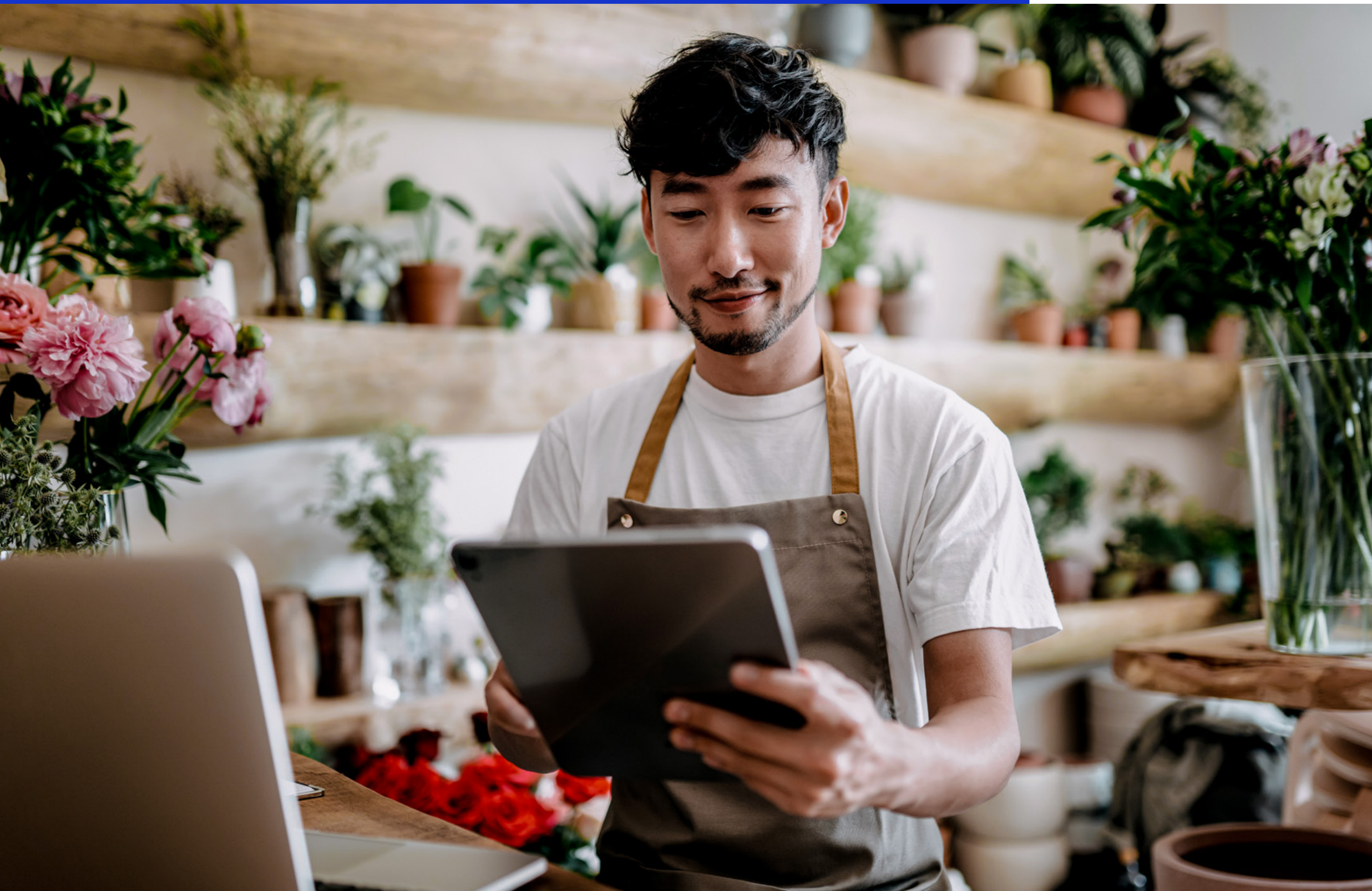
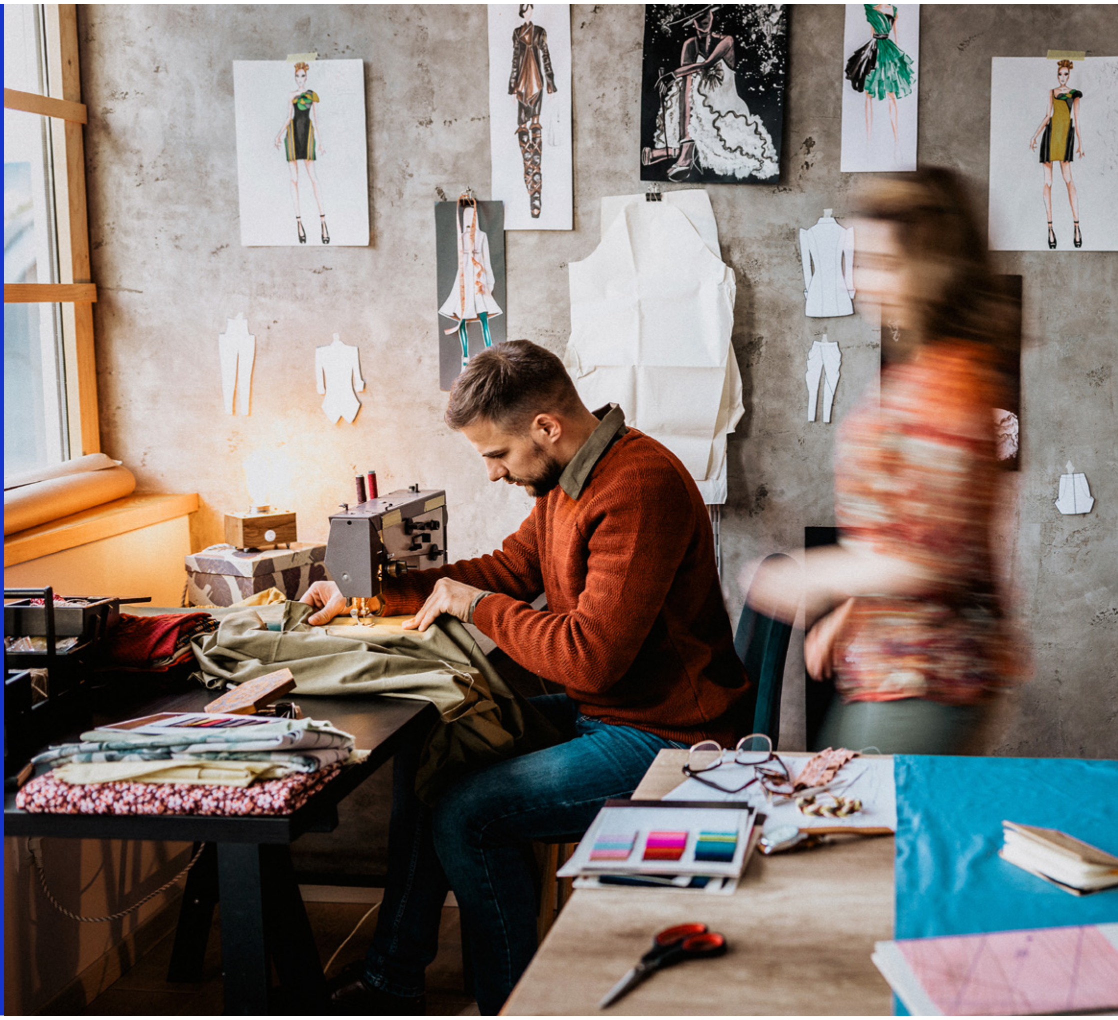
Visa Consulting & Analytics (VCA)

