Bottomline



2027

SMB Payments Productivity Index

A practical framework for helping banks reduce payment friction, deepen SMB relationships, and make the financial side of business easier to run.

Introduction

For the past several years, payments innovation has focused on speed. Real-time payments, digital wallets, embedded finance, and new payment networks have transformed how money moves. But for many small and midsize businesses (SMBs), moving money faster has not solved a more fundamental challenge: finding the time to manage it.

Business owners are still spending hours tracking invoices, reconciling accounts, monitoring for fraud, approving payments, and managing cash flow. The pressure is not simply to move money faster. It is to reduce the work that surrounds it.

That shift is creating a new opportunity for banks. SMBs increasingly expect their financial institution to do more than provide accounts and payment rails. They want tools and experiences that help them operate more efficiently, make better decisions, and spend less time on administrative tasks.

The *2027 SMB Payments Productivity Index* examines how payment experiences are evolving from transaction tools into productivity tools. Drawing on research from organizations including the Federal Reserve and Javelin Strategy & Research, along with insights from industry practitioners and banking experts, this report explores the forces reshaping SMB expectations and the role banks can play in helping businesses save time, improve cash flow visibility, and operate with greater confidence.

How You Can Use This Index

Each area of the index may be used as a practical self-assessment tool, helping banks evaluate whether they are truly making it easier for SMB customers to access the efficient, connected, and productivity-focused experiences they increasingly expect.

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#1 Time to Get Paid

Why It Matters

For decades, banks competed on products, rates, and services. Increasingly, SMBs are evaluating financial institutions based on their ability to help them run their businesses more efficiently.

Getting paid faster is one of the most visible ways banks can deliver measurable value. Delays in accessing funds create cash flow uncertainty, increase administrative work, and limit a business's ability to make timely decisions. Conversely, faster access to working capital improves liquidity, simplifies financial management, and helps businesses operate with greater confidence.

Federal Reserve research shows businesses continue to adopt faster payment services to improve operational efficiency and accelerate access to funds. As faster payments become more widely available, SMB expectations are evolving alongside them. What was once a competitive differentiator is increasingly becoming a baseline expectation.

Institutions that help businesses shorten the time between completing work and receiving funds can position themselves as strategic partners in business growth. Those that cannot may find SMBs looking elsewhere for financial experiences that better align with how modern businesses operate.

What We Measure

The Time to Get Paid dimension evaluates how effectively a bank enables SMB customers to convert business activity into accessible cash. The objective is not simply faster transactions, what matters is reducing friction throughout the payment lifecycle and improving the overall financial productivity of business customers.

This index measures four key indicators:

1 **Real-Time Payment Adoption**

2 **Settlement Speed**

3 **Invoice-to-Payment Cycle Times**

4 **Payment Acceptance Flexibility**

1. Real-Time Payment Adoption

This is the extent to which SMB customers are leveraging instant payment capabilities such as RTP and FedNow. Higher adoption suggests a bank is enabling businesses to access funds faster while supporting emerging customer expectations around payment speed and certainty. Research shows instant payments have become one of the most widely adopted emerging payment methods among businesses.

2. Settlement Speed

From an SMB perspective, payment initiation matters less than cash availability. The ability to provide faster access to funds can directly influence customer satisfaction and engagement.

3. Invoice-to-Payment Cycle Times

Banks that support streamlined receivables processes, digital payment acceptance, and integrated business workflows can help customers shorten payment cycles and improve cash flow visibility.

