

The state of finance firms in 2022



What does the future look like for financial firms?

Finance small and medium businesses (SMBs) have felt the effects of change differently from most small businesses. In our research with agency CensusWide, which surveyed finance firm owners and leaders to understand how they're reimagining their approaches to business in 2022, we unearthed some of those differences:

- The Great Resignation has largely skipped over the finance sector, and in response, retaining staff is the lowest pain point for finance firms in 2022, while attracting talent also ranks low with only 18% of finance firms considering it a significant pain point.

- Data breaches are the top security concern in 2022, with finance SMBs feeling they have little chance of protection if bigger players with bigger budgets are struggling.
- 41% of finance firms consider tighter software integration as their path to an improved customer experience, listing it as the top motivation for technology investment in 2022.

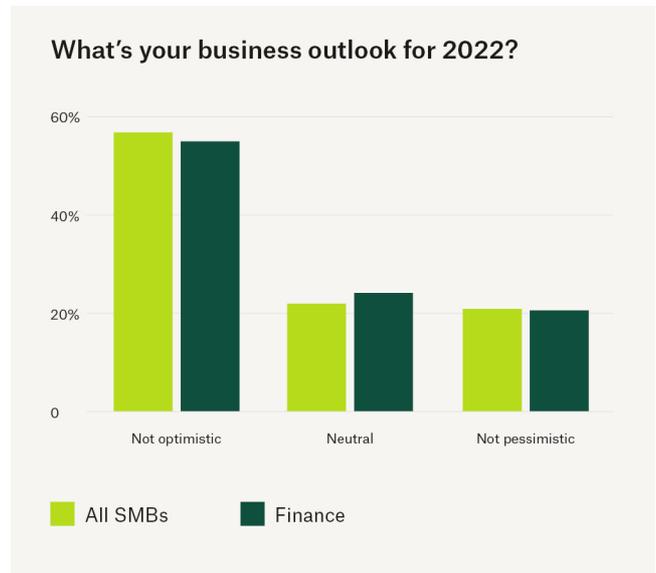
These are just a few of the insights we uncovered. In this report, we analyze the data and explore how finance SMBs plan to best respond over the next 12 months.

Finance firms are steadily optimistic

Finance firms are slightly more measured in their business outlook in 2022—only 52% are optimistic compared to 57% for the average firm in 2022.

“The finance industry is solid. No matter what happens, people need CPAs, they need accountants, they need payroll. So these are jobs or industries that aren’t going to fluctuate as much with the economy. In that respect, it’s easy to not be necessarily pessimistic. We have a lot more security in what we do. But as far as having a neutral outlook, that may just come with the finance industry in general, it’s just being a little bit guarded and very by the book, I don’t know that most people in finance would ever be considered necessarily optimistic,” explains Christina Hageny, President of Valor Payroll Solutions.

In line with tempered expectations for 2022, 38% of finance firms say their top sales priority is to overcome previous losses while another 38% say their top sales goal is to stabilize the business.



Strengthening software integrations is a priority for 2022

41% of smaller finance firms see tighter software integration as their primary motivation for technology investment in 2022. The top target of greater integration is an improved customer experience, with finance firms listing it as the main reason for implementing new technology in 2022.

Why is technology so closely tied to customer experience for financial SMBs? “Internally and for clients, when you integrate software, you make the experience better and more efficient. Small

business owners don't have the time or the resources to figure out complicated internal workings, they want to go to one place and find what they need or give you what you need. It goes all the way down the line, if it's easier for us, it's easier for the client, if it's easier for the client, it's easier for their employees. The more you can increase integrations and efficiencies that make things easy, the better your retention rate will be,” says Christina Hageny.

