

The Time Is Now: A Dedicated Commercial Banking Platform Is Mission-Critical

Corporate and commercial customers today have multiple banking relationships.¹ That is an unalterable fact. Approximately one-third of companies with \$1B+ in annual revenues, for instance, boast more than ten banking relationships. Small- to medium-sized businesses are also leveraging complex financial associations to reduce risk, avoid regulatory issues, and minimize operational disruptions. The question then becomes, will you settle for a seat among the various banks at the table for your business customers? Or do you want the seat at the head of the multibank table?



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Primacy Is the Priority

The bank that achieves primacy for a corporate or commercial customer will be relied upon for that customer's most strategic financial services, payment, and cash management requirements. In return, that bank will lay claim to the greatest percentage of revenue generated by the customer's banking engagements and operating account. Such revenue is critical to sustaining a competitive edge in a crowded industry: corporate and commercial banking has a CAGR forecast of 6.4% from 2022-2026, outpacing growth in retail banking.²

Business customers, however, do not award the prize of primacy lightly. They have high expectations and are sophisticated technology consumers. They are constantly evaluating the strengths and capabilities of the banks they work with and will readily lessen the extent of their engagements or leave a bank entirely if their needs and requirements are not met. Once such business is lost, it is doubly challenging to win it back.

Your best strategy to attain and maintain the position as primary bank for your commercial and corporate customers, therefore, is to fully satisfy their complex business needs. That requires a dedicated commercial banking platform.

10 Ways a Commercial Platform Drives Business Success

You may resist the idea of separate retail and commercial banking platforms. Perhaps you view such a switch to be a risk, whether in terms of potential customer attrition, time, or cost – or all three.

If so, you are not alone. For over two decades, banks and industry vendors have clung to the idea of a universal platform for both retail and corporate banking. All attempts at combining these functionalities, however, have been unsuccessful. The needs of individual retail customers and commercial/corporate organizations are simply too different to marry within a single platform.

Consider how the simple and straightforward needs of retail customers (who usually have a mere handful of accounts and fewer than 100 transactions per month) contrast with the needs of commercial and corporate banking customers. The latter depend on complex account reporting capabilities. They require payment management that can handle payment batches, international payments, payroll payments, state and federal tax payments, approval workflows, and the like. Controlled disbursements, check or ACH positive pay, check issuance file import, direct debits, multi-bank payments, and lockbox reporting are all essential requirements.

1. Commercial banking 2025: Finding a new compass to navigate the future." Deloitte, 2023.

2. McKinsey Panorama Global Banking Pools; statistic excludes investment banking.

3. McKinsey & Company, 2023.

Features and functionalities, however, are just part of the story. What your corporate and commercial customers ultimately want is business success. A dedicated commercial banking platform can become a key driver in that success by delivering:



1. **Enhanced Efficiency:** With intuitive digital interfaces and streamlined workflows, dedicated commercial banking platforms enable businesses to execute transactions, manage accounts, and access financial data seamlessly. For example, businesses can initiate payments, reconcile accounts, and analyze cash flow trends with unprecedented ease, saving valuable time and resources.



2. **Data-Driven Insights:** A robust platform will offer a comprehensive suite of financial tools and analytics, empowering businesses to make informed decisions and optimize their financial strategies. By leveraging real-time reporting, forecasting, and risk management features, businesses can mitigate risks, identify opportunities, and drive sustainable growth.



3. **Scalability and Flexibility:** Dedicated commercial banking platforms cater to businesses of all sizes and industries, from small startups to multinational corporations. With customizable solutions and modular offerings, businesses can tailor their banking experience to their specific objectives and preferences, maximizing value and efficiency.



4. **Seamless Integration:** By integrating with third-party services and fintech solutions, these platforms enable businesses to access a broader range of tools and capabilities. For instance, integrating accounting software, payment gateways, or supply chain management systems creates synergies that enhance productivity, reduce costs, and drive innovation across operations.



5. **Streamlined Payment Processes:** Dedicated commercial banking platforms offer advanced payment functionalities, allowing businesses to initiate and track payments efficiently. Features such as batch processing, electronic invoicing, and automated reconciliation simplify payment processes, reducing errors and improving cash flow management.



6. Global Reach: With capabilities for international trade and cross-border transactions, dedicated commercial banking platforms facilitate seamless global operations. Businesses can access foreign exchange services, trade finance solutions, and international payment channels, enabling them to expand into new markets and capitalize on global opportunities.



7. Compliance and Security: These platforms prioritize compliance and security, providing robust measures to safeguard sensitive financial information and adhere to regulatory requirements. From encryption protocols and advanced user entitlement controls and multi-factor authentication to anti-fraud mechanisms, businesses can trust in the reliability and integrity of their banking platform.



8. Strategic Financial Planning: Dedicated commercial banking platforms offer tools for strategic financial planning and budget management. Businesses can create, monitor, and adjust budgets in real-time, gaining better visibility into their financial performance and aligning resources with organizational objectives effectively.



9. Cash Flow Optimization: These platforms provide advanced cash flow management tools that help businesses optimize their working capital. By monitoring cash inflows and outflows, forecasting future cash needs, and implementing strategies such as cash pooling and liquidity sweeps, businesses can improve cash flow efficiency and ensure liquidity for day-to-day operations and strategic investments.



10. Collaborative Financial Planning: These platforms facilitate collaborative financial planning and decision-making within businesses. With features such as user permissions, collaborative budgeting tools, and shared access to financial data, businesses can streamline communication and collaboration among different departments or stakeholders, ensuring alignment of financial goals and strategies across the organization.

Dedicated commercial banking platforms revolutionize the banking experience for businesses, offering a suite of specialized services and tools that drive efficiency, empower decision-making, and fuel growth. With that in mind, the greater risk is not found in switching to a dedicated commercial banking platform. The greater risk is in not doing so.



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The Time to Act Is Now

As businesses increasingly demand tailored solutions to meet their complex financial needs, the time is now for banks to prioritize primacy and deliver comprehensive services through a dedicated commercial platform.

The benefits of a commercial banking platform are manifold, from enhanced efficiency and data-driven insights to seamless integration and global reach. By empowering businesses with the tools they need to optimize financial strategies, mitigate risks, and streamline operations, banks can solidify their position as trusted partners in their clients' growth journeys.

While a switch in platforms is a significant undertaking, the right vendor can ensure a smooth transition. Partnering with an experienced vendor who understands the unique challenges of commercial banking and offers comprehensive support, training, and ongoing innovation is key to maximizing the value of the platform.

By embracing a dedicated commercial banking platform, you can not only meet the evolving needs of your business customers, but also position your bank for long-term success in an increasingly competitive market. The time to act is now.



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