Reinventing SMB banking with AI, stablecoins and smarter underwriting



Small and medium-sized businesses (SMBs) are the backbone of the global economy, driving innovation, employment, and gross domestic product (GDP) growth. Yet many still face persistent challenges like limited access to capital, increasing competition, and the complexity of adopting new technologies. The emergence of more digital platforms and alternative data sources is opening new possibilities for banks to better serve this vital segment.

In this deep dive into one of the **big influences shaping payments in 2025**, advisors from Visa Consulting & Analytics (VCA) explore how new data-driven models, powered by financial, transactional, and behavioral data, can drive inclusive, scalable, and responsible growth for SMBs globally.



The untapped potential of SMBs

Small and medium-sized businesses (SMBs) are crucial to the global economy, driving employment, innovation, and GDP growth.[1] Yet, despite their importance, many SMBs remain underserved by the traditional banking community and, often, the barrier is limited and fragmented data.

As the chart below demonstrates, SMBs face a considerable financing gap, or a large shortfall between the capital they need to grow and the funding they can access.

Region	Financing Gap (USD trillion)	% of GDP (regional)
East Asia & Pacific	2.4	~10%
Latin America & Caribbean	0.65	~7%
South Asia	0.69	~7%
Sub-Saharan Africa	0.33	~13%
Europe & Central Asia	0.39	~5%
Middle East & North Africa	0.36	~7%
North America	1.01	~3.8%

Source: financing gap data from International Finance Corporation (the MSME Finance Gap database) with economic data from the World Bank and Asian Development Bank country reports.

1. OECD, SME indicators, benchmarking and monitoring

Data as the new currency: unlocking value beyond lending

As digitalization accelerates, data is becoming as valuable as traditional currency for credit card issuers and other financial institutions serving SMBs. Data-driven insights are revolutionizing credit risk and lending, creating new business models, revenue streams, and customer value, with forward-thinking players combining traditional data, alternative data and behavioral data to address local challenges.

Source #1

Traditional data

- Company data (including firmographic data)
- Financial statements and tax returns
- Bank statements
- Credit bureau records (limited coverage in less mature markets)
- Collateral documentation

Source #2

Alternative data

- Mobile phone metadata (call patterns, location, SMS)
- E-commerce sales data
- Digital wallet transactions
- Utility and rent payment histories
- Payment transaction data
- Banking relationship data
- Cashflow data

Source #3

Behavioral data

- App usage patterns
- Business reviews on social media
- Customer feedback and engagement

To serve the SMB segment more fully, banks should adopt a holistic, lifecycle-driven data approach. This involves treating data as a dynamic resource that enhances every interaction and decision throughout the SMB journey. Leading banks are already using cohesive data strategies to drive deeper engagement, smarter risk management, and sustainable growth.

A key shift involves integrating internal data silos, particularly uniting issuing and acquiring data. Traditionally, banks have treated these data sets separately. A unified perspective allows for more accurate modeling of working capital needs and identification of trends. By understanding both sides of the SMB's financial equation, banks can offer timely, relevant credit lines and tailored payment solutions.

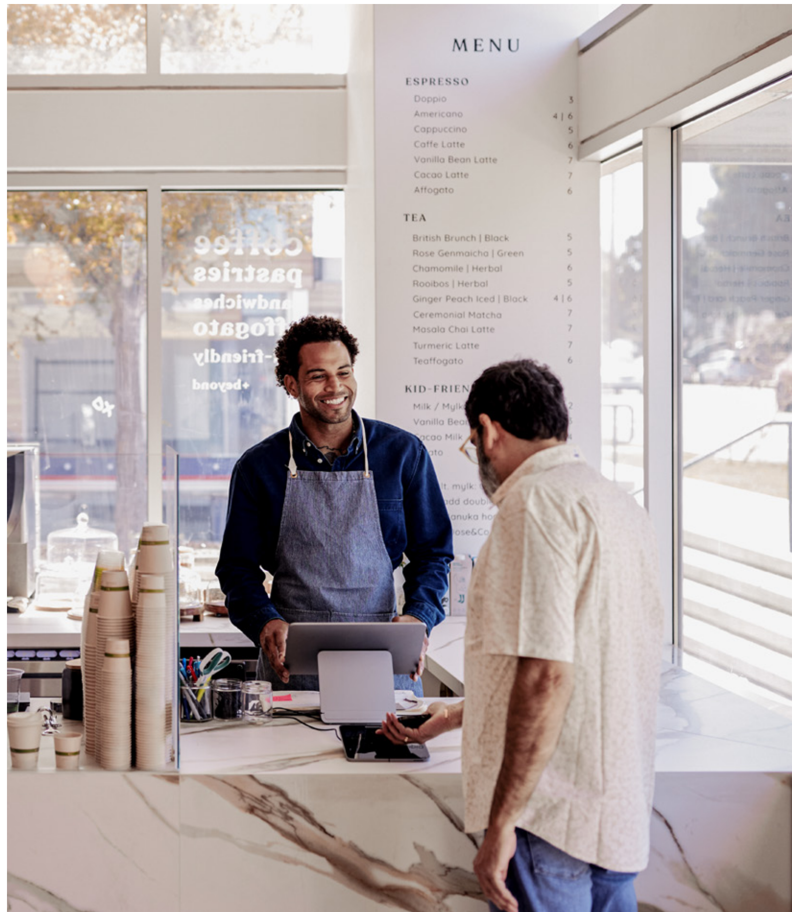
Inclusion is a component of many modern data strategies. Traditional credit models often exclude newer or thin-file SMBs. But banks can now use alternative data from e-commerce, utility payments, payroll records, and social media to get a fuller picture of a company's health. This broadens access to financing and helps identify high-growth clients.

Rich data and predictive analytics are the next steps in data-driven SMB banking. With updated datasets, banks can anticipate business needs, analyze transaction patterns, and suggest actions like seasonal loans or payment term reviews. Embedding these insights into workflows helps timely and relevant interactions.

Personalization, powered by real-time data, is key to best-in-class SMB banking. Banks can offer instant, pre-approved offers, automate cash flow advice, and provide industry-specific insights. Combining digital self-service with human expertise helps relationship managers have the same real-time insights as clients, enhancing satisfaction and loyalty.

Forward-thinking banks are embracing data-sharing partnerships with fintechs, payment processors, and digital business platforms. These collaborations provide access to new data sources and enable the creation of integrated solutions for SMB needs. Secure, consent-based data sharing accelerates onboarding, streamlines compliance checks, and supports collaborative risk models. These partnerships extend the bank's reach and foster innovation and ecosystem value creation.

Note: Data-sharing partnerships can be valuable for both issuers and acquirers, as they help expand the data landscape and enhance service design for all parties.



Mini case study

Combining issuing and acquiring data

In the USA, Square (Block Inc.) seamlessly connects payment acceptance (acquiring) and business card services (issuing) for SMBs, enabling it to offer real-time insights, discounts and tailored cash flow solutions based on combined data streams.[2]

2. Block, Square Unveils Square Credit Card and New Cash Flow Management Products in Beta as Banking Adoption Grows, 2023

Understanding the SMB lifecycle: a framework for value creation

Unlocking the full value of SMB banking requires a shift from viewing customer relationships as a series of isolated transactions to understanding them as a continuous, evolving journey. By adopting a lifecycle perspective, banks can identify and leverage critical moments where data can transform both customer experience and business outcomes.

SMB banking value is maximized by shifting from transactional views to a lifecycle perspective, using data at each stage to improve risk, product fit, and customer experience, for example:

Onboarding

In setting up the account and handling the know your customer and know your business (KYC/KYB) requirements, collect core business details (registration, ownership, tax IDs, licenses) and enrich them with data from external sources (credit bureaus, registries, directories) and digital footprints to build dynamic profiles. Digital onboarding can compress cycle times and enhance risk assessment.

Credit assessment & product selection

Augment financial statements and bureau scores with cash flow data, supplier/landlord payment histories, e-commerce patterns, and social signals to underwrite thin-file firms and tailor bundles. Also, be sure to collect equivalent data on the proprietor.

