

BankDirector.

Breakout 3:
**Growing Small Business
Deposits and Income**

Derik Sutton

Autobooks

#A0BA24

Grow Small Business
Deposits and Income



ABOUT AUTOBOOKS

Founded
2015

Headquarters
Detroit, Michigan

Banking Partners
1200+

Directly integrated
within your financial
institution's existing
online and mobile
banking channels.

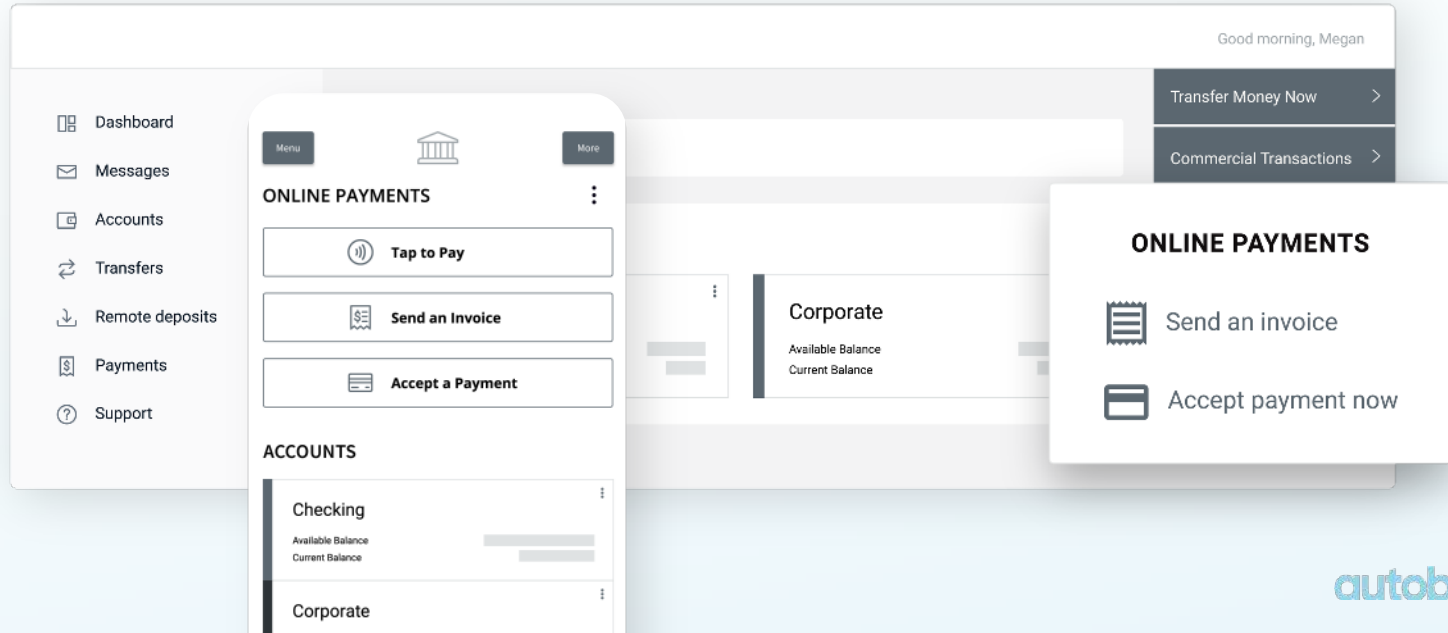
BETTER SERVE AND MONETIZE SMALL BUSINESSES

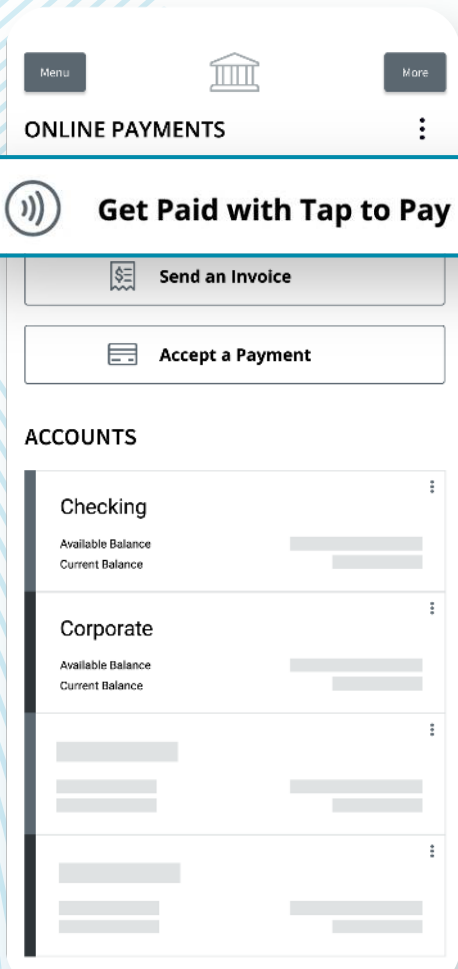
- Digital invoicing
- Online payment acceptance
- Tap to Pay for iPhone*
- Cash flow management
- Automated accounting
- Financial reporting

Why would a
business owner
“**hire**” your financial
institution to help
them get paid?