4. Payment Acceptance Flexibility

Here we measure the range of payment methods available to business customers and their clients, including ACH, cards, digital wallets, account-to-account payments, and emerging payment options. Payment flexibility is increasingly becoming a competitive factor for both SMBs and the financial institutions that serve them. Federal Reserve research found that businesses are already adopting a broad mix of payment methods rather than relying on a single payment rail. According to a 2026 Datos Insights study, 42% of SMBs said more payment options would influence a decision to switch financial institutions, while 41% cited real-time payment capabilities.[7]



What High-Performing Banks Do Differently

Banks that score highly in this area will focus on outcomes rather than payment rails. These banks:

- **Help SMBs accelerate cash availability, not simply transaction processing.**
- **Expand customer choice through a broad range of payment options.**
- **Reduce friction within receivables workflows.**
- **Support faster payment adoption with clear business value propositions.**
- **Position payment services as part of a broader cash flow and financial management strategy.**

Most importantly, they recognize that the race for SMB relationships is increasingly being won through operational value rather than traditional banking products.

As payment speed becomes more common across the industry, competitive advantage will shift toward helping businesses improve financial productivity. The strongest-performing institutions will be those that connect faster payments to broader business outcomes such as improved cash flow, reduced administrative effort, better forecasting, and greater business agility.



Strategic Implication for Banks

Getting paid faster is often the first productivity win an SMB experiences from its financial institution. While faster payment rails continue to expand, speed alone is becoming less of a differentiator. The larger opportunity is helping businesses reduce the time between completing work and having usable cash available to support operations, payroll, purchasing, and growth.

Banks that make it easier for SMBs to accept payments, accelerate settlement, and offer greater payment flexibility can become more deeply embedded in the customer's day-to-day financial operations. As payment experiences improve, the conversation naturally shifts from transaction processing to cash flow management, productivity, and business growth. That creates opportunities to strengthen relationships, increase product adoption, and position the bank as a more strategic partner in helping SMBs operate with confidence.

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#2 Time Spent Managing Payments

Why It Matters

The hidden cost of payments is often the work around the payment. SMB owners and finance teams spend time reviewing invoices, approving payments, tracking payment status, reconciling accounts, resolving exceptions, and moving information between systems. That work may not show up as a line item, but it consumes time the business could use elsewhere.

The Federal Reserve's 2024 Business Payments Study found that businesses are using faster payments to support cash flow and operational needs, including gaining "more time to send" payments and more time to realize discounts.[1] PNC makes a similar point, stating that today's payment systems are designed to improve "cash flow, efficiency, productivity, data collection and, ultimately, profits."[3]

For banks, this message couldn't be more clear. SMBs are not only looking for faster transaction execution, they are looking for less work. If the bank's digital experience still requires customers to manage payments across spreadsheets, accounting tools, portals, email approvals, and manual matching, another provider has an opening.

What We Measure

The Time Spent Managing Payments parameter evaluates how effectively a bank helps SMB customers reduce administrative effort across the payment lifecycle.

This index measures four key indicators:

1 **Payments Automation**

2 **Reconciliation Effort**

3 **Approval Workflows**

4 **Integration with Accounting Software**

1. Federal Reserve Banks. (2024). 2024 Report on Payments: Findings from the 2023 Small Business Credit Survey. https://www.fedsmallbusiness.org/reports/survey/2024/2024-report-on-payments
2. Citizens. (2025). 2025 Payment Trends Report: Solving for Speed and Security in Payments. https://www.citizensbank.com/corporate-finance/insights/payment-trends-2025.aspx

1. Payments Automation

Here we look at whether routine payment actions can be automated, including recurring payments, scheduled payments, exception routing, and standard approvals.

2. Reconciliation Effort

How much manual work is required by the business to match payments, invoices, remittance data, and accounting records? For many SMBs, reconciliation remains one of the most time-consuming parts of the payment process. The Federal Reserve Bank of Atlanta notes that checks continue to appeal to some businesses because remittance information often accompanies the payment, making it easier to match invoices and update accounting records. At the same time, the report observes that digital payment formats can vary and, in some cases, require manual interpretation.[4] For banks, simply providing digital payment options is no longer enough. Businesses need digital payment experiences that deliver rich remittance data, support automated matching, and integrate seamlessly with accounting and ERP systems. The more banks can reduce the effort required to reconcile payments, the easier it becomes for SMBs to move away from paper-based processes and realize the full productivity benefits of digital payments.