Operational monitoring

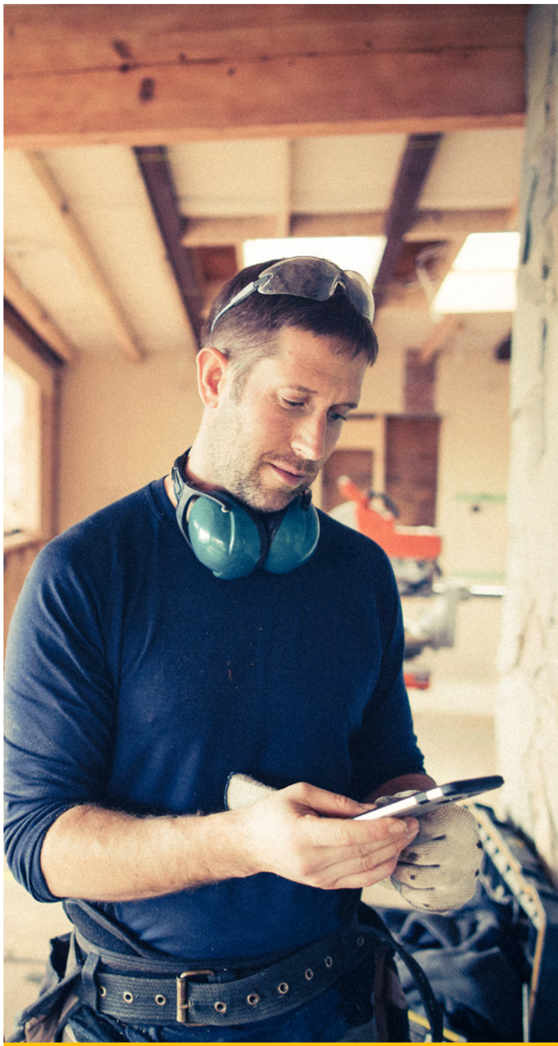
Analyze incoming/outgoing payments and merchant acquiring data (POS/e-commerce) for cashflow health, seasonality, and customer mix to trigger timely offers (e.g., working capital).

Growth & expansion

Track benchmarks, cross-border activity, and supply-chain signals to time trade finance, larger credit facilities, and FX/payments solutions.

Relationship & retention

Use service interactions, product usage, feedback, and consented data to anticipate churn and upsell while honoring privacy preferences.



Mini case study

Applying a lifecycle approach to SMB banking

In the USA, the e-commerce platform Shopify offers customers a Visa Business credit card, called Shopify Credit, and, each month, automatically adjusts the size of the credit limit based on their ongoing business and sales performance.[3]

3. Shopify, Shopify Credit: The Pay-in-Full Business Card With No Annual Fees and No Credit Checks, 2023

Data-driven innovations: the future of SMB banking

The future of SMB banking is being shaped by a spectrum of data-driven innovations. Banks seeking to unlock new value must navigate these opportunities with a clear understanding of their readiness, the investment required, and the potential strategic impact. Below, we outline a structured framework, ranging from ideas that can deliver quick wins to those demanding a bold, long-term vision.

IMMEDIATE DIFFERENTIATORS

Low-to-moderate investment, fast ROI

Initiatives which make use of existing data assets and technologies, requiring minimal overhaul of core systems. They offer banks a way to stand out in the near term while building foundational capabilities for the future.

Advanced personalization & dynamic product bundling

Banks can use Artificial Intelligence (AI) and advanced analytics to turn transactional and behavioral data into personalized experiences such as real-time, pre-approved credit offers, dynamic pricing, or a dynamic credit line. By deploying customer data platforms and integrating front-line systems, banks can help ensure every client interaction is informed by the latest insights.

Predictive & prescriptive analytics for proactive service

Implementing predictive models allows banks to anticipate SMB needs such as a spike in working capital requirements or signs of financial stress. Prescriptive analytics can then recommend 'next best actions' for both the bank and its SMB customers, driving higher retention and wallet share.

Integrated financial health dashboards

Providing SMB customers with holistic dashboards, drawing on payment, sales, and banking data, empowers them to monitor and manage their business in real time. For banks, this not only deepens engagement but also generates valuable data on customer behaviors and pain points.