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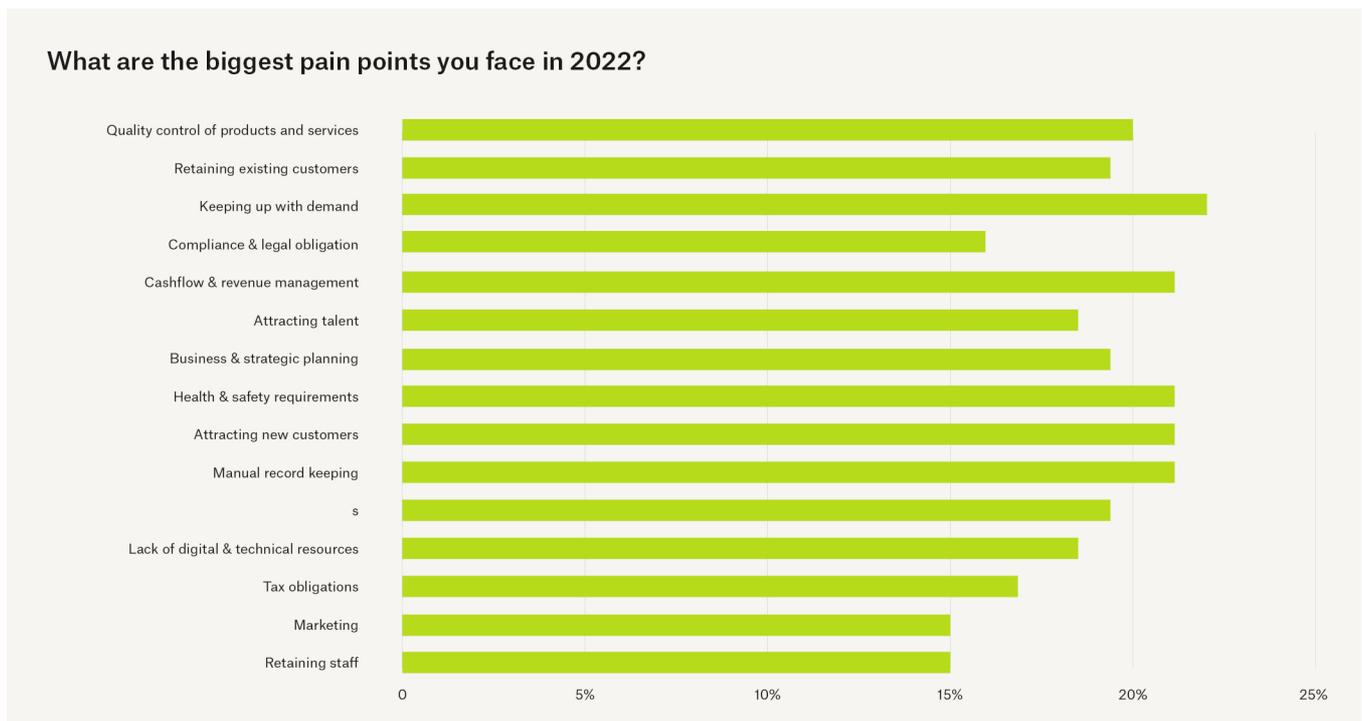
The push for remote working

The Great Resignation hasn't materialized for finance firms, and in response, retaining talent is their lowest pain point in 2022, coming in at only 15%—while attracting talent isn't far behind at 18%.

Why is staff retention and attracting talent such a low priority for finance firms? "A big cause of the great resignation is people wanting more flexibility. If you're doing A, B, or C job, and you decide you want to go hybrid or you want to go remote, you're going to have to find another job that will allow you to do that. If you're in finance, there's a greater probability that you're already able to go hybrid or remote. Whether it's CPAs, accountants, or payroll, everything can be done

electronically. A lot of finance employees are working online, especially nowadays with cloud-based software. And so finance jobs are more stable, our workforce is more stable. We're not seeing the ups and downs that a lot of other industries are seeing right now," explains Christina Hageny.

And finance SMBs are fully embracing hybrid and remote work, with 56% planning to be hybrid or remote compared to 52% for the average SMB. In line with the high preference for remote work, 49% of finance firms are planning to save costs by reducing office overheads in 2022.



New security practices require additional education

37% of finance firms list data breaches as their top security concern in 2022—a departure from the average SMB concern of customer fraud.

What's made the finance sector more concerned with data breaches than fraud? "Huge payroll companies like UKG have recently suffered cyberattacks, and you have to imagine with their financial capabilities that they have really good security, yet they were still at risk. That's why it's so scary, especially in the small business market.

Of course, we do everything we can to secure our data by using firewalls, data encryption, and two-factor authentication, but if a large company isn't safe what's our guarantee?" Christina Hageny explains.

In response, 42% of finance SMBs are planning to implement threat detection and monitoring software in 2022 to protect themselves against cyber threats.

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Compliance is a big pain point

Unsurprisingly, finance firms are grappling with compliance challenges across the board, seeing changing regulations, finding information, long processes, cost, sensitive information, and uncertainty around where to find help all posing difficulties in 2022.

A source of so many compliance challenges is the number of changes over the past few years, Christina Hageny explains:

“So much has changed between 2020 and now. Many more businesses are hiring remote workers, so you have multi-state tax compliance. In payroll alone, we’ve had three different acts (FFCRA, CAA, and ARPA) which all brought about major changes. We had to learn and advise clients about FFCRA leave and tax credits, PPP loans and forgiveness, and the employee retention tax credit, all of which have changed several times since inception. We have just been flying by the seat of our pants.”

In response, compliance is a top reason (36%) finance SMBs plan to invest in new technology in 2022, as they think existing processes are too long and complicated. In particular, 33% of finance firms are planning to invest in automation to solve their compliance and regulation challenges—the top reason for automation.



Conclusion

Whether it's for security, compliance, or better customer service, one thing's clear: finance firms are looking to tackle 2022's challenges with technology. So perhaps the biggest challenge in the coming months is which technologies you'll select.

One low-risk, high-impact answer is the Dropbox eSignature solution called Dropbox Sign, which offers

increased security against cyber threats and fraud with encryption and audit trails, greater productivity through automated reminders and document templates, and up to 80% faster turn-around times on sales and hiring contracts.

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Methodology

The survey was conducted online by Censuswide on behalf of Dropbox Sign between November 06, 2021 and December 22, 2021. It polled founders, CEOs, and senior leaders at businesses with between 1 and 500 employees. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles.