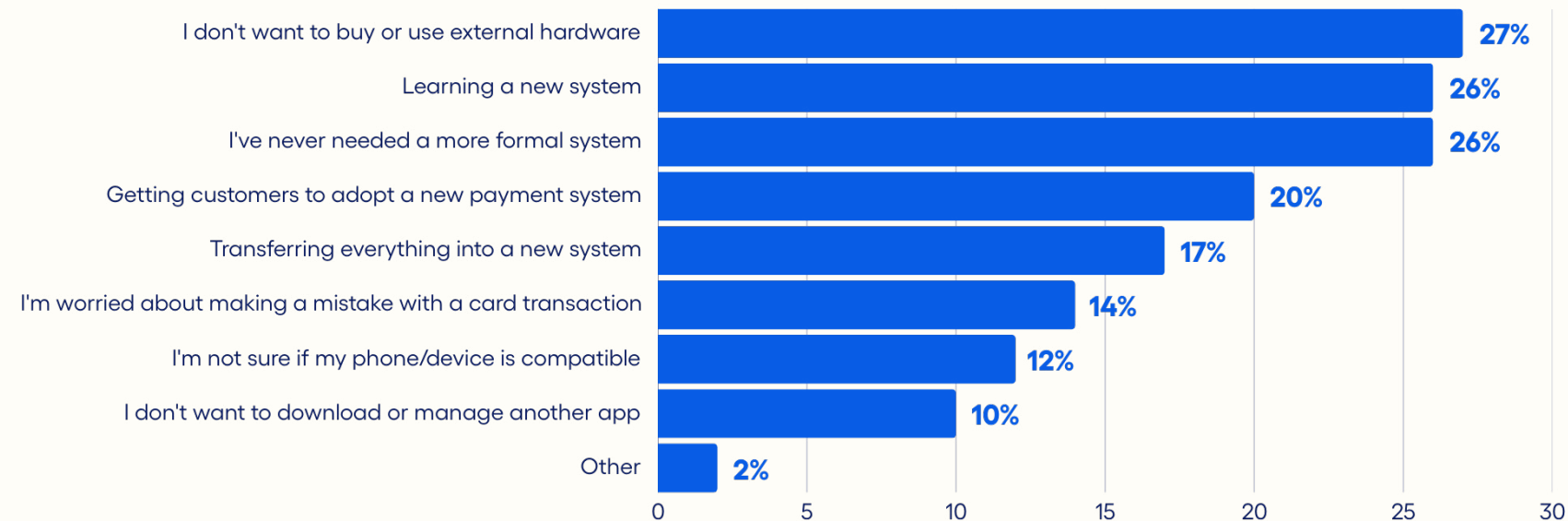
## challenges with current systems

SMBs who currently have a payment system or systems in place indicate several challenges related to these, with waiting for funds and hardware issues ranking among the most significant.

# overcoming barriers to changing payments systems

Respondents listed several barriers to adopting a new system – including a broad-based unwillingness to buy or use external hardware or learn a new system, alongside some not seeing a need for a new formal system at all.