Mini case study

Providing SMBs real-time, actionable data insights

In the UK, HSBC's mobile-first Kinetic banking service UK integrates real-time banking and invoicing data, offering business owners a unified view of their finances and actionable insights including automatically categorized spending overviews, insights in line with tax coding, monthly breakdowns of cashflow and useful hints on spending patterns.[4]

4. HSBC, HSBC UK launches HSBC Kinetic, 2021

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MEDIUM-TERM TRANSFORMATIONS

Moderate-to-high investment, strategic impact

These initiatives require more significant investment in data infrastructure, partnerships, and cultural change. Yet they represent a step-change in how banks serve SMBs and how they operate internally.

Consent-based data sharing and open banking ecosystems

High-quality, relevant data is crucial for any data-driven strategy. For banks serving SMBs, this means looking beyond traditional financial statements and credit histories. Consent-based data sharing, enabled by open banking, allows SMBs to securely share data from accounting platforms, payment processors, or e-commerce systems. This helps banks build a richer understanding of business health and implement intuitive, transparent consent management layers.

Data-sharing partnerships and embedded finance

Banks can integrate into digital ecosystems like enterprise resource planning (ERP) platforms, marketplaces, and logistics through data-sharing partnerships. Access to operational data enables embedded finance solutions such as inventory-linked working capital, instant marketplace settlements, and ERP-embedded invoice financing. By targeting key verticals and partnering with platforms, banks can replicate successful models like Shopify Capital.[5] This requires lightweight API integrations and a modular product design approach, positioning the bank as a value-added partner in SMB operations.

AI-augmented Relationship Management Agents

As banks aim to enhance SMB engagement, the traditional model of human advisors manually interpreting data is becoming outdated. The future lies in AI-powered Relationship Management Agents that not only provide insights but also make decisions and take actions on behalf of relationship managers (RMs). These AI agents integrate data from various sources to act in real time, enabling proactive engagement. They can handle tasks like sending tailored emails, scheduling follow-ups, launching pre-approved offers, and alerting RMs only when human intervention is needed. This allows RMs to focus on advisory roles while AI manages analysis and execution. With proper governance, AI-powered RM agents can deliver faster, more personalized, and consistent engagement, unlocking new value across the SMB lifecycle.

5. Shopify Capital financing program

FRONTIER INNOVATIONS

High investment, long-term vision

While short- and medium-term data strategies can deliver measurable improvements in how banks serve SMBs, the most transformative opportunities lie in reimagining the role of data itself, not just as an input for decision-making, but as a strategic asset that powers entirely new business models. These long-term ideas require bold investment, regulatory collaboration, and a willingness to shape emerging ecosystems. Yet, for banks that lead, they offer the potential to unlock exponential value from the SMB segment.

Smart contracts & programmable money – data as a trigger for autonomous transactions

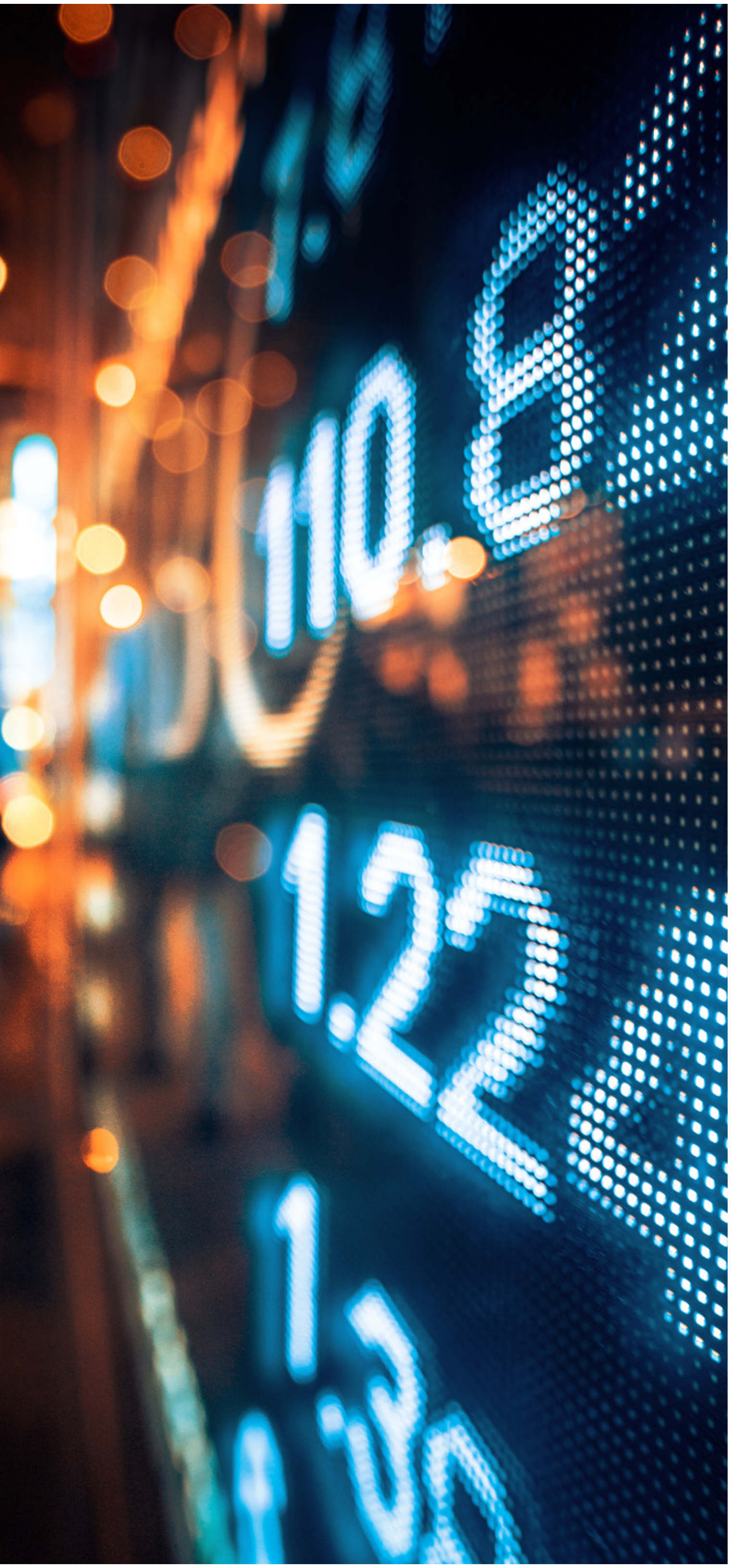
Smart contracts represent a fundamental shift in how financial agreements are carried out. By embedding logic into blockchain-based contracts, banks can help SMBs automate complex, multi-party transactions such as milestone-based lending, escrow services, or supply chain financing. The key enabler here is trusted, real-time data: banks act as oracles, feeding verified information (e.g., delivery confirmations, invoice approvals) into smart contracts to trigger execution. This transforms data from a passive record into an active agent of value transfer. It helps reduce friction, eliminates manual reconciliation, and builds trust in high-stake B2B interactions.

Stablecoins and cross-border payments – data-enhanced liquidity & compliance

Cross-border payments remain one of the most data-intensive and inefficient processes in banking. Stablecoins offer a compelling solution by enabling instant, low-cost global transfers. But the real opportunity for banks lies in the data layer that surrounds these transactions. By capturing and analyzing payment metadata, compliance signals, and FX trends in real time, banks can offer value-added services such as dynamic FX pricing, automated liquidity management, and embedded compliance. The key consideration for banks is to build the data infrastructure that makes these networks safe, transparent, and value-generating.

Data as the catalyst for strategic reinvention

Each of these long-term ideas shares a common thread: they treat data not as a byproduct of banking, but as the core enabler of new value creation. Whether through smart contracts, stable coins, data marketplaces, or autonomous finance, banks could unlock deeper, more durable relationships with SMBs – relationships built on intelligence, trust, and shared growth.



How VCA can help: from quick wins to strategic reinvention

Banks should view the ideas outlined above not as a linear roadmap, but as a portfolio of innovative pathways. Immediate differentiators can be launched quickly to deliver value and build momentum. Medium term transformations lay the groundwork for sustainable competitive advantage. Frontier innovations, while requiring vision and partnership, set the stage for the bank's future role as a data centric ecosystem leader.

