Visa Consulting & Analytics (VCA)

How financial institutions can better serve small and medium businesses (SMBs) using AI

Artificial intelligence and embedded finance can reshape how SMBs manage money. Financial institutions should prepare to grow in this critical customer segment.

Small business owners increasingly rely on integrated software platforms to manage daily business activities, including sales, marketing, payments, customer management, accounting, and administrative workflows. As these platforms become more central to SMB operations, they are also beginning to integrate financial services into the same software environments.

Recent examples point to this trend. TikTok has launched a debit card for eligible creators, while Squarespace offers payment and capital products alongside its website-creation capabilities.

The next phase of embedded finance may be shaped by AI-enabled capabilities. These capabilities could allow platforms to support business forecasting, surface potential management actions, and automate certain authorized tasks for business owners.

To illustrate the resulting challenges and opportunities for the financial services industry, Visa advisors have outlined a potential future state for SMB financial management: what it could look like for SMB owners and operators, what it could mean for the broader financial-services ecosystem, and how Visa can help organizations navigate this changing strategic environment.

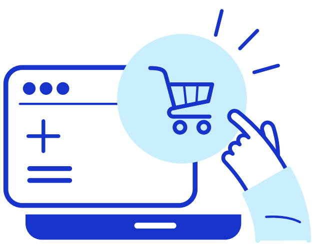
A future-state SMB journey

Meet Jack,

owner of Bottles4u, an online retailer selling water bottles. Jack manages most of his daily business activities with a web-based software package called StoreWise.[1] Jack does not spend his time switching between banking portals, accounting tools and supplier systems; rather, his financial life is managed within the same software he uses to run his business.

1. Illustrative example only. Names, businesses, products, platforms, and scenarios are fictional and are not intended to refer to any actual company, product, service, individual, or customer relationship.

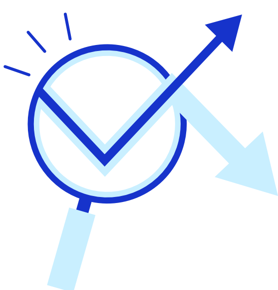
1



Agentic commerce creates demand

Jack's customers can discover and buy his products through AI-enabled shopping agents connected to StoreWise. One morning, he receives a large order for one hundred water bottles, worth about USD $3.3K. The sale immediately creates an operational need: Jack must buy additional stock from his supplier to fulfil the order.

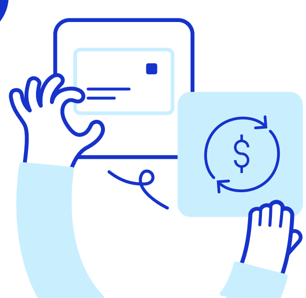
2



Business forecasting supports better business decisions

An AI-forecasting tool inside StoreWise reviews the new order, the current inventory, the supplier terms and Jack's cash position. It then recognizes that buying the additional stock would create a cash-flow gap on a specific date. Rather than waiting for Jack to notice the shortfall, the system alerts him pre-emptively and presents available options.

3



The agentic CFO recommends a course of action

StoreWise's agent presents Jack with two practical choices: apply for a credit card or renegotiate payment terms on an outstanding invoice. The agent knows both actions are likely feasible for Jack; it has completed a pre-assessment with Jack's current bank and has identified which customer invoices would be most suitable for renegotiation.

4

Smart underwriting turns business data into credit access

Jack chooses to apply for a credit card. StoreWise shares the relevant documentation and sales data with Bank ABC. The bank assesses recent sales, cash flow and invoice data, then approves the credit card immediately with a about $20K credit limit.

5

Strategic payments optimize how suppliers are paid

With the funding in place, Jack must now pay his suppliers. A payments agent reviews each invoice and recommends the best payment method based on cost, speed and supplier location. For domestic suppliers, the agent may recommend a virtual charge card to extend cash flow. For international suppliers, it may recommend a stablecoin-enabled method. Jack reviews the recommendations and approves the payments.

6

24/7 support resolves issues in the flow

The payment requires additional verification, so an AI-enabled support agent contacts Jack through the relevant banking or software channel. Jack can confirm the information quickly, helping to avoid supplier delays or failed payments.

7

Automated reconciliation removes manual work

StoreWise automatically reconciles the completed payment transactions against Jack's bank records, the supplier invoices and the accounting platform. It identifies the correct invoice attachments, checks the amounts and flags any exceptions.

8

Back-office bliss reduces administrative burden

At year's end, Jack's accounting agent prepares the relevant Value-Added Tax information using reconciled transaction data. It highlights a small number of discrepancies for Jack to review, then submits the documentation.

What this means for ecosystem players

The future state outlined above has broad implications for financial services providers across distribution, marketing and servicing:

Financial institutions should become workflow-relevant

SMBs will not necessarily search for financial products in isolation. They will expect solutions to appear when a need arises such as when an invoice is issued, a supplier needs to be paid, a tax liability is forecast, or cash flow comes under pressure.

Banks and issuers should therefore identify where in the SMB workflow they want to play. Some moments require deep integrations like embedded lending at invoice or at checkout. Others may only require secure data sharing, payment enablement or account connectivity.

Products should become more modular

Financial institutions should no longer solely rely on bundled relationships in which a current account is the gateway to every other product. SMBs may want lending, cards, payments, foreign exchange, reconciliation or working capital tools as standalone capabilities inside familiar platforms. As SMBs increasingly manage their businesses through a single software platform, the winning model for FIs may be modular, API-enabled and partner-ready.

Data will redefine credit and risk

The future of SMB underwriting may rely on a broader view of business health. Audited financial statements will remain important, but they may be complemented by other data elements like sales history and payment data. Many of these data sources are already held by banks through their acquiring activities. Banks that can responsibly incorporate these signals into credit decisioning may be better positioned to serve SMBs.

In some markets the shift to mandatory e-invoicing has accelerated this process. Automated validation of e-invoicing means that banks can use these confidently to lend against for supplier financing.

Partnership capability becomes strategic infrastructure

SMB workflows vary significantly by industry, size, and operating model, suggesting that a partnership-based approach across the SMB software ecosystem may be needed to address the breadth of SMB needs. Partner selection, governance, data-sharing models, risk controls and commercial alignment may become core strategic capabilities.

Different markets will move at different speeds

In some markets, agentic commerce and autonomous financial management may feel close. In others, the immediate opportunity may be more practical: e-invoicing, digital onboarding, invoice-linked lending, automated reconciliations and embedded supplier payments. The direction of travel is consistent, but the roadmap should reflect local maturity.

The strategic case for action

Although these conditions represent only one potential future state, market signals suggest that SMB financial services may continue evolving toward more embedded, software-led experiences. Financial services providers should consider reassessing how they serve this segment as software platforms and other ecosystem participants expand their roles in customer relationships.

Visa Consulting and Analytics (VCA) can support you on this journey:

Our consultants help design future-ready SMB propositions aligned to evolving customer needs. This includes evaluating opportunities in embedded finance, payments, lending, and data-driven services, as well as identifying how alternative data and new ecosystem capabilities can strengthen customer value propositions.

We help financial institutions identify the right partners, platforms, and integration models. This includes determining where deep ecosystem integration is required and where issuers can play a valuable role in enabling open-banking-like data sharing.

We help optimize performance over time through data and analytics. This includes supporting stronger underwriting and risk capabilities by identifying relevant additional data sources and advising on how to incorporate them into credit assessment processes.

About Visa Consulting & Analytics (VCA)

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.

To get started, reach out to your Account Executive directly.

Learn more about the team, resources, and our data-backed insights on **Visa.com/VCA**

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