

From bank to gateway:

the future of small
business banking



Executive summary: why the gateway model matters

Small businesses face growing pressure to manage cashflow, get paid faster and stay on top of their finances. Yet day-to-day workflows covering accounting, invoicing, payments, cashflow, payroll and tax are often fragmented across multiple apps, spreadsheets, as well as disruptive fintechs and external providers. This creates inefficiency, increases risk and disconnects banks from the businesses they serve.

Neobanks have demonstrated a new way forward. By acting as gateways, they integrate capabilities from multiple providers into a single, seamless in-channel experience. Accounting, invoicing, payments, cashflow, payroll and tax management are orchestrated in one place, eliminating manual processes and enabling faster, smarter financial management.

Mainstream banks can adopt the same model without building a greenfield operation. By partnering with specialist technology providers and leveraging platforms like BankiFi, banks can combine their own capabilities with best-in-class third-party tools, integrating workflows via APIs within existing digital channels. Small businesses benefit from a single immersive interface while banks retain full control over risk, compliance and the customer relationship.

The gateway model delivers tangible benefits. Small businesses gain seamless, integrated workflows and real-time financial insights while banks can launch new services faster, deepen relationships, protect deposits and position themselves as the central hub for small-business operations. This approach enables mainstream banks to reclaim relevance, meet evolving customer expectations and strengthen long-term customer primacy without the slow and costly innovation cycles of the past.



The new reality for small businesses

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Small businesses are operating in an increasingly challenging economic environment, where pressure on cashflow, rising costs and uncertainty mean that even small efficiency gains can have a meaningful impact.

These businesses typically rely on a fragmented set of tools - often between five and fifteen, according to [JumpCloud](#) - to manage day-to-day operations, including invoicing, payments, payroll and expense tracking. This fragmentation creates inefficiency, as business owners and their teams spend valuable time manually transferring data between systems rather than focusing on growth.

Financial workflows are increasingly happening outside the bank, but these processes are often managed by third parties, particularly accountants and bookkeepers. BankiFi data, drawn from millions of small business interactions, shows that the majority of small businesses, especially those with fewer than ten employees, do not actively use accounting software themselves, instead relying on external parties to manage bookkeeping, reconciliation and reporting.

Manual data sharing remains widespread, with information frequently exchanged via spreadsheets, PDFs, email or file uploads. This reliance on disconnected processes adds friction, increases the risk of errors and highlights the inefficiency of current workflows.

As a result, mainstream banks are no longer central to how small businesses run and manage their financial operations. Instead, businesses increasingly depend on a growing ecosystem of digital tools, disruptive fintechs and external providers, turning to solutions that better fit into their day-to-day workflows.

To remain relevant, mainstream banks must rethink their role. This means connecting with the tools small businesses already use and providing a centralised platform where invoicing, payments, payroll and cashflow management work together seamlessly. Banks that succeed in doing so have the opportunity to re-establish themselves at the heart of small business operations, strengthening relationships, protecting deposits and driving long-term commercial value.

Why now? The rapid rise of the neobanks

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The small-business banking landscape is undergoing a rapid and seemingly irreversible transformation, driven by the rise of neobanks and fintech challengers.

Over the past decade, neobanks have made significant inroads into the small business market. Among newly formed businesses, neobank current account adoption has surged from just 2% in 2016 to nearly 50% in 2025, meaning that more than half of startups now choose a neobank as their primary account provider. More broadly, across the entire small business population, the share of business current accounts held with neobanks has grown from 1% to 33% over the same period. Across Europe, neobanks held 64% of business accounts in 2025, according to [RFI Global data](#), reflecting the scale and speed of this market shift.

At the same time, a wider ecosystem of fintech providers is reshaping how small businesses manage their finances. In the UK, 50% of small businesses now use fintech tools alongside their bank, up from 33% five years ago. These tools, spanning payments, invoicing, accounting and cashflow management, are typically connected via open banking or direct integrations, enabling businesses to manage key financial workflows outside the bank.

In the UK, 50% of small businesses now use fintech tools alongside their bank, up from 33% five years ago. Connected via open banking and integrations, these providers are increasingly where financial workflows happen, while mainstream banks are simply left holding the balance.