3. Approval Workflows

This indicator will measure whether digital approvals are simple, controlled, and right-sized for SMB teams. Approval workflows should reduce delay without weakening controls.

4. Integration with Accounting Software

Payment activity should connect with the systems SMBs already use to manage invoices, receivables, reporting, and reconciliation.



What High-Performing Banks Do Differently

High-performing banks look at payments as workflows, not transactions. They help SMBs reduce repetitive work, streamline approvals, connect payment activity to accounting tools, and reduce the need to manually reconcile information across systems. They understand that a payment experience that saves time can be just as valuable as a payment experience that moves funds quickly.

Javelin's 2025 Small Business Digital Banking Vendor Scorecard coverage reinforces this direction. Ian Benton, head of small business banking at Javelin, said the industry is seeing "updated platforms with refreshed payments UX, integrated invoicing tools, fully digital account opening flows, and actionable cash-flow insights, all designed to position a bank at the center of small business customers' day-to-day operations."



Strategic Implication for Banks

If a bank can reduce the amount of time an SMB spends managing payments, the bank becomes more useful. If the bank can also connect payments to invoicing, approvals, reporting, and accounting workflows, the bank becomes harder to replace. This is where the bank starts to shift from just a vendor to a strategic partner.

3. PNC Bank. (2025, February 12). 2025 payments outlook: What every small business should expect.

4. Federal Reserve Bank of Atlanta. (2026, January 12). Why do businesses still use paper checks?

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#3 Cash Flow Visibility

Why It Matters

Getting paid quickly matters. Knowing what cash is available, what is coming in, what is going out, and what might create pressure next week matters just as much. Yet, many SMBs do not have formal treasury teams. Cash flow management often sits with the owner, controller, office manager, or a small finance team balancing day-to-day demands. Hiring, purchasing, debt repayment, supplier negotiations, and investment decisions all become harder (and slower).

Javelin identifies cash-flow tools as one of the defining trends in small-business banking, predicting that cash-flow tools would reach at least 50% of the small-business market and warning that banks that fail to catch up risk losing daily engagement to nonbank technology companies.[6]

For banks, cash flow visibility is a powerful tool for engagement. It gives the bank a reason to be part of the customer's daily routine, not just a destination for periodic account checks.

What We Measure

The Cash Flow Visibility dimension evaluates how effectively a bank helps SMB customers understand, monitor, and anticipate cash movement.

This index measures four key indicators:

1 **Real-Time Balance Visibility**

2 **Incoming Payment Predictability**

3 **Forecasting Confidence**

4 **Actionable Alerts and Insights**

1. Real-Time Balance Visibility

SMBs need an accurate, up-to-date view of their available cash in order to make confident financial decisions. Banks should provide real-time visibility into balances, incoming funds, and available liquidity across accounts, eliminating the need for businesses to piece together information from multiple sources.

2. Incoming Payment Predictability

Understanding when money will arrive is often just as important as knowing how much is coming. This area measures how well banks help SMBs track expected payments, view payment status, and anticipate the timing of incoming funds so they can manage working capital with greater confidence.

3. Forecasting Confidence

Cash flow planning should not require spreadsheets, guesswork, or manual calculations. Banks should equip SMBs with tools and insights that support short-term forecasting, helping business owners identify potential shortfalls, plan for upcoming obligations, and make better-informed decisions about growth and spending.

4. Actionable Alerts and Insights

Important financial information should reach businesses before it becomes a problem. Banks should provide timely alerts and meaningful insights related to balance changes, unusual activity, upcoming payments, and potential cash flow risks, enabling SMBs to act before minor issues become larger disruptions.



What High-Performing Banks Do Differently

High-performing banks pull payments, balances, receivables, and reporting into a more connected view. They help SMBs understand what happened, what is happening, and what may happen next. The most sought after experiences do not require SMBs to export data, log into five systems, or wait for month-end reporting to understand their position. They bring financial visibility into the digital banking experience in a way that is usable for smaller teams.



Strategic Implication for Banks

Cash flow visibility gives banks a natural reason to spend more time within the banking system. A bank that helps SMBs manage cash flow becomes part of everyday decision-making. That creates opportunities to deepen the relationship, support better conversations with bankers, and identify needs earlier.

This is especially important as nonbank providers continue to build tools around invoicing, accounting, payroll, and expense management. If the bank does not provide visibility, SMB customers will find it elsewhere.

5. Javelin Strategy & Research. (2024, November 7). 2025 Small Business Banking Trends..

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#4 Fraud and Risk Efficiency

Why It Matters

Fraud is usually discussed as a security and reputational problem. For SMBs, it is also a productivity problem. Every suspicious transaction, exception review, payment hold, account compromise, or fraud investigation consumes time. Smaller businesses often do not have dedicated fraud teams, making the operational impact even more disruptive. Citizens' 2025 Payment Trends Report found that fraud remains a concern for most businesses and that smaller businesses appear to suffer from fraud more frequently than larger businesses.[2]

For banks, fraud efficiency matters because trust is a central part of the SMB relationship. A bank that makes fraud protection easier to manage creates value that extends far beyond security.

What We Measure

The Fraud and Risk Efficiency dimension evaluates how effectively a bank helps SMB customers protect payments without creating unnecessary friction.

This index measures four key indicators:

1 **Fraud Prevention Automation**

2 **Exception Management Effort**

3 **Payment Control Design**

4 **Customer Confidence**

1. Fraud Prevention Automation

Fraud controls should help businesses identify and address potential threats without creating additional work for already stretched teams. Banks should provide automated monitoring, intelligent detection, and proactive risk controls that surface suspicious activity early while reducing the need for manual reviews and intervention. Banks should also monitor payment activity upstream, before funds ever leave the account, so suspicious payments can be stopped before they disrupt cash flow or force an SMB to spend time and resources on recovery.

2. Exception Management Effort

Managing payment exceptions should be straightforward and efficient. Banks should make it easy for SMBs to review, approve, reject, and investigate exceptions through intuitive workflows that reduce administrative burden and help issues get resolved more quickly.

"Fraud is a concern for most, and smaller businesses appear to suffer from fraud more frequently, compared to larger businesses."[2]

3. Payment Control Design

Payment controls should reflect how SMBs actually operate, not how large enterprises manage treasury functions. This indicator will measure how well banks deliver flexible entitlements, approval rules, transaction limits, and alerting capabilities that provide strong security while remaining simple enough for smaller teams to manage effectively.

4. Customer Confidence

Businesses should feel confident adopting faster and more digital payment methods without taking on additional operational risk. Banks should combine modern payment capabilities with clear visibility, strong fraud protections, and easy-to-use controls that help SMBs embrace innovation while maintaining trust in their payment processes.



What High-Performing Banks Do Differently

High-performing banks do not treat fraud controls as separate from the digital banking experience. They embed risk management into payment workflows so SMBs can act quickly without moving across systems or relying on manual processes. They also help customers understand that slower does not necessarily mean safer. Checks may feel familiar, but they carry their own risks and administrative burden. The bank's role is to help SMBs move toward safer, more efficient payment behavior without making the experience feel overly complex. The strongest approach begins before payment execution, using behavioral and transaction monitoring to identify risk early and prevent avoidable losses before recovery becomes necessary.



Strategic Implication for Banks

Fraud protection can be a growth driver when it gives SMBs the push to adopt digital payments. Banks that combine modern payment capabilities with practical controls can help customers move away from high-friction, paper-heavy processes. That strengthens trust, improves the payment experience, and helps keep more activity inside the bank.

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#5 Embedded Financial Productivity

Why It Matters

SMBs almost always think in terms of what needs to be done. Send an invoice. Pay a supplier. Check cash. Approve payroll. Reconcile receipts. Confirm an account. Review an exception. Update the books. If each task requires a different login, a different data source, or a different provider, productivity suffers. More importantly for banks, the customer's financial activity begins to move away from the bank.

