



The State of Small Business: Industry Pulse

INTRODUCTION

For the last 15 years, SmartBiz has been a fintech, serving small and medium-sized businesses across the United States. We've come to know small businesses quite well and, over the years, have evolved our business to meet their growing needs. Earlier this year, SmartBiz received regulatory approval to become a bank. Now, we can serve our existing customers and the broader national small business ecosystem even better.

Today, the business landscape is in a constant state of change. What was true six months ago may not be true six months from now.

That's why we launched this survey for our customers. We wanted to ask the questions and hear directly from small business owners. How financially secure are they feeling? What support are they looking for? And how can we help them succeed?

Our 'State of Small Business: Industry Pulse' reflects that effort. It's the beginning of an ongoing conversation and we are excited to share these insights broadly. Moving forward, we're committed to using what we learn to shape more innovative solutions that truly meet the needs of small business owners today and in the future.



Evan Singer

CEO of SmartBiz BankSM



KEY FINDINGS

- Most small businesses trust traditional banks the most as compared to other financial institutions, and around 40% have been with their primary business bank for more than 7+ years.
- Small business owners prioritize low fees and good rates when choosing a business bank - whether they are actively looking for funding or not.
- Small businesses are looking to keep things simple when it comes to business banking. Easy online and mobile banking is the number one most important feature for small business bank accounts, with low or no fees for ACH, wires, or transfers as the second most important feature.

BANKING PRIORITIES

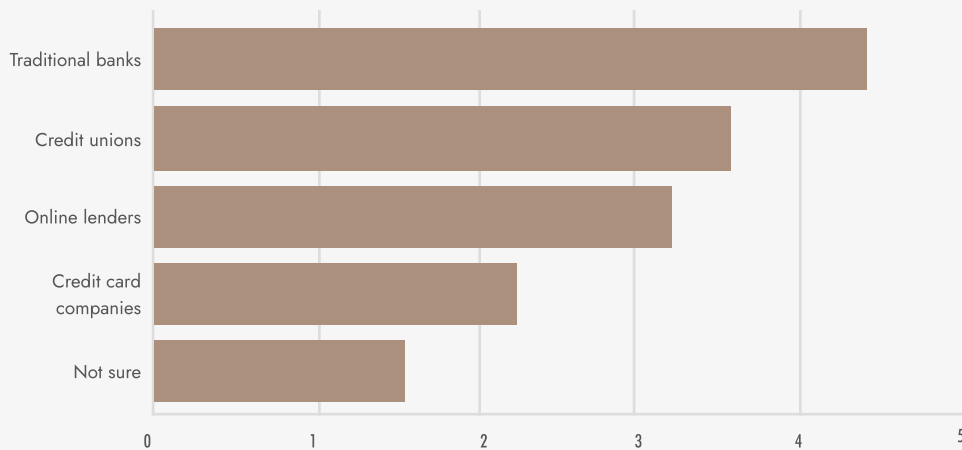
Most small business owners trust traditional banks the most, and around 40% have been with their primary business bank for more than 7 years.

40%

HAVE BEEN WITH THEIR BANK FOR 7+ YEARS

What financial institutions do you trust most?

(Respondents ranked the importance from 1-5 with 5 being the most trusted and 1 being the least)



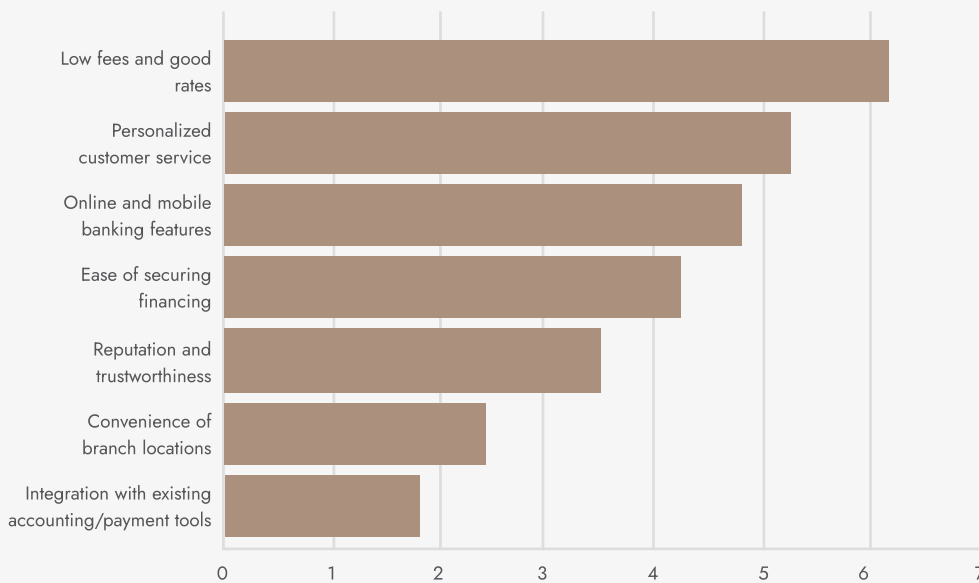
BANKING PRIORITIES

When choosing a business bank, respondents cited low fees and good rates, personalized customer service, and online/mobile banking features as driving factors.



What factors were most important when choosing your business bank?

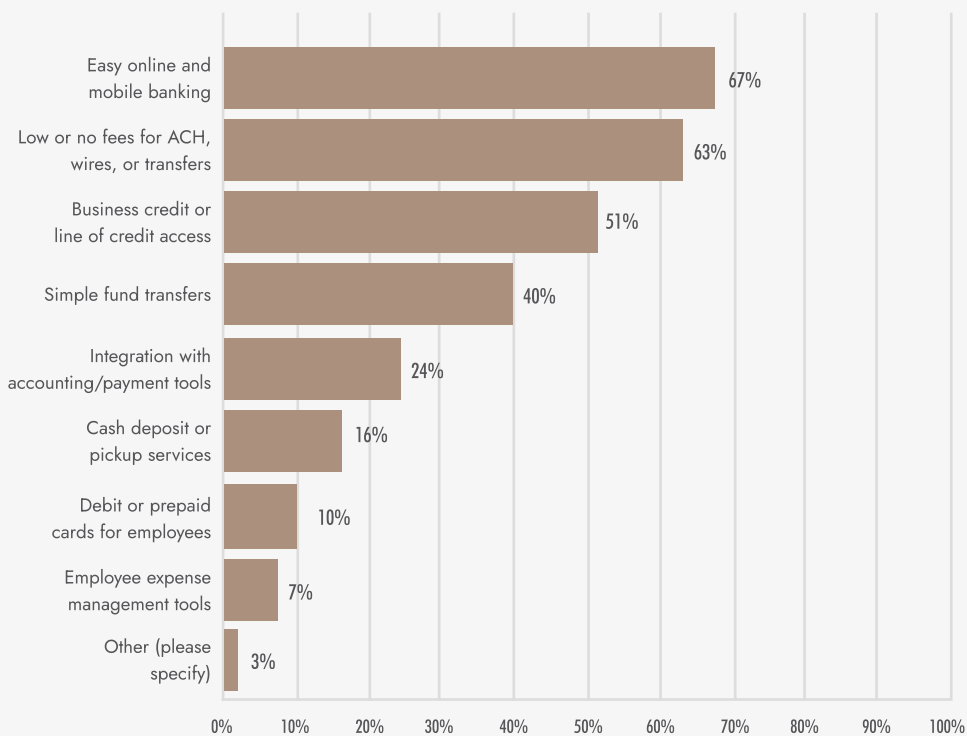
(Respondents ranked the following 7 factors in order of importance)



BANKING PRIORITIES

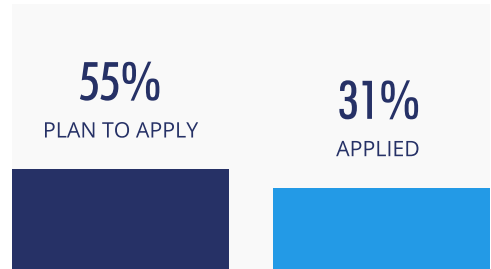
Small businesses want to keep things simple when it comes to business banking. Easy online and mobile banking are the most important features for small business bank accounts, with low or no fees for ACH, wires, or transfers being the second most important feature.

What features are most important to you in your business bank account?
 (Respondents chose up to 3 features)

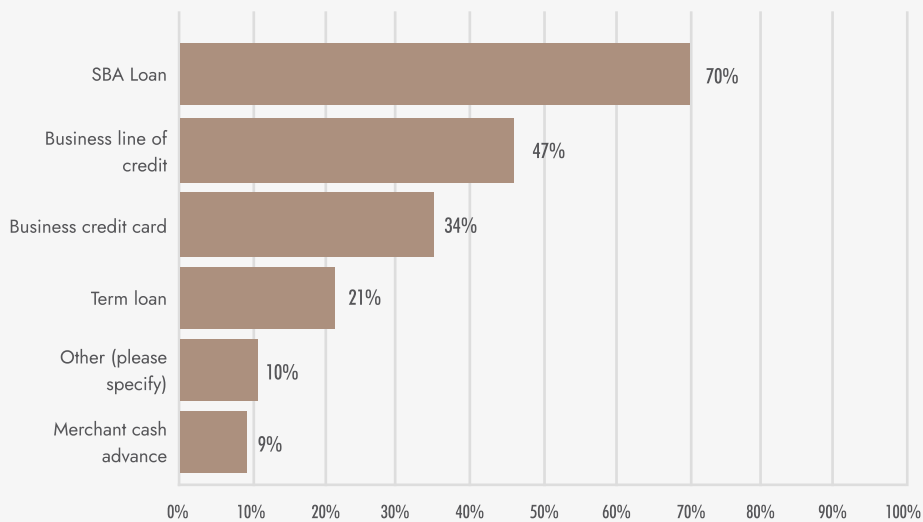


FINANCING TRENDS

Almost 70% of small businesses surveyed were looking for SBA loans, followed by a business line of credit or business credit card.



If you have applied for financing in the last year, what type of financing did you seek?
 (Respondents selected all products they were interested in)



FINANCING TRENDS

The top challenges when obtaining funding were:

→ **47%**

High interest rates

→ **47%**

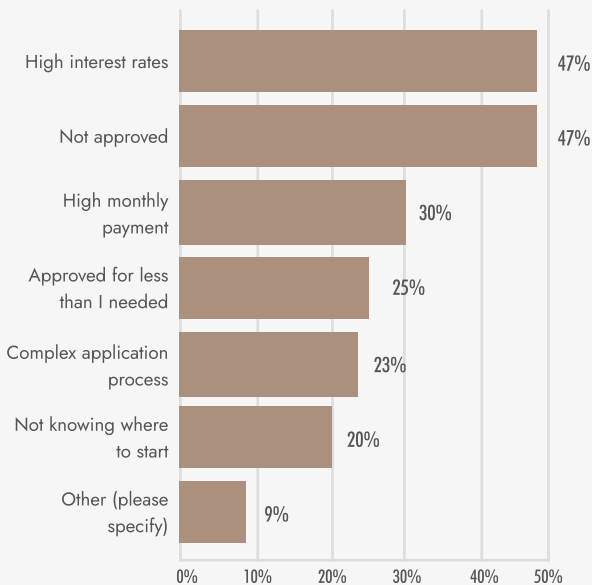
Not being approved
or getting less capital
than needed

→ **23%**

Complex application
processes

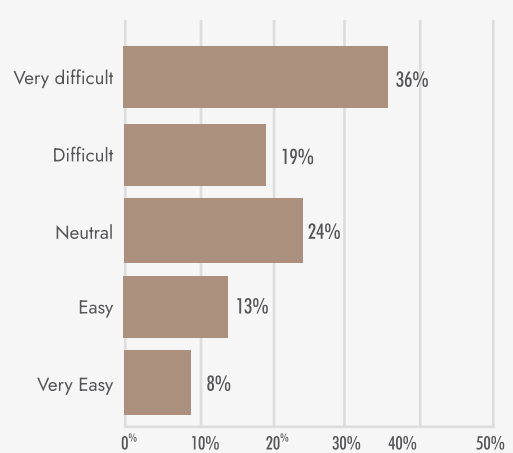
What is the biggest challenge when seeking financing?

(Respondents selected up to 3 challenges)



Was securing financing easy or difficult?

(Respondents selected 1 option)



SURVEY METHODOLOGY

SmartBiz's "State of Small Business: Industry Pulse" is based on a survey conducted by SmartBiz Bank between March 6, 2025, and April 13, 2025, of over 200 small business owners who are SmartBiz Bank customers from diverse industries including:

- Building Equipment Contractors
- Computer Systems Design and Related Services
- Home Health Care Services
- Insurance Agency & Brokerage
- Medical Office
- Personal Care Services and Salons
- Professional, Scientific, and Technical Services
- Real Estate and Property Managers
- Residential Building Construction
- Restaurants
- Retail or Trade
- Services to Buildings and Dwellings (Landscaping, Janitorial, etc.)
- Transportation or Warehousing

Of these small business owners, the majority (86%) have 1-5 employees. 85% have been in business for over 3 years, and nearly 40% have operated for over 10 years. Approximately 50% of respondents have more than \$100K in annual revenue.

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