



The State of Small Business: 2026 Industry Pulse

INTRODUCTION

It has been just over one year since SmartBiz Loans® acquired Centrust Bank™, marking the beginning of a new chapter as SmartBiz Bank, N.A. In 2025, on the heels of that transition, we launched our first State of Small Business: Industry Pulse to begin a deeper dialogue with the small business owners we serve.

Now, a year later, we're connecting with small business owners once again to learn what the financing landscape looks like for them. We have seen firsthand how quickly business owners' needs can shift and how important it is to listen closely to what they are experiencing in real time.

Our second annual Industry Pulse offers a fresh look at how business owners are managing growth, accessing capital, and adopting new technologies, including AI, in a fast-changing environment.

This year's findings point to a business community that is both resilient and optimistic. Many small business owners report strong financial health, improved performance compared to last year, and confidence in their ability to grow over the next 12 months.

At the same time, owners continue to face significant financing challenges, particularly the cost of capital.

The survey also shows that digital tools are becoming more central to a business's day-to-day operations. From online banking and accounting software to AI-powered financial tools, small businesses are embracing technology to help them operate more efficiently and make smarter decisions.

The State of Small Business: 2026 Industry Pulse continues the conversation, bringing today's small business voices into focus and helping us shape what comes next.



Gerard Buccino

Chief Executive Officer and Chief Financial Officer

KEY FINDINGS

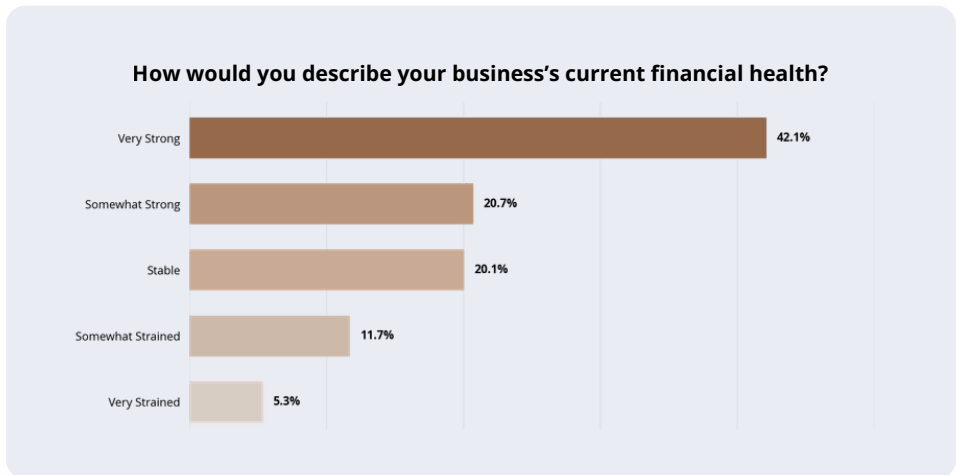
- **Confidence is high.** Nearly 8 in 10 small businesses are confident in their ability to grow over the next 12 months, and more than two-thirds say their financial position is better than it was a year ago. In the survey, 78.9% of respondents say they are extremely or somewhat confident in their ability to grow, while 67.6% say their financial position is much or somewhat better than last year.
- **AI is now a mainstream area of interest for business finance.** Nearly 8 in 10 respondents say they are interested in using AI-powered tools to help manage their business finances. Online banking, accounting software, and payment processing also rank among the most critical digital tools for running a business today.
- **Capital demand is strong, but rate pressure is still the biggest barrier.** More than half of respondents applied for a loan in the last year, and high interest rates are the most commonly cited financing challenge, with 72.9% citing this as a top obstacle.

BUSINESS OUTLOOK

Small businesses are maintaining strong momentum in 2026.