Visa notes that digital payments operating without traditional card credentials are gaining traction through real-time payments, account-to-account transfers, open banking payments, and local wallets. The same research states that these alternatives may help merchants execute more transactions, streamline operations for financial institutions, and improve the customer experience.[6]

Financial activity is increasingly happening inside business software, accounting systems, commerce platforms, and industry-specific tools. If banks are not present in those workflows, they risk losing influence over the moments that shape balances, payment behavior, and customer loyalty.

What We Measure

The Embedded Financial Productivity dimension evaluates how effectively a bank helps SMB financial activity fit into the systems and workflows businesses already use.

This index measures four key indicators:

1 **Accounting and ERP Connectivity**

2 **Workflow Integration**

3 **Data Portability and Usability**

4 **Banking Experience Continuity**

6. Visa. (2025). What's influencing payments in 2025: 10 recommendations on business strategy.

1. Accounting and ERP Connectivity

Banking data should not live in isolation from the systems SMBs use to run their business. How well are banks providing seamless connectivity between payment activity, account information, accounting platforms, and ERP systems, to reduce manual data entry, improve accuracy, and create a more complete financial view?

2. Workflow Integration

Financial tasks should fit naturally into the way businesses already operate. Banks should enable payment initiation, approvals, receivables management, and reporting to occur within or alongside existing business workflows, minimizing the need to switch between applications or duplicate effort.

3. Data Portability and Usability

Transaction data is only valuable if it can be easily used and acted upon. Banks should provide payment, remittance, and reporting data in standardized, structured formats that make it easy to import, analyze, reconcile, and share across business systems without extensive manual cleanup.

4. Banking Experience Continuity

SMBs should be able to move seamlessly between payments, reporting, cash flow management, fraud monitoring, and other financial activities without losing context. Banks should create connected digital experiences that bring these capabilities together, reducing friction and helping businesses manage their finances from a single source of truth.

"New alternative payment methods have the potential to offer faster, more secure and cost-effective solutions, which may help merchants execute more transactions, streamline operations for financial institutions, and enhance the overall customer experience."[2]



What High-Performing Banks Do Differently

High-performing banks recognize that the digital banking portal is no longer the only front door to the relationship. They make banking easier to access from the workflows SMBs already use. They connect payments to receivables, fraud controls, reporting, and cash flow views. They build experiences that keep the bank relevant, even as the customer's operating environment becomes more complex.



Strategic Implication for Banks

Embedded productivity is about defending relationship primacy. The bank does not need to own every business application. But it does need to stay connected to the financial moments that matter. If payments, receivables, cash flow forecasting, and fraud workflows happen outside the bank, the relationship becomes easier to displace.

Cross-Index Key Takeaways

1

SMBs are not asking for more complexity

The strongest point coming from across the research is that SMBs want financial work to become easier. Faster payments, digital wallets, APIs, and AI matter most when they reduce friction. They matter less when they add another workflow to manage.

Relationship Opportunity

In fact, Datos research found that 85% of SMBs that currently use fintech solutions would prefer to obtain those same capabilities from their primary financial institution if the bank offered them. The issue is not a desire for more providers. It is a desire for better experiences.[7]

2

Payment choice is now part of the banking experience

SMBs increasingly need to accept and send payments across multiple methods, including ACH, cards, digital wallets, account-to-account payments, RTP, FedNow, and other digital options. Citizens found that midsize businesses continue relying on a mix of payment types, with instant payments, ACH, wires, checks, and alternatives all part of the landscape.[2]

Banks that make payment choice easy to access and manage can create a more complete digital experience. Banks that offer payment choice without integration may still leave customers with too much work.