Enable businesses to get paid directly through your banking channels

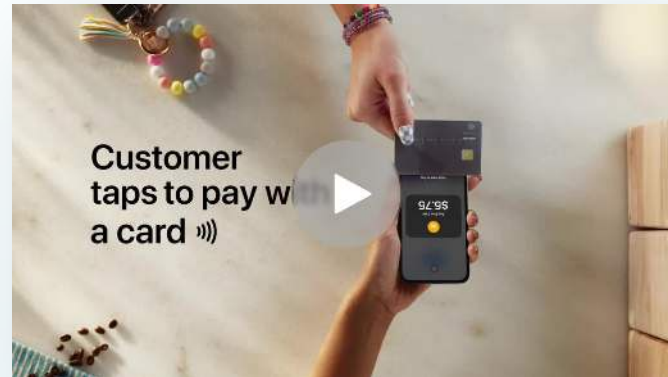
- | Leverage available real estate for increased business functionality.
- | Now your Small Business can get paid digitally right on their home screen!
- | Seamlessly integrate the ability to receive a payment into the mobile experience for Small Businesses.





Tap to Pay on iPhone

NOW AVAILABLE!



[Watch Video →](#)

By helping small businesses get paid (through existing digital banking channels) a financial institution can:



**DIVERSIFY
REVENUE
STREAMS**



**EXPAND
RELATIONSHIP
DEPTH**



**BETTER SERVE
CUSTOMERS IN
NEED**



autobooks.co/partners



How Small Businesses Get Paid

33.2
million

Small Businesses

81% have no paid employees

According to the SBA (2022)

64.6
million

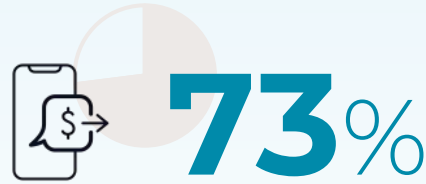
**Independent
Workers**

According to MBO Partners (2022)

Redefining the needs of small business banking.



Small businesses are turning away from accepting cash and check in person, to accepting in-app and online payments via card

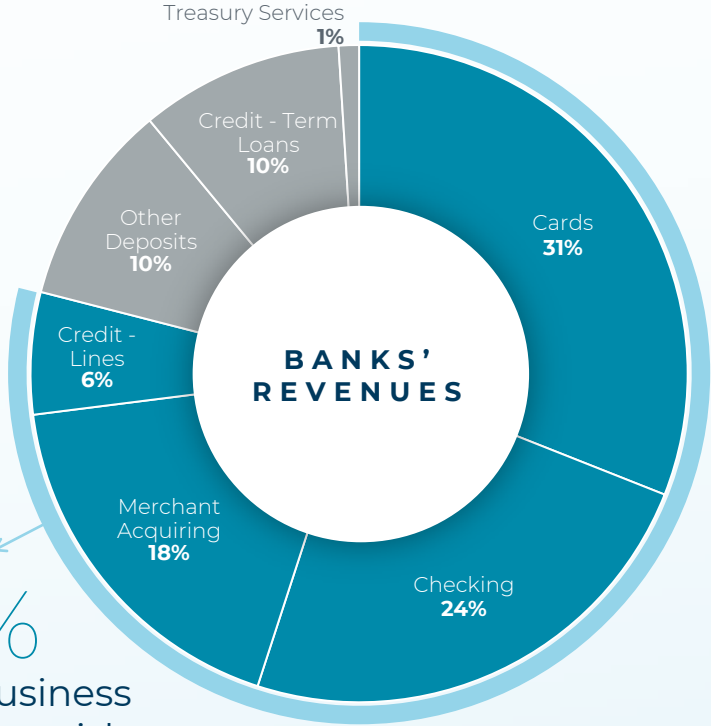
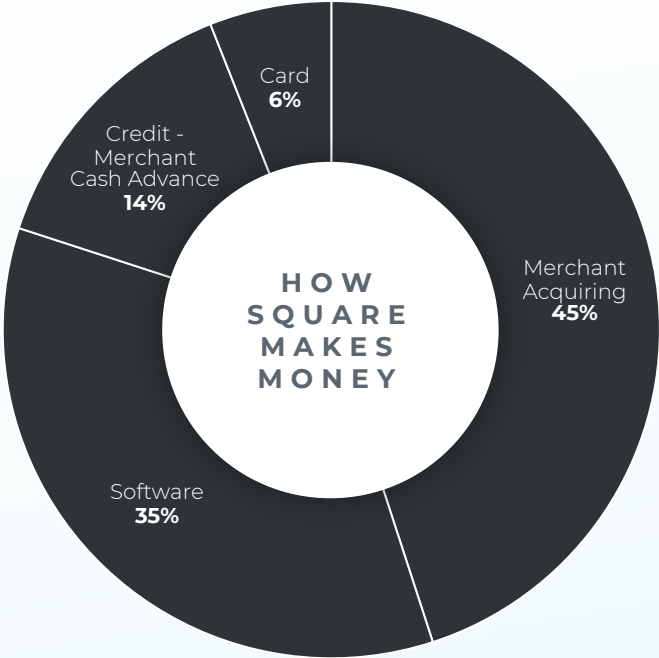


of small businesses (SMBs) said new forms of digital payments **are fundamental to their growth**



plan to shift to using **only digital payments within the next two years**, or are already cashless

Third-party app providers are targeting banks' revenues



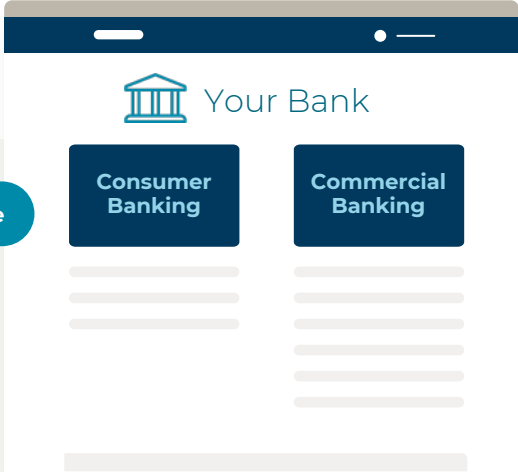
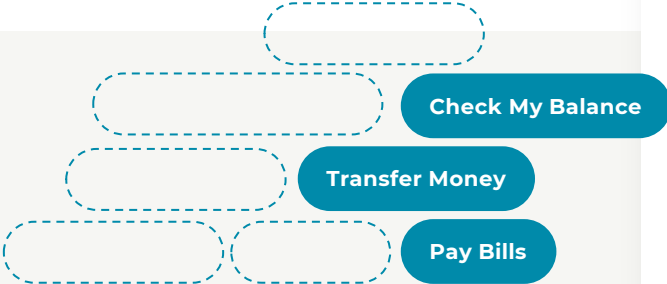
NEARLY **80%**
of small business revenue is at risk

Source: Celent analysis, Oliver Wyman revenue pools, and Square

When a small business visits your bank, what do you offer for digital payment acceptance?



Consumer banking is too basic & lacks payment acceptance tools



Commercial banking is too complex & the payment acceptance tools are not the right fit



Third-party providers offer products that directly compete with your bank

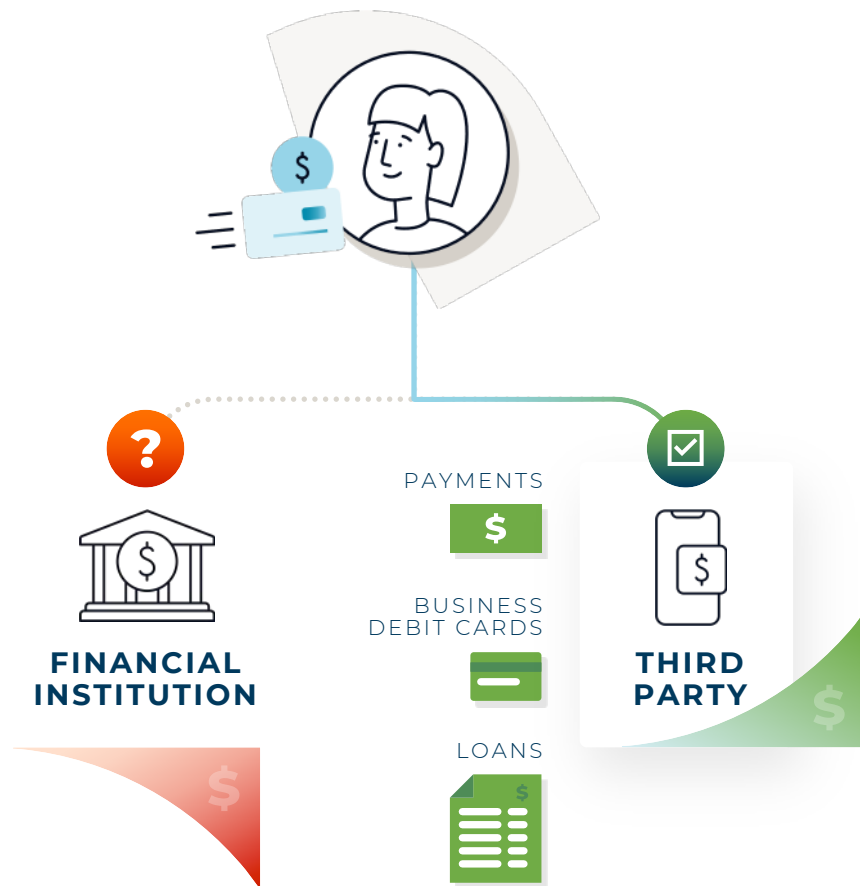
In-app and online payments

direct SMBs to the third-party app, and away from the banking relationship.

Business debit cards

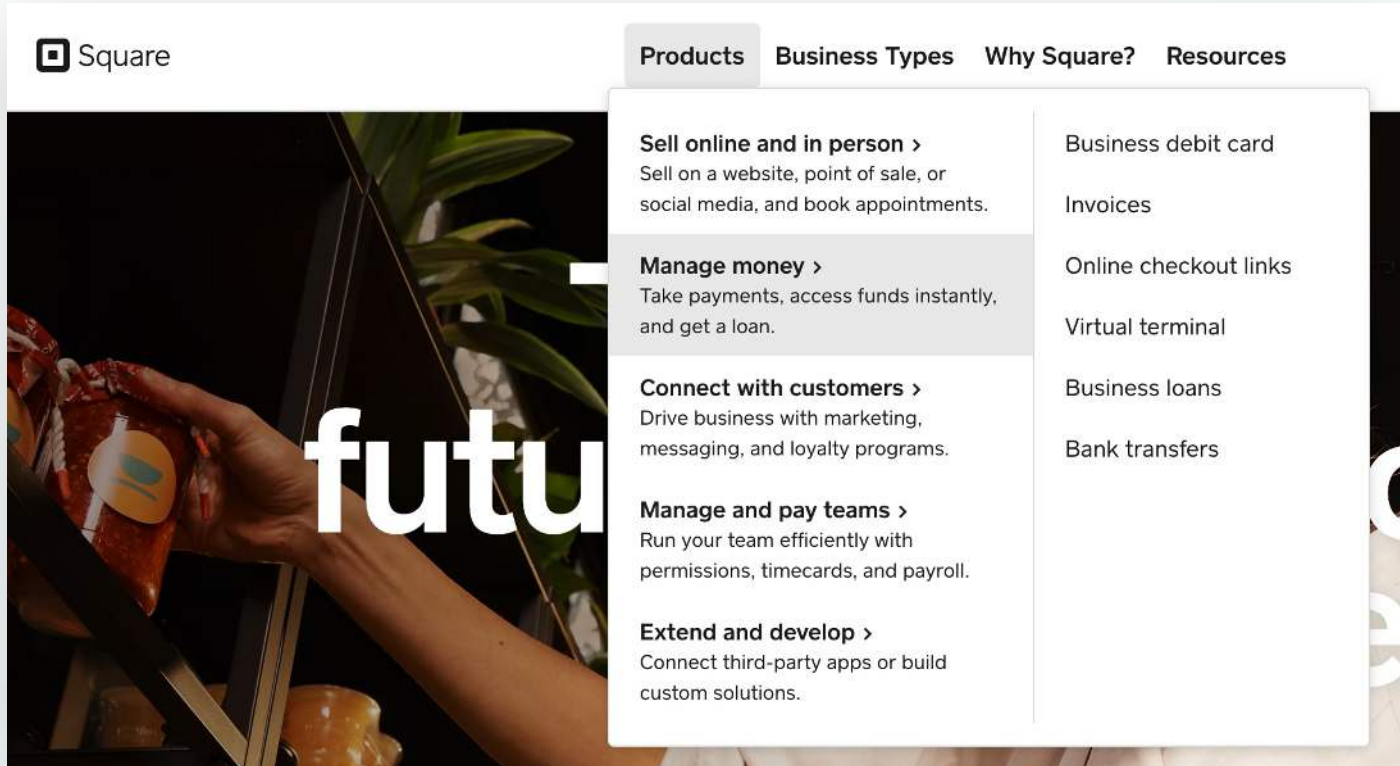
that can be used anywhere, including ATMs.

Online lending that makes it simple for the business owner to apply and receive funds.



Rise of Third-Party Payment Apps

Competitors position their solutions around the value prop of helping a business get paid



Square

Products Business Types Why Square? Resources

Sell online and in person >
Sell on a website, point of sale, or social media, and book appointments.

Manage money >
Take payments, access funds instantly, and get a loan.

Connect with customers >
Drive business with marketing, messaging, and loyalty programs.

Manage and pay teams >
Run your team efficiently with permissions, timecards, and payroll.

Extend and develop >
Connect third-party apps or build custom solutions.

Business debit card

Invoices

Online checkout links

Virtual terminal

Business loans

Bank transfers

future

Do business with Venmo

Accept Venmo payments in your app, online, or in person and tap into our active community of more than 83 million people.

Get a business profile





What's included

Checking and Chase QuickAcceptSM

Low to no fee checking¹

Checking

\$15 or \$0 Monthly Service Fee. There's no Monthly Service Fee when any of the following are met each monthly statement period:

- \$2,000 minimum daily balance
- \$2,000 in purchases on your Chase Ink® Business Card(s)
- \$2,000 in deposits from QuickAcceptSM and/or other eligible Chase Merchant Services transactions
- Link a Chase Private Client CheckingSM account

Built-in card acceptance using the Chase Mobile® app

QuickAcceptSM

No hidden fees or monthly contracts.

- 2.6% + 10 cents for tap, dip, or swipe transactions with the purchase of a QuickAcceptSM contactless mobile card reader
- 3.5% + 10 cents for manual transactions through the Chase Mobile® app⁴

[Learn more about QuickAcceptSM](#)



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

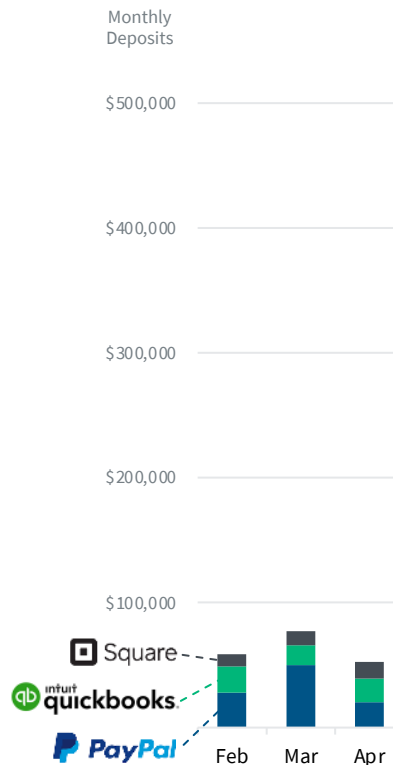
The below analysis represents per account averages based upon total incoming deposit activity from PayPal, Square, and Venmo.

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

Better compete against non-bank providers

An Autobooks banking client measured a cohort of SMBs that were leveraging 3rd party apps for payment acceptance prior to the Autobooks launch.

AUTOBOOKS HELPS RECLAIM DEPOSITS & FEE INCOME



31 SMBs were depositing ~\$80,000 per month prior to Autobooks

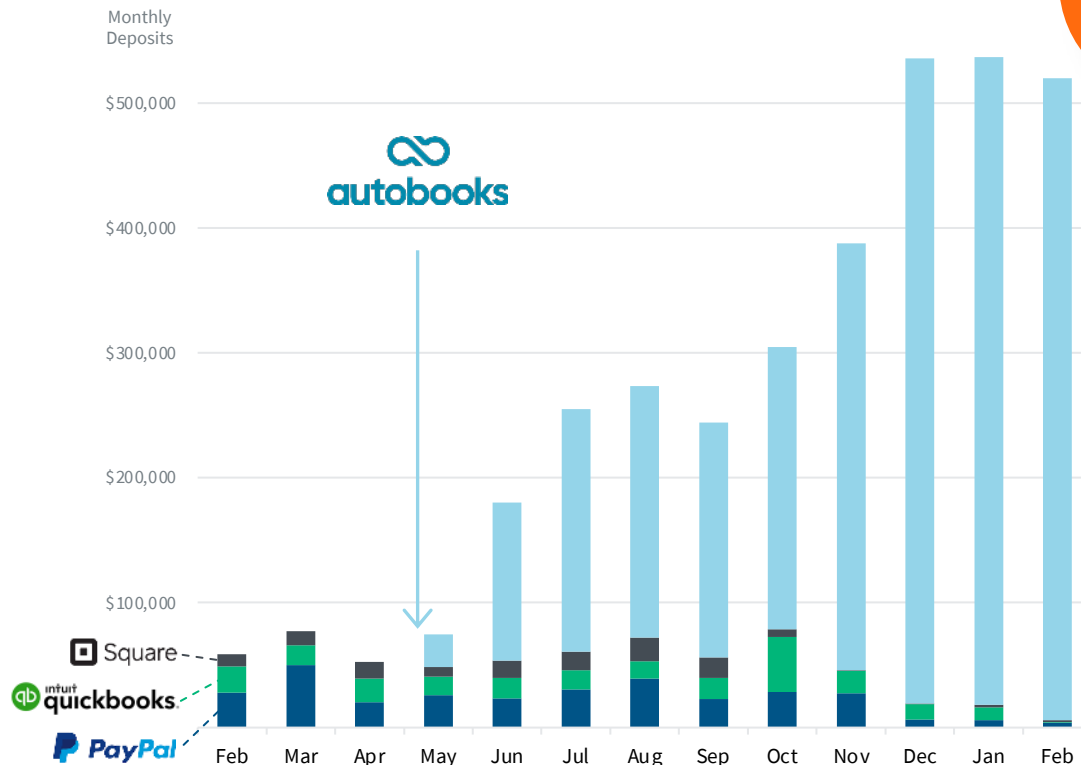
*Bank achieved 3% adoption (308 SMB enrollments) in first ~9 months.
*Cohort (above) represents ~10% of SMBs (31) that utilized Non-Bank Providers + Autobooks for 12 consecutive months.

Better compete against non-bank providers

Autobooks usage **grew monthly deposits** from ~\$80,000 a month, to over \$500,000 a month.