This is not a marginal shift. Neobanks in particular are rapidly becoming the primary interface through which small businesses manage their financial lives. Growth from 1% to 33% market share in less than a decade underlines the pace of change and signals a structural shift in where value is created and captured. As they now hold the primary relationship, they can utilise their growing deposit base and expand into higher value products such as lending and credit.

This is accelerating as neobanks secure full banking licences. For example, Revolut's licence progress enables it to expand beyond payments into lending, overdrafts and savings, directly challenging incumbent banks across the full product suite. Its "Banking and Beyond" positioning reflects this shift toward integrated financial ecosystems rather than standalone banking products.

This transformation is reinforced by changing customer behaviour. According to research from [the Federation of Small Businesses \(FSB\)](#), business owners are increasingly mobile-first: over half of UK small businesses use mobile banking apps weekly and by 2024, 60% relied on mobile as their primary channel for business banking. Expectations have shifted toward services that are accessible, flexible and embedded seamlessly into everyday workflows.

Together, these trends highlight a critical reality: small businesses are adopting new financial capabilities faster than mainstream banks can respond. There is mounting pressure to adapt or risk losing relevance, long-term customer relationships and ultimately the loss of even more market share.

50%

of small businesses now use fintech tools alongside their bank

60%

relied on mobile as their primary channel for business banking

Why neobanks have pulled ahead

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Neobanks have gained an edge in small business banking by building around real customer needs. Rather than offering standalone products, they act as gateways, combining their own capabilities with third-party tools into a single seamless digital experience.

They curate integrated ecosystems that bring together accounting, invoicing, payments and expense management in one place. Through APIs, workflows are embedded directly into the banking platform, removing the need for businesses to move data between systems. Cashflow insights, invoice reconciliation and payment tracking sit within a unified interface.

This model also enables rapid innovation. By leveraging third-party services, neobanks can introduce new capabilities in weeks rather than years, allowing them to respond quickly to evolving customer expectations.

Closing the gap

The advantages of this model, speed, integration and experience, are clear. However, replicating it has traditionally been complex for mainstream banks, often requiring multiple integrations, separate commercial agreements and significant internal build.

Onboarding new third party partners that a bank has no existing relationship with can in some cases take up to 12 months in its own right, even before technical integration begins. When combined with integration complexity and internal governance cycles, this significantly delays time to market and increases the cost of lost opportunity.

A different approach is now emerging.

Through BankiFi, banks can embed a growing range of small business services into their digital channels through a single secure integration. This combines BankiFi's product suite, a curated ecosystem of third-party services and a unified commercial framework.

Crucially, third-party services are delivered through BankiFi's integration and contractual coverage. This removes the need for banks to integrate directly with individual providers or negotiate separate agreements, enabling new capabilities to be activated quickly while reducing time, cost and complexity.

The result is a scalable embedded ecosystem that allows mainstream banks to deliver the same seamless experiences as neobanks, while retaining control over customer relationship, risk and compliance.



Monzo Business

Monzo Business integrates with platforms such as Xero and FreeAgent to deliver automated invoice matching, cashflow insights and real time categorisation within a single interface. Its open API architecture enables rapid deployment of new services while maintaining a consistent customer experience. Monzo now reports 800,000 business customers, equivalent to around 15% of UK businesses, highlighting how quickly neobanks are embedding themselves into core SME banking relationships.



The Co-operative Bank

The Co-operative Bank, in partnership with BankiFi, has created a gateway for UK small businesses with solutions like Go Get Paid, which streamlines invoicing and accelerates payments. Integrated with accounting packages, it provides real-time payment visibility, automatic reconciliation and multi-channel delivery including email, SMS, WhatsApp and QR.



Lloyds Banking Group

Lloyds Banking Group (LBG), in partnership with BankiFi, has embedded invoicing, payments and collections along with Making Tax Digital and accounting package integration inside its mobile and online banking channel. By placing these beyond banking services inside its own channels, LBG has elevated its digital experience to where small businesses run their operations rather than just do their banking.