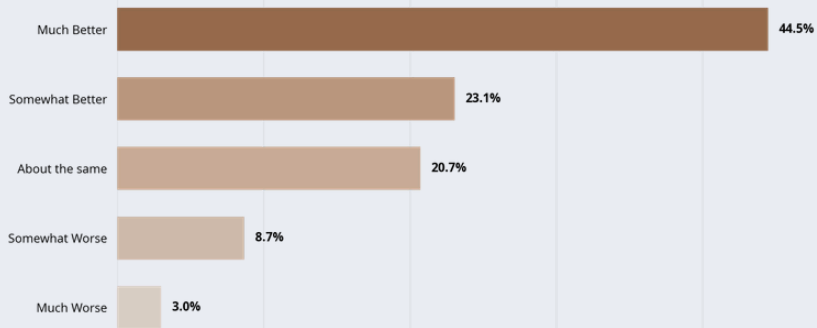
As the year progresses, small businesses largely continue to operate from a stable and strong base. Nearly two-thirds of respondents describe their business’s current financial health as very or somewhat strong, and more than two-thirds say their financial position has improved compared to a year ago. Confidence in future growth is also high, with nearly 8 in 10 respondents saying they are confident in their ability to grow over the next 12 months.

These findings point to a small business market that remains ambitious and resilient. Even in an environment marked by cost pressure and economic uncertainty, many business owners appear focused on expansion, opportunity, and long-term stability.

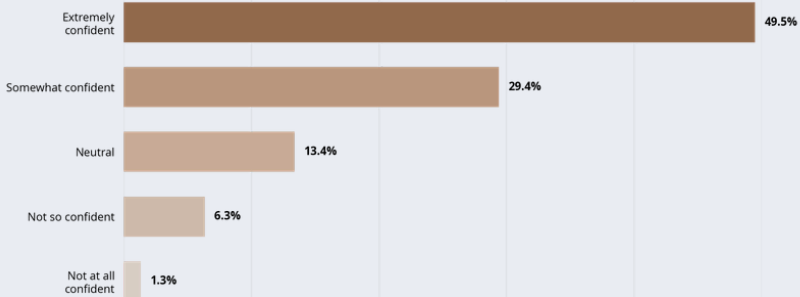


BUSINESS OUTLOOK

Compared to last year, your business's financial position is:



How confident are you in your business's ability to grow in the next 12 months?



DIGITAL TOOLS AND AI

Digital tools are central to operations, and AI is gaining ground.

In this year’s survey, online banking was the most frequently cited critical tool for running a business, suggesting that business owners continue to prioritize tools that support visibility, efficiency, and day-to-day financial management.



At the same time, AI is moving into the mainstream. More than three-quarters of respondents say they are interested in using AI-powered tools to help manage their business finances, signaling growing openness to practical, intuitive platforms that are built to simplify complex workflows.

→ **51.5%**

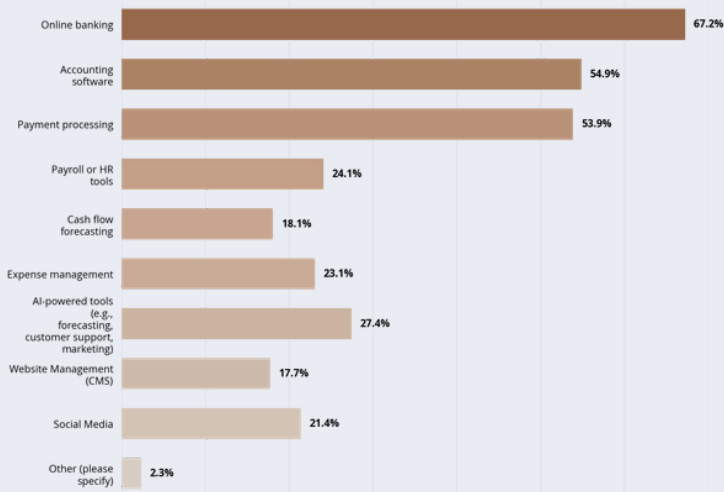
of respondents are **extremely interested** in using AI tools to manage business finances

→ **27.4%**

of respondents are **somewhat interested** in using AI tools to manage business finances

DIGITAL TOOLS AND AI

Which digital tools are most critical to running your business today?



FINANCING TRENDS

Demand for capital remains strong.

Access to funding remains a major priority for small businesses. More than half of respondents say they applied for a business loan in the past 12 months, highlighting continued demand for capital to support growth, liquidity, and day-to-day operations.

Among the financing products respondents pursued, business lines of credit and SBA loans were the most common, followed by business credit cards and term loans. This mix suggests that small businesses are looking for both flexible working capital options and more structured financing products, depending on their needs.

The need for capital remains real, and businesses continue to actively seek funding solutions that keep pace with and match the complexity of their operations.

→ **57.5%**

of respondents **have applied for a business loan** in the past 12 months

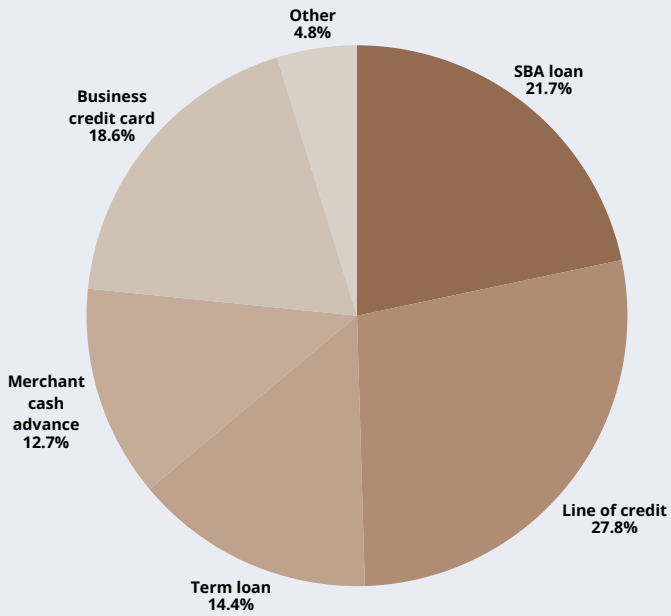
→ **18.9%**

of respondents **plan on applying for funding** in the next 12 months



FINANCING TRENDS

What type of financing did you seek?



FUNDING CHALLENGES

Businesses are still facing real barriers when seeking funding.

While demand for capital is strong, the financing process remains challenging for many business owners. A meaningful share of respondents describe the process as difficult or very difficult, reinforcing that access to capital is not simply about demand; it is also about affordability, transparency, and ease.



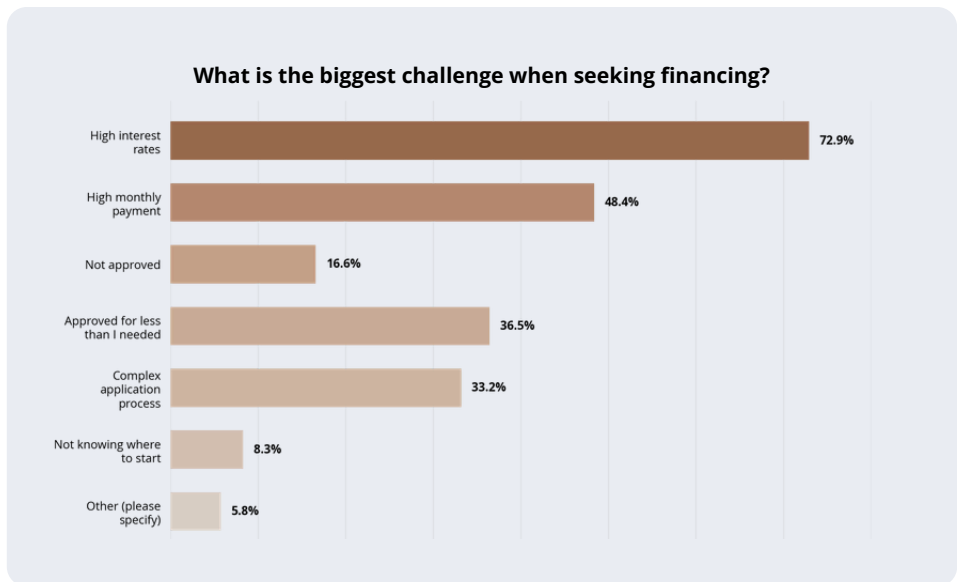
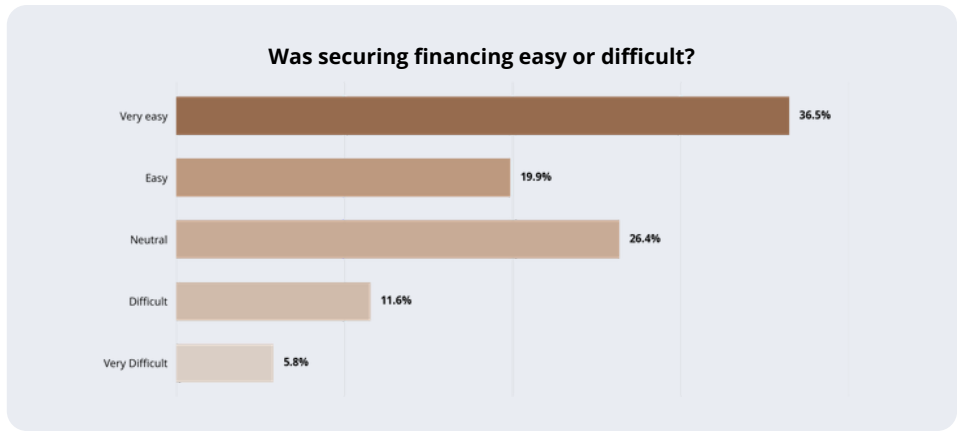
The biggest barrier by far is the cost of borrowing.

High interest rates are the most commonly cited challenge, followed by high monthly payments, complex application processes, and being approved for less funding than needed. These results show that even when small business owners are motivated to seek funding, cost and friction may still stand in the way.

Businesses want access to capital, but they also want a financing experience that is clearer, faster, and better aligned with their realities.

→ **72.9%** cited **high interest rates as the biggest challenge** when seeking financing for their business

FUNDING CHALLENGES



BANKING PRIORITIES

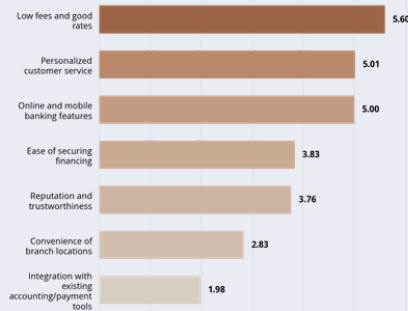
Business owners want banking that is simple and cost-effective.

When choosing a business bank, respondents continue to prioritize practical value. Low fees and good rates are ranked as the most important factor, followed by personalized customer service and online and mobile features. These priorities suggest that owners are looking for financial partners that combine strong economics with convenience and dependable support.

That same theme appears in what businesses want most from their bank account. Easy online and mobile banking ranked as the most important account feature, followed by low or no fees for ACH, wires, or transfers.

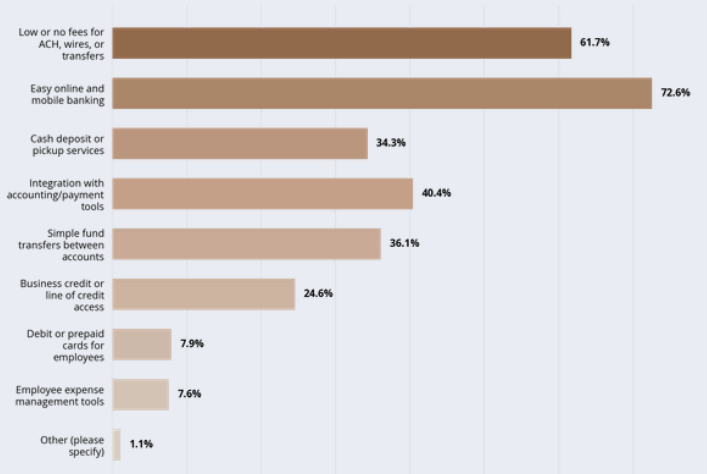
Taken together, the results show that small businesses increasingly expect banking to be seamless, digital-first, and operationally useful. Not just a place to store funds, but a tool that helps the business run more efficiently.

What factors were most important when choosing your business bank?



BANKING PRIORITIES

What features are most important to you in your business bank account?



SURVEY METHODOLOGY

The State of Small Business: 2026 Industry Pulse is based on a survey by SmartBiz Bank® of 299 small business respondents across a range of industries.

Participants represent a broad mix of business sizes, years in operation, and annual revenue levels. The industry mix includes construction, professional services, computer systems design, retail and trade, transportation and warehousing, restaurants, home health care, real estate and property management, and other service sectors.

Respondents in this year's survey represent a broader business profile than the prior year's customer-focused sample. Businesses ranged from 1 to 5 employees to 51 or more employees, and the majority had been in operation for at least 3 years. Annual revenues also spanned from under \$100,000 to more than \$5 million.

These findings provide a snapshot of how small businesses are navigating financial health, growth expectations, digital adoption, banking priorities, and access to capital in 2026.