Representing a **525% increase in organic deposit growth**

AUTOBOOKS HELPS RECLAIM DEPOSITS & FEE INCOME



\$3.5M

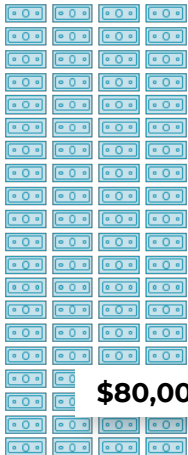
Cumulative
Total Deposits

*Bank achieved 3% adoption (308 SMB enrollments) in first ~9 months.

*Cohort (above) represents ~10% of SMBs (31) that utilized Non-Bank Providers + Autobooks for 12 consecutive months.

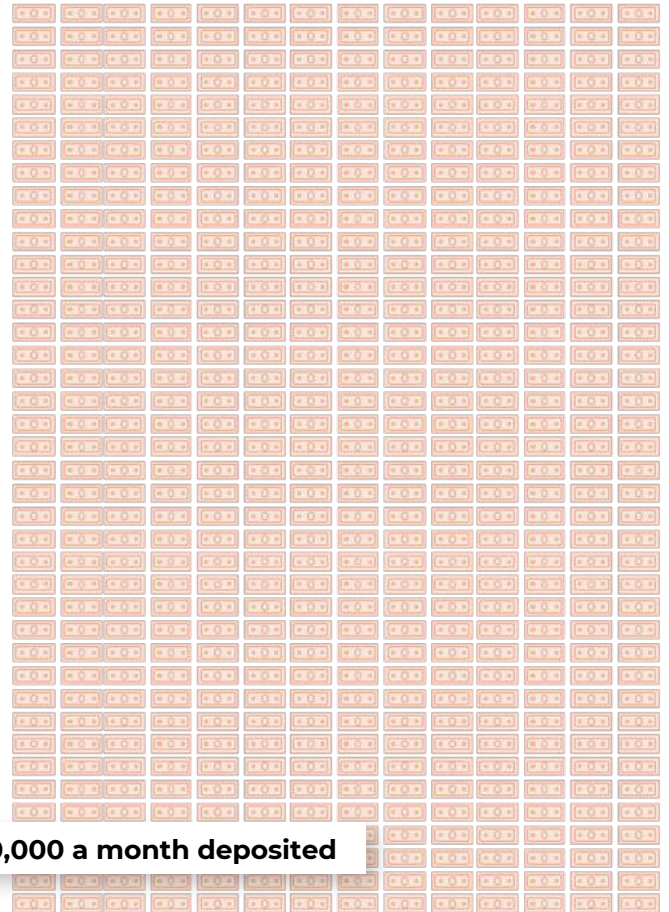
What does that mean?

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



\$80,000 a month deposited

\$7 stayed
in the app



\$580,000 a month deposited

Small Business Data Report

[Access the full report](#)



Leverage our data analysis and insights to (re)shape your strategy, and establish a competitive game plan.



Regain Small Business Primacy

By helping small businesses get paid
(through existing digital banking channels)
a financial institution can:



**DIVERSIFY
REVENUE
STREAMS**



**EXPAND
RELATIONSHIP
DEPTH**



**BETTER SERVE
CUSTOMERS IN
NEED**

AUTOBOOKS FEATURES



Accept digital payments, including all major cards and ACH.



Send professional invoices that can be customized with a few taps.



Get paid directly into checking, where funds are easy to access and track.



Manage cash flow, automate reporting and bookkeeping, and more.

[Learn more](#)

ONLINE INVOICING

The screenshot shows a web-based invoice form for 'HomeService'. At the top left is a home icon and the word 'Invoice'. The company details are: HomeService, 313-555-1234, jen@homeservice.com. There is a 'Customer *' field, a 'Due date *' field with a calendar icon showing '09/23', and a 'Make recurring' toggle switch. Below this is a table with columns for 'Product/Service *', 'Qty *', 'Price *', and 'Amount'. One row is visible with '1' in the Qty column and '\$0.00' in the Price and Amount columns. A 'Description' field is below the table. At the bottom of the table, it says 'Add item' and 'Total: \$0.00'. There is a 'Message' field and a 'Thank you!' section with the text 'Include a personal message with each invoice!'.

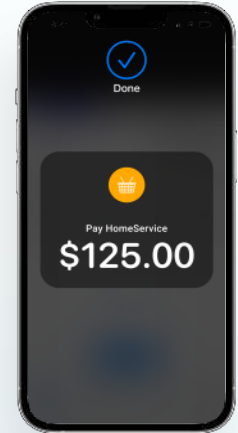
Create and send professional invoices in the same place you do your banking.
[Learn more →](#)

PAYMENT LINK

The screenshot shows a payment link form. It has sections for 'Payment amount' with a 'Payment amount *' field, 'Payment schedule' with a 'One-time payment' dropdown and a 'What's this?' link, and 'Payment method' with radio buttons for 'Credit/Debit' (selected) and 'Bank account'. Below are fields for 'Name on card *', 'Card number *', 'Exp. month *', 'Exp. year *', 'CCV *', and 'Zip code *'. There is a 'Security' section with a checkbox for 'I accept the terms and conditions.' and a green 'Submit payment' button.