A level playing field

Neobanks may have set the pace, but mainstream banks are no longer at a disadvantage.

By adopting an embedded ecosystem approach and leveraging platforms such as BankiFi, traditional banks can match the speed, flexibility and customer centricity of newer entrants, strengthening their role at the centre of small business financial operations.



The challenge for mainstream banks

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The challenge facing mainstream banks is not a lack of ambition but structural. Most banks recognise the need to deliver better digital experiences for small businesses, yet they are constrained by the way their organisations, technology and operating models are built.

At the heart of the issue is architecture. Core banking systems are complex, highly regulated and slow to change. Introducing new capabilities, especially those involving third-party providers, can be costly, time-consuming and high-risk, often requiring extensive integration, testing and compliance approvals. Even relatively contained digital initiatives can take many months to implement, while fintech competitors deliver new capabilities in a fraction of that time.

This creates a fundamental mismatch between what small businesses expect and what banks can deliver. [Research from the Current Account Switch Service](#) shows that 65% of UK small businesses value business account integration with accounting software or invoicing and collection tools, highlighting a clear demand for financial experiences where banking works seamlessly with the tools they already use. Yet many banks still offer fragmented, product-led services that require small businesses to manage multiple systems and manual processes.

The challenge is compounded by a traditional operating model. Banks have historically focused on developing capabilities internally rather than integrating external solutions. This limits flexibility, slows innovation and makes it harder to respond to evolving customer needs.

At the same time, as we've already established, the stakes are high. Small business deposits are strategically important and profitable, but as digital challengers continue to enhance their propositions, these deposits are increasingly at risk.

Open banking has changed the landscape. It allows banks to integrate third-party tools faster and at lower cost than ever before, embedding accounting, invoicing, payments and other workflows directly into their digital channels. By embracing these capabilities rather than seeing them as a threat, banks can move more quickly, deliver the integrated experiences small businesses want and protect the deposits that are essential to their profitability.

65%

of UK small businesses value business account integration

Becoming a gateway: a new model

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Mainstream banks can compete with neobanks without building a greenfield operation through what we call a gateway model.

The gateway model is not a marketplace. Instead, it's a way for banks to combine their own capabilities with best-in-class third-party tools to deliver differentiated, connected and contextual experiences for small businesses. This approach allows banks to overcome the constraints of legacy systems while matching the customer-centric workflows offered by digital challengers.

Through specialist technology platforms such as BankiFi's, banks can orchestrate internal and external infrastructure via API connections. Accounting, invoicing, payments, cashflow management, payroll and other services can be integrated within the existing digital channel, creating a single, unified experience for small businesses. Behind the scenes, multiple vendors power the functionality, but the business owner interacts only with the bank's trusted platform.

Banks retain full control over risk, compliance and the customer relationship while being able to continuously expand and improve the proposition. New vendors can be onboarded safely, updates can be delivered rapidly and capabilities can be scaled to meet evolving small business needs.

The benefits are clear. Small businesses gain a seamless, immersive in-channel experience for managing essential workflows. Banks can launch new services faster, respond to customer needs in weeks or months rather than years and position themselves as the central hub for small business operations. This strengthens relationships, protects deposits and delivers tangible value to both the business and the bank.

The gateway model is not theoretical. Platforms and partnerships make it achievable today, allowing banks to combine their existing infrastructure, trusted brand and regulatory oversight with the flexibility and innovation of third-party solutions. By adopting this approach, mainstream banks can reclaim relevance in small business banking, offering the speed, convenience and integrated experiences that small businesses now expect.



Trust at scale: choosing the right gateway partner

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For mainstream banks, adopting a gateway model is not just a technology decision. It is a question of trust.

Banks need partners that meet the same standards they apply to themselves. This includes risk management, regulatory compliance, security, governance and operational resilience. A gateway provider like BankiFi can operate as an extension of the bank, embedding services while maintaining full control and oversight.

While a range of providers offer elements of this capability, banks do not select partners on functionality alone. Vendor selection is rigorous, involving risk, compliance, legal and procurement teams alongside product and technology stakeholders. Adherence to strict internal policies, regulatory requirements and security standards is often as important as the proposition itself.

