

TD BANK: Financial Preparedness Survey of Small Business Owners 2026

Quantitative Research Results

April 2026



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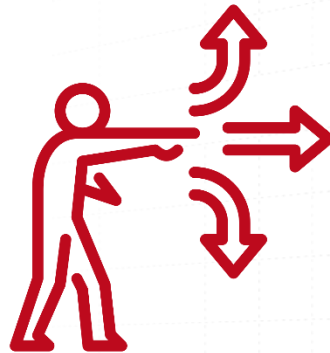
Research Objectives

TD Bank partnered with Wakefield Research on custom quantitative research to:

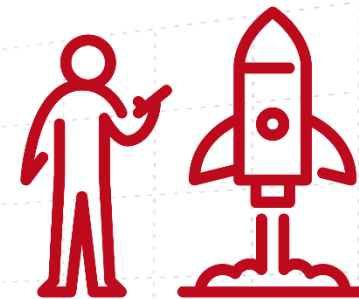
Understand how small business owners assess their preparedness today, and where gaps remain between perception and reality.



Examine how small business owners are navigating financial decision making in a complex and evolving environment.

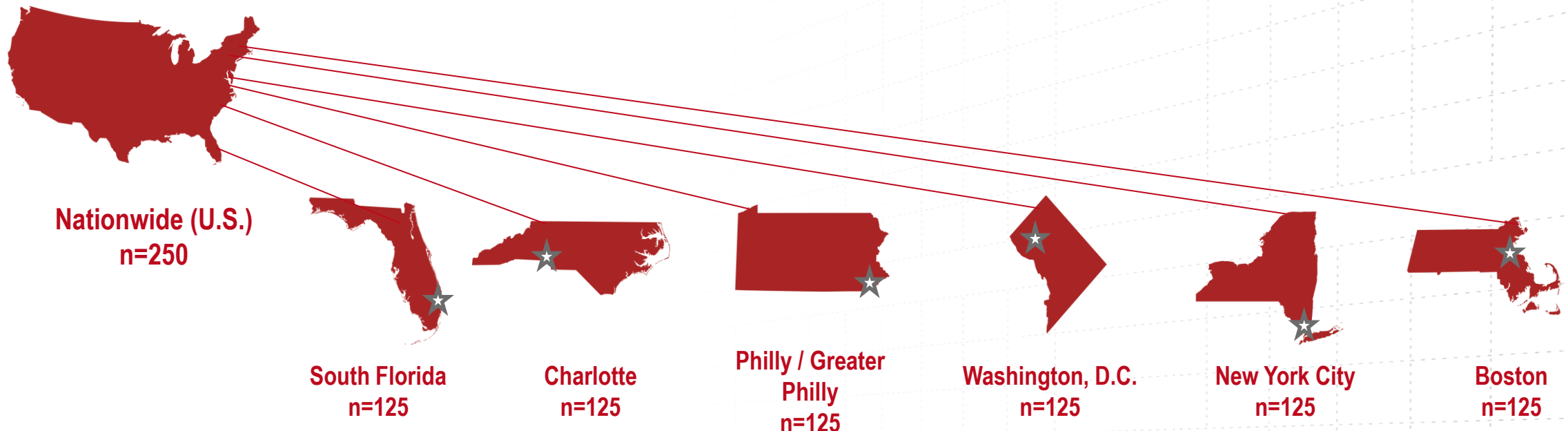


Measure expectations for the future, including how optimism, risk, and long-term planning are shaping business strategy



RESEARCH METHODOLOGY

The TD Bank Financial Preparedness Survey was conducted by [Wakefield Research](#) among small business owners (100 employees or fewer) with annual revenue of \$100,000+, 250 nationwide respondents and 125 respondents in each of the following: New York City, Boston, Washington D.C., South Florida, Philadelphia/Greater Philadelphia, and Charlotte between March 13th and March 26th, 2026, using an email invitation and an online survey.



The margin of error for the survey is +/- 3.1 percentage points at the 95% confidence level. Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.2 percentage points in the nationwide sample and 8.8 percentage points in New York City, Boston, Washington D.C., South Florida, Philadelphia/Greater Philadelphia, and Charlotte from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

KEY FINDINGS

KEY FINDINGS

Small Business Owners Report Feeling Prepared, But Many Still Fall Short Of Their Savings Benchmark

Nearly all small business owners believe they are financially prepared for the next 12 to 18 months, unchanged from last year (94% for both years). However, that confidence still outpaces reality: just 24% have more than six months of emergency savings on hand, even though more than a third (34%) believe a business should have that much saved to be truly financially prepared.

Despite this disconnect, there are signs of progress. Fewer owners now say they would become concerned about the future of their business after just two quarters of revenue shortfall (67% in 2026 compared to 72% in 2025). Still, vulnerability remains close to the surface as most owners continue to report that they don't have more saved than they believe a business should. Two out of five, 40%, have less than they think they should while 43% have exactly that amount and only 18% have more than that amount.

Preparedness Remains a Hands-On Effort, and Owners Continue To Run Into Practical Barriers

Small business owners overwhelmingly believe financial preparedness matters, but many are still managing it in a relatively reactive cadence. While 64% assess their preparedness monthly or more often, that is down from 70% last year. At the same time, owners continue to face a wide mix of barriers. The biggest challenges are anticipating and adapting to customer preferences (43%), navigating the complexity of digital tools used to track finances (42%), and finding advice from a trusted financial partner (40%). Together, these findings suggest that preparedness is not just about having capital on hand, it's also about having the right systems, clarity, and support in place.

KEY FINDINGS

Owners Want To Level Up, and Most Expect To Use Financing To Do It

Small business owners define financial preparedness through planning as much as liquidity. More believe that having a comprehensive financial business plan (44%) signals preparedness than having positive cash flow (38%) or enough capital to survive a low-revenue month (39%). That mindset carries into how they think about growth.

In the next 12 to 18 months, nearly all (93%) are likely to consider applying for a loan or line of credit, up from 82% last year. Most believe that funding would support growing the business (52%), while other would use it to maintain operations (38%) or support AI/automation tools or training (34%). Confidence is also high: 94% believe they would be approved. And when owners describe what “leveling up” means in their own words, most point to growth and market expansion.

Owners Stay Optimistic About the Economy, and They Are Putting That Optimism Into Growth and Talent

Small business owners remain upbeat about the year ahead. Nearly three quarters expect the macroeconomic environment to improve over the