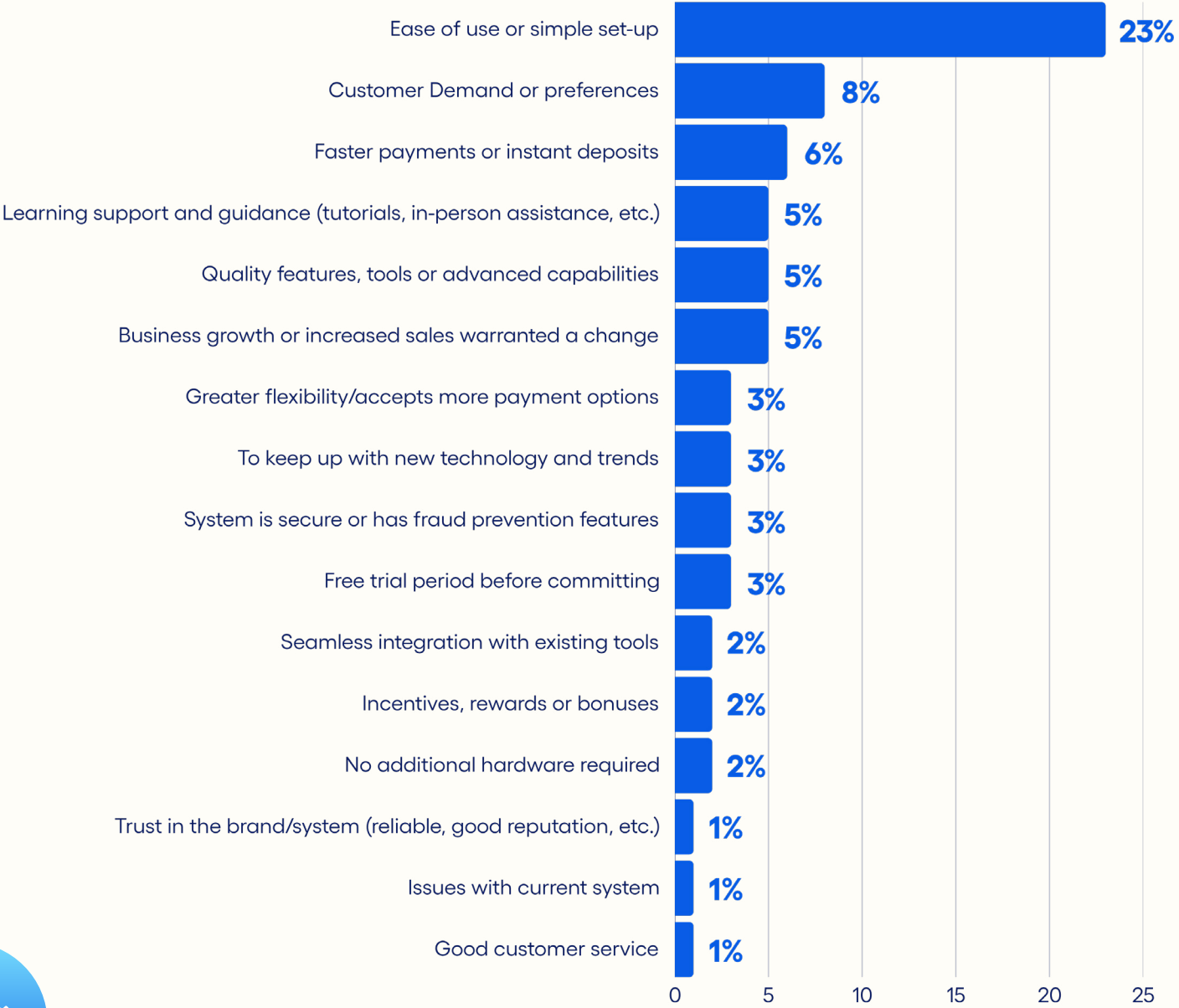
## Barriers to Adopting a New System (Total)



### Likelihood of Switching or Adopting

When decision makers were asked what would make them more likely to consider adopting a new system, ease of use and smooth integration were areas of interest to increase consideration, echoing what they indicated as barriers.

### Factors That Would Increase the Likelihood of Adopting a New System



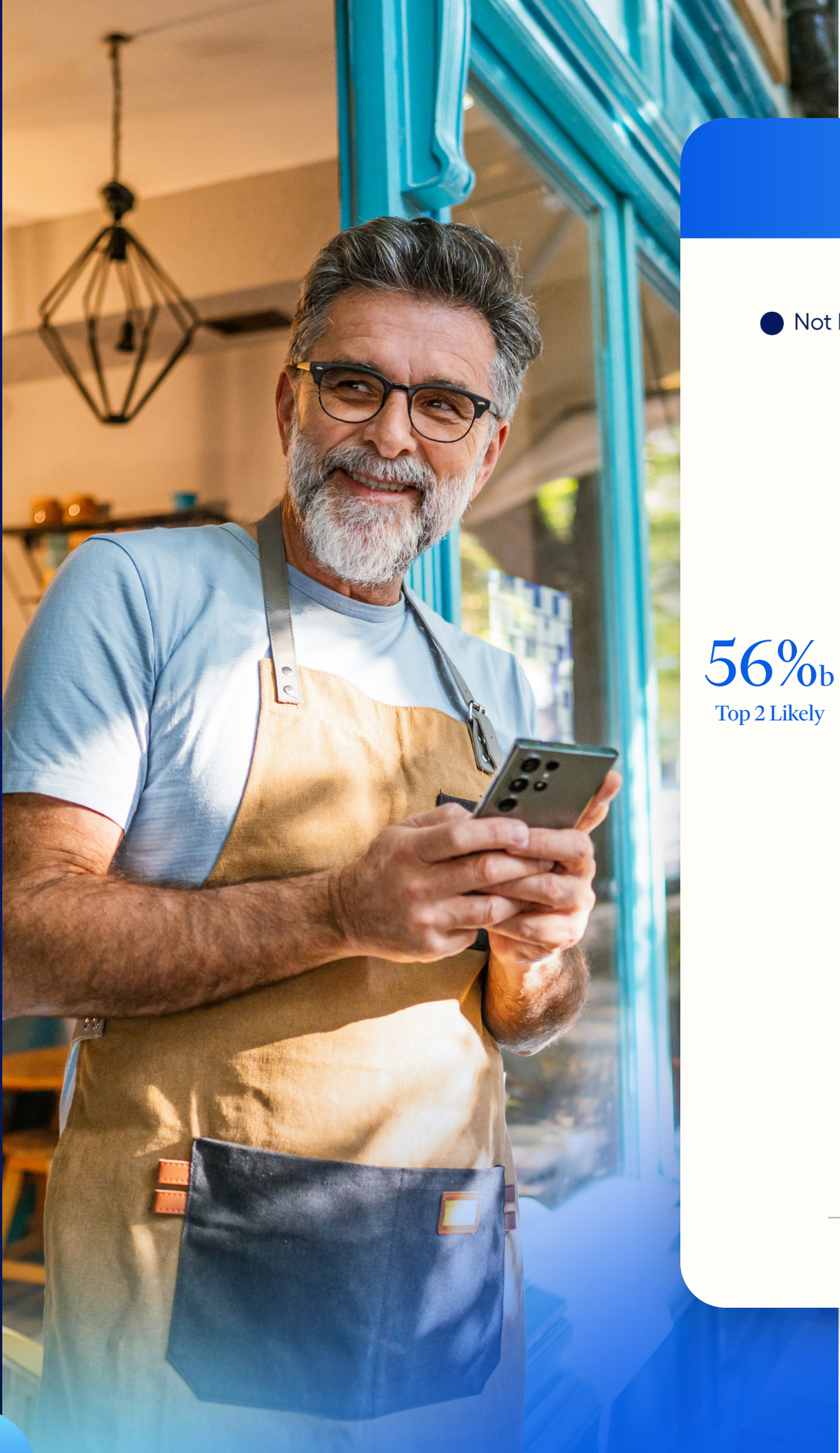
# An Ideal Solution Test Case

When presented with an ideal payments solution that is fully integrated with their local bank or credit union, SMBs showed a significant increase in willingness to switch to such a system.