To operate within a bank's ecosystem, a partner must demonstrate robust data security, full regulatory alignment, strong governance, proven operational resilience and the ability to support ongoing oversight. These are fundamental prerequisites for integration.

If a provider cannot meet these standards, the gateway model can introduce additional complexity and risk rather than reducing it. Banks may still need to manage multiple vendors, integrations and contracts, undermining the benefits of a single, unified approach.

This is why the field of credible partners is narrow. Many providers are innovative but lack regulatory understanding or operational maturity. Others meet compliance standards but cannot deliver the speed and flexibility needed to compete. BankiFi combines rapid innovation, seamless integration and deep regulatory expertise while operating within strict bank policies.

Partnering with a provider that meets these standards allows banks to introduce new capabilities quickly and safely. Services can be delivered through a secure, governed framework, reducing operational burden while maintaining trust, control and resilience. This makes the gateway model practical and scalable, giving mainstream banks the confidence to modernise their small business proposition.

Ultimately, the success of the gateway model depends not just on what it enables, but on how it is delivered. By choosing a partner that acts as a true extension of the bank, they can combine capability with credibility and turn a compelling proposition into a scalable strategy for long term growth.

Use cases for a gateway model

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The gateway model comes to life when small businesses experience workflows that are seamless, integrated and immersive. By orchestrating capabilities across multiple providers, banks can deliver end-to-end processes that reduce friction, save time and improve financial control.

These use cases show how the model works in practice, turning strategy into tangible benefits for small businesses and banks:

Embedded invoicing and payments

Small businesses can create and send invoices directly from the bank. Integrated payment links enable instant payment, shortening cash collection cycles. The bank becomes a central hub for receivables, combining invoicing, payment processing and reconciliation in one workflow.



Making Tax Digital (MTD)

Banks can support ITSA and MTD requirements by integrating accounting and tax data into the digital channel. Small businesses can submit returns, track liabilities and reconcile payments automatically, reducing manual effort and improving compliance.



Integrated cashflow visibility

Banking and accounting data are combined in one place. Automated categorisation, invoice matching and forecasting provide real-time cashflow insights. Instead of juggling spreadsheets or multiple apps, business owners see a complete financial view within the bank's platform.



Payroll and staff payments

Payroll and expense payments can be managed within the bank's digital channel. Integration with accounting systems ensures salaries, tax deductions and reimbursements are automatically reconciled, while employees gain faster access to pay. Small businesses benefit from a centralised hub where payroll and financial processes work together seamlessly.



Across every workflow, the experience is delivered through the bank's trusted channel, maintaining full control over risk and compliance while eliminating the need to switch between multiple systems. By orchestrating invoicing, payments, cashflow and payroll, banks position themselves as the essential platform for efficiently managing small business operations.

How banks can reclaim small business leadership

The small business banking landscape has changed irreversibly. Neobanks and fintech challengers have raised expectations, showing that integrated, seamless workflows are no longer a convenience, they are a requirement. Mainstream banks no longer need to build everything internally. By adopting a gateway model, they can orchestrate their own capabilities alongside best-in-class third-party tools, delivering immersive in-channel experiences across invoicing, payments, cashflow, payroll, tax management and more.

This approach is practical and achievable today. Platforms such as BankiFi allow banks to integrate multiple workflows within existing digital channels, giving small businesses a single trusted interface while maintaining full control over compliance, risk and the customer relationship. Continuous innovation becomes feasible, enabling rapid updates, safe onboarding of new services and scalable expansion to meet evolving small business needs.

Mainstream banks already possess advantages challengers cannot replicate: trust, brand recognition, regulatory oversight, balance-sheet strength and an established small-business customer base. By combining these strengths with the agility, integration and speed enabled by the gateway model, banks can become the central hub for small-business banking. They can strengthen relationships, protect and grow deposits and deliver tangible operational value, offering seamless, integrated workflows that modern small businesses now expect.

By unifying core financial workflows within a single in-channel experience, mainstream banks can re-establish their central role in supporting small businesses and strengthen long-term customer relationships. The gateway model provides a practical and scalable approach to delivering this transformation.



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