Accept card payments or donations, anytime. Online, in-app, or over the phone.
[Learn more →](#)

TAP TO PAY ON IPHONE



Accept in-person, contactless payments with only an iPhone.
[Learn more →](#)

ACCOUNTING, BOOKKEEPING, AND REPORTING

Customer Balances

Sometimes called accounts receivable aging, this report tells you which customers owe you money, ...

Vendor Balances

Sometimes called accounts payable aging, this report tells you which vendors you owe money to, ...

Profit and Loss

Sometimes called the Income Statement, this report subtracts your expenses from your income to give ...

Balance Sheet

This is a snapshot of what your company owns and owes; a summary of your assets, equity, and liabilities.

Fee Detail

This report shows you how much you've paid in fees to Autobooks for each of your transactions through ...

Journal

Sometimes called the General Ledger, this report shows you the accounting impact, the debits and credits, ...

Budget

This report compares your estimated income and expenses to your actual income and expenses. It shows ...

Bank Reconciliation

This report confirms that the cash in your accounting system matches the cash in your bank.

Green Belle Lawn Care
Profit and Loss - April

Search criteria Export

Fiscal year: Period:

Category	Period	Year-to-date
= Revenue		
- Income		
Equipment	\$50.00	\$50.00
Income	\$5.00	\$5.00
Equipment	\$50.00	\$50.00
Income	\$5.00	\$5.00
Total	\$110.00	\$110.00
Total Revenue	\$110.00	\$110.00
- Expense		
- Cost of Goods Sold		
Equipment	\$50.00	\$50.00
Total	\$50.00	\$50.00
- Expense		
Accounting	\$5.00	\$5.00
Total	\$5.00	\$5.00
Total Expense	\$55.00	\$55.00
Net Income	\$55.00	\$55.00

Accounting made easy — for all busy non-accountants.

[Learn more →](#)

Rethink Account Bundling!

1

A merchant account is to a Business...

What direct deposit is to a Consumer.

2

Sending invoices and accepting payments will become as ubiquitous as bill pay and remote deposit capture in < 5 years!

3

Neo / Challenger Banks are fumbling...

Now is the time to 'reclaim' relationships based upon safety, security, trust and proximity.

4

Together, we can ensure banking relationships remain relevant to the next generation of digital customers.

5

Play to our Strengths!

Third-party app providers offer limited services, with poor customer service.

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

\$	X	%	-	%	-	%	=	\$8.45
Average monthly processing volume per active small business account		Transaction processing rate		Estimated transaction processing cost		FI revenue share		Estimated monthly transaction revenue per active small business account

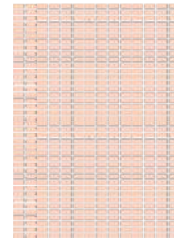
Increase deposits and reduce deposit displacement

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



\$80,000 a month deposited

\$7 stayed in the third-party app

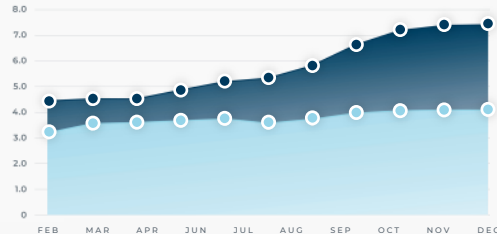


\$580,000 a month not deposited

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

Based upon deposit analysis of 308 accounts that adopted Autobooks

Increase small business primacy, engagement, and loyalty



Products for small business customers with Autobooks

Products for small business customers without Autobooks

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



Stories From the Front Lines

EMERGING

- Auto Repair & Boat Sales
- Retail / Plaza
- Municipalities
- School Districts

SMALL

- Churches
- Dock and Marine Services
- Landscaping / Construction
- Law Firms
- Mini Storage
- Non-profits / Associations
- Property Management

MICRO

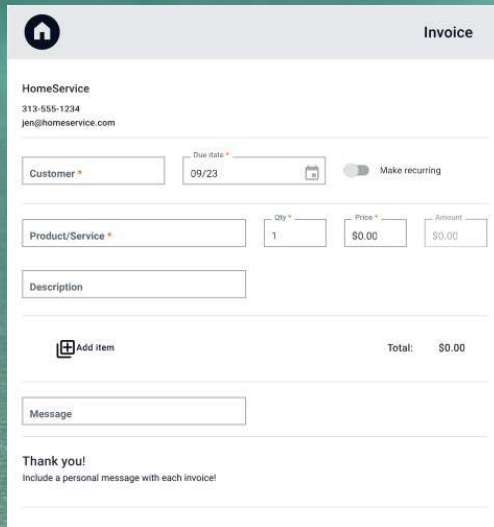
- Architects
- Athletic / Teams
- Cleaning Services
- Contractors
- Consultants
- Freelancers
- Gym / Gymnastics
- Home Appraisal
- Handymen
- Home Health Care
- Pet Services
- Personal Chefs
- Personal Coaches / Trainers
- Photographers
- School / Testing Tutors
- Wellness Coaches / Programs