## The ideal solution includes:

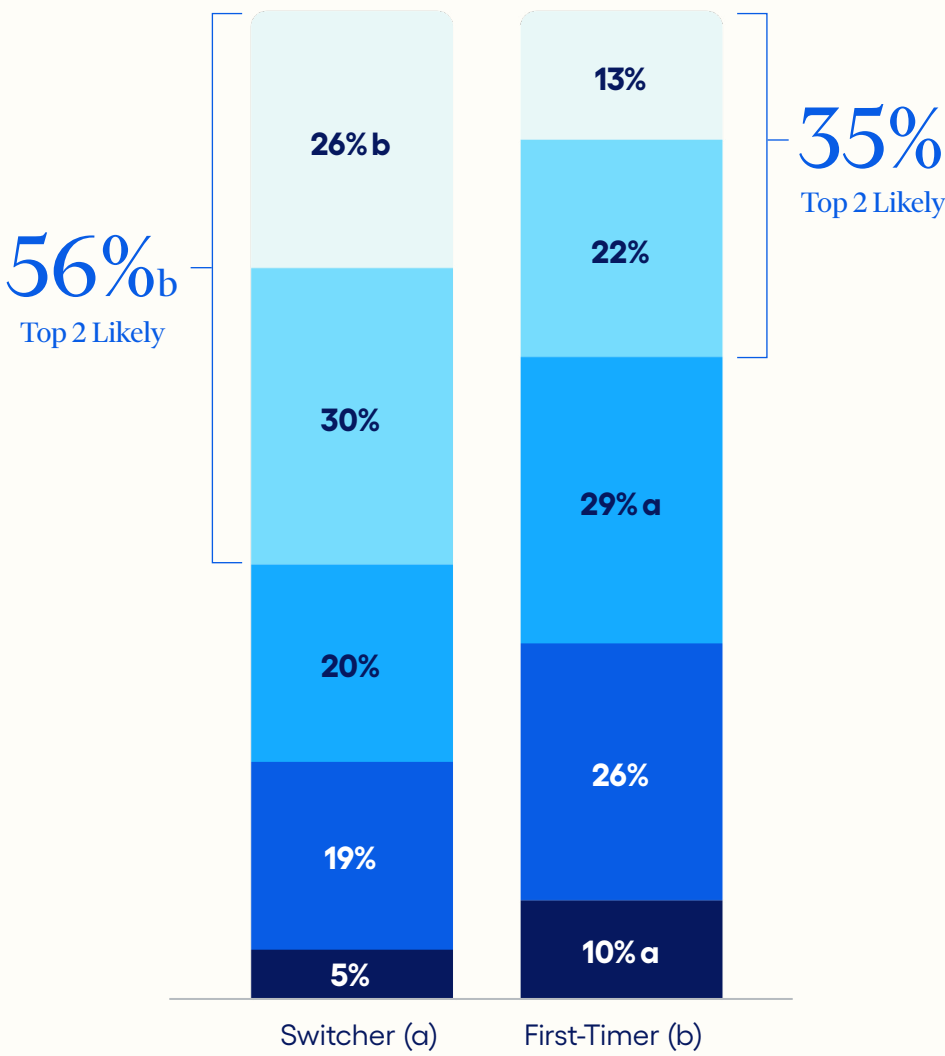
- Instant payments and funds access
- No hardware or new apps to manage
- The ability to take payment wherever business happens
- 24/7 service and support
- Backing by a local bank or credit union
- Automatic payments tracking and matching

After viewing the concept, 56% of switchers and 35% of first-timers indicate they would be very likely or extremely likely to consider a system like the one described above. This likelihood increased from 29% and 25% respectively when considering adoption of a new digital payment system in general.



## By Group

- Not likely at all   ● Somewhat likely   ● Likely  
● Very Likely   ● Extremely likely



The survey further explores which benefits of such a system would resonate most with SMB decision makers. The results provide key insights financial institutions can use when selecting their payments solution and marketing it to small and micro business owners.