3

Cash flow is the bridge between payments and advisory value

The movement of money creates data. That data can help SMBs understand liquidity, forecast needs, and make better decisions. Javelin's emphasis on cash-flow tools reflects a larger shift in small business banking: the bank experience is becoming more valuable when it helps customers interpret financial activity, not just view it.[6]

4

Cash flow is the bridge between payments and advisory value

Faster payments and digital payment growth create new urgency around fraud prevention. Citizens notes that the move toward faster money movement increases the need for AI-based risk management tools.[2] The bank opportunity is to make digital adoption feel safer and easier, not more complicated.

5

Integration is becoming the real differentiator

Feature gaps in SMB digital banking are narrowing, according to Javelin.6 The differentiator is increasingly how intelligently capabilities are integrated into the broader experience. That is the heart of the productivity discussion. The question is not whether a bank offers payments, reports, approvals, alerts, or fraud controls. The point is whether those capabilities work together in a way that saves customers time.

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7. Datos Insights. (2026, July). SMB banking: Priorities & trends [Industry research report]. Datos Insights.

Action Agenda for Banks

1. Measure work removed, not just features deployed

Banks should evaluate SMB payment capabilities based on how much time they save customers. A new payment option has more value when it reduces reconciliation, improves cash visibility, or eliminates manual follow-up.

2. Connect faster payments to cash flow outcomes

Faster payments should be positioned around practical business outcomes, including improved liquidity, better control over outgoing payments, faster access to receivables, and greater confidence in near-term cash planning.

3. Bring fragmented workflows back into the bank

SMBs often use separate tools for invoicing, payment acceptance, accounting, fraud controls, and reporting. Banks can create value by bringing those functions closer together inside the digital banking experience.

4. Treat fraud controls as part of the customer experience

Fraud prevention should not feel like an extra burden. The best controls help businesses act quickly, reduce uncertainty, and adopt digital payments with more confidence.

5. Build for the way SMBs actually operate

SMBs need tools that are sophisticated enough to support growth but simple enough for smaller teams to use. The opportunity is not to give SMBs a stripped-down version of commercial treasury. It is to give them a right-sized banking experience built around their daily work.

The Bottomline

SMB payments are entering a new chapter. Over the last decade, the industry has invested heavily in digitizing processes and accelerating the movement of money. Those investments have delivered real benefits, but speed alone is no longer the defining challenge for most small and midsize businesses. The bigger opportunity is helping businesses spend less time managing payments, cash flow, and financial operations so they can focus more of their attention on serving customers and growing their business.

Banks are uniquely positioned to help make that happen. They already sit at the center of the financial relationship and have visibility into how money moves through the business. The opportunity now is to use that position to reduce friction, simplify workflows, and provide SMBs with the insights and tools they need to operate more efficiently. Whether that means helping businesses get paid faster, improving cash flow visibility, streamlining reconciliation, or reducing the burden of managing risk, the goal is the same: making it easier to run the financial side of the business. And SMBs are paying attention. According to Datos Insights, better payment automation tools are the leading reason businesses would consider switching financial institutions, followed closely by more payment options, real-time payment capabilities, integrated cash management tools, and enhanced digital banking experiences. Payments are no longer a supporting feature within the banking relationship. Increasingly, they are becoming one of the primary ways SMBs evaluate where they bank.[7]

The banks that stand out in the years ahead will be the ones that look beyond payments as a transaction and focus on payments as part of the broader business workflow. When financial services are connected, intuitive, and integrated into the way businesses already operate, banks become more than providers of accounts and payment capabilities. They become trusted partners in the day-to-day operation of the business. That is where the greatest opportunity exists for banks, and where the next phase of SMB banking will be won.

Bottomline

About Bottomline

Bottomline helps businesses transform the way they pay and get paid. A global leader in business payments and cash management, Bottomline's secure, comprehensive solutions modernize payments for businesses and financial institutions globally. With over 35 years of experience, moving more than $16 trillion in payments annually, Bottomline is committed to driving impactful results for customers by reimagining business payments and delivering solutions that add to the bottom line. Bottomline is a portfolio company of Thoma Bravo, one of the largest software private equity firms in the world, with more than $184 billion in assets under management.

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