VCA is uniquely positioned to help banks unlock the full value of the SMB segment, starting with practical, near term actions and scaling toward bold, future facing innovations. With deep expertise in payments, data science, and strategy, and a proven track record across the SMB lifecycle, VCA enables banks to move from incremental improvements to transformative change.

VCA applies advanced analytics and alternative data models to create smarter, more inclusive underwriting approaches, expanding access to capital while improving risk precision. VCA helps banks design intuitive, seamless digital experiences that meet the expectations of time pressed SMB owners and strengthen engagement at every stage of their journey.

VCA also guides banks in future proofing their strategies—from preparing for stablecoin adoption and unlocking cross border efficiencies, to deploying AI driven infrastructure that powers predictive cash flow tools, personalized offers, and real time decisioning. By integrating and unifying data across issuing, acquiring, and external sources, VCA turns fragmented insights into actionable intelligence, enabling banks to deliver targeted credit, payments, and advisory solutions with unmatched relevance.

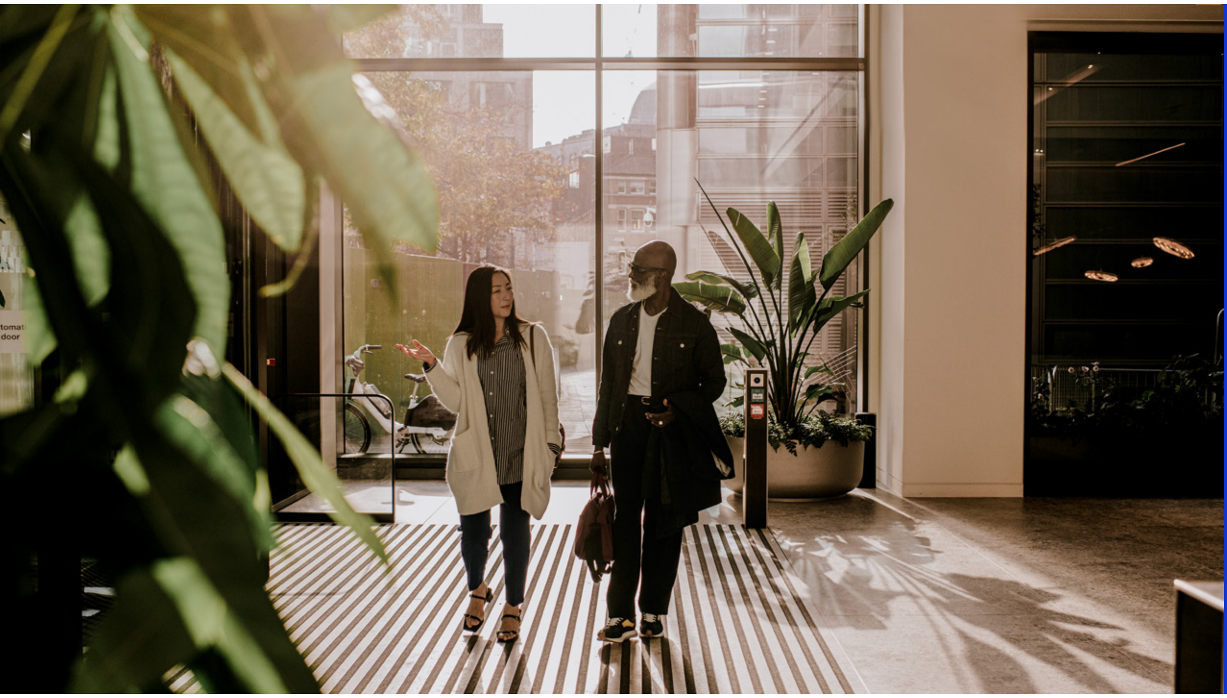
By partnering with VCA, banks can accelerate innovation, deepen SMB relationships, and capture greater market share, powered by data, guided by strategy, and built for sustainable growth.

About Visa Consulting & Analytics

VCA is a team of thousands of payments consultants, digital marketing specialists, data scientists, and economists across six continents.

The combination of our deep payments consulting expertise, our economic intelligence, and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

- Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.



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