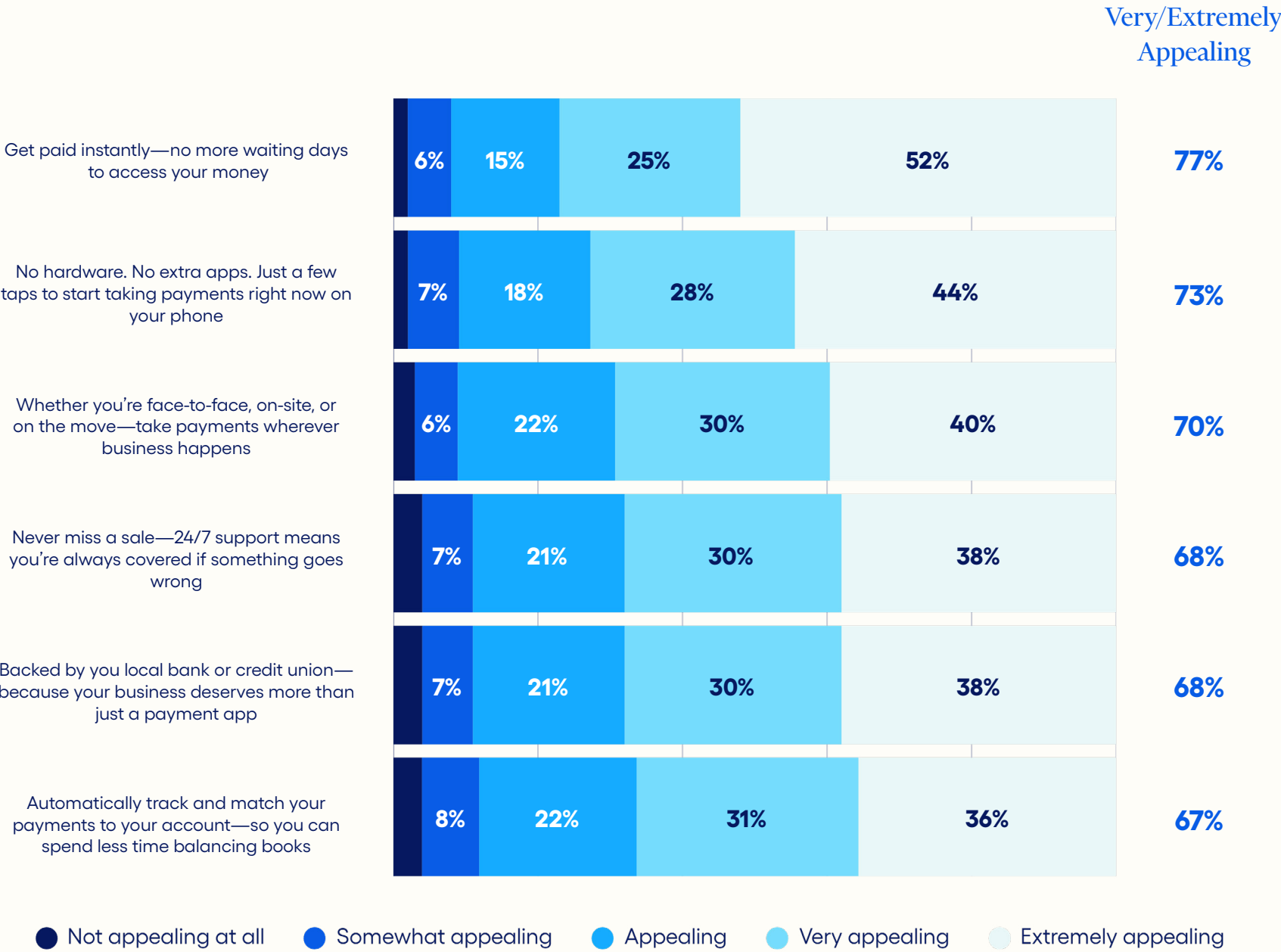
# the bottom line

Enormous growth and revenue opportunities are available for banks and credit unions who offer dedicated services to the SMB marketplace. Not to mention, doing so supports the ultimate mission of breaking down barriers to financial health – by helping SMBs grow in their communities. This creates a win-win-win for your accountholders, your financial institution, and your wider community.

Payment services are a central component of an effective SMB technology ecosystem, which is necessary to deliver on the promise of helping SMBs grow in their communities. This research reveals what financial institutions should look for in a payment system that will resonate with SMB decision makers.



## Appeal of Key Benefits of the Ideal System



## explore solutions

[Discover](#) fully integrated payments solutions that meet these needs for SMBs.

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).



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