Small Businesses by Segment that use Autobooks

■ Micro (<1MM) ■ Small (1-10MM) ■ Emerging (10-20MM) ■ Other (20MM+)

Send a line-item digital invoice

to a customer



The screenshot shows a mobile application interface for creating an invoice. At the top, there is a home icon and the word "Invoice". Below this, the business name "HomeService" is displayed along with a phone number "313-555-1234" and an email address "jen@homeservice.com". A "Customer *" field is followed by a "Due date *" field set to "09/23" with a calendar icon, and a "Make recurring" toggle switch. A table with columns for "Product/Service *", "Qty", "Price", and "Amount" contains one row with "1", "\$0.00", and "\$0.00" respectively. Below the table is a "Description" field. An "Add item" button with a plus icon is on the left, and a "Total: \$0.00" label is on the right. A "Message" field is at the bottom, followed by a "Thank you!" section with the instruction "Include a personal message with each invoice!".

- Trades
- Professional services
- Storage facilities
- HOAs
- and more...

Get paid through

a QR code



Jenny's Jewelry

- Retail
- Nonprofits
- Events
- and more...

Text a secure payment link

- Trades
- Gig workers
- Personal services
- and more...

Everything turned out great!

Can I pay with credit card?

Thanks for hiring us! Yes, you can pay by credit card by going to this link:

autobooks.co/pay/modelgarage

Awesome, just paid. That was really easy!

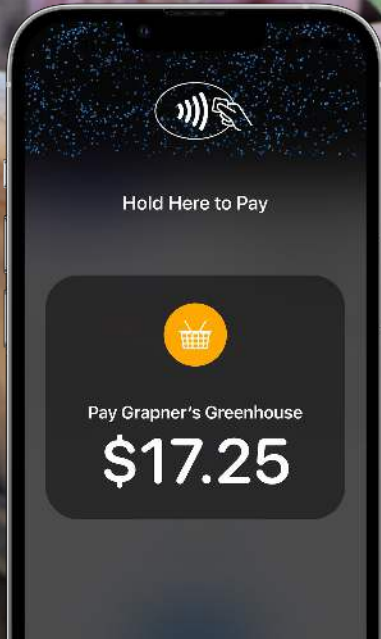


Get paid online through
secure payment link

Click here to pay now

- eCommerce
- Municipalities
- Nonprofits
- Churches
- and more...

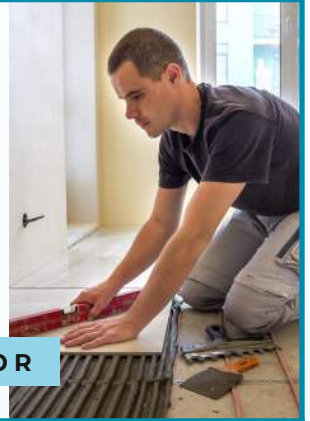
Get paid in-app through Tap to Pay



- Mobile retail
- Art and entertainment
- Trades and gig workers
- and more...

WHAT SMALL BUSINESSES ARE SAYING...

We've been looking for a tool that will allow us to more conveniently accept and manage credit card payments. **It's just been very difficult.** We've had a relationship with Bank of America for years, but they don't really have an easy mechanism outside of like a Square-type terminal to address that need, but **some of their fees are really exorbitant.**



GENERAL CONTRACTOR



Now I'm able to utilize Tap to Pay on iPhone without having to have Square connected on multiple devices. I do graphic design, so **it's great to be able to take a payment right there on the spot** — whether it's at a marketing show, flea market, a pop up, or just at the office.

GRAPHIC DESIGNER



Reporting and Analytics for the Financial Institution

DASHBOARD

Autobooks Enrollment Activity:

Analyzes 127 rows of business data in 2 milliseconds.

Enrolled
15

In the past 7 days, 15 businesses have accepted Autobooks terms and conditions inside the application.

Approved
6 / 15

From the number of businesses that have enrolled in the past 7 days, 6 businesses have enrolled in Autobooks and are approved to process payments.

Activated
0 / 6

From the number of businesses that have enrolled in the past 7 days, 0 businesses have enrolled, processed one or more payments.

STATUS:	FREE PLAN:	FULL PLAN:	TOTAL:
Missing info:	1	0	1
Approved:	0	6	6

Approved

The business has enrolled in Autobooks and is approved to process payments.

REPORTING



Take action knowing that you have the vital, up-to-date information you need — all found at the top of the screen.

[Learn more →](#)

Stay in the loop when it comes to your small business customers.

[Learn more →](#)

Connect with Autobooks

autobooks.co/banking

Let's connect:

Email: FIGrowth@autobooks.co

BankDirector

Breakout 3: Growing Small Business Deposits and Income

Scan here to fill out
the evaluation for
this session.



Derik Sutton

Autobooks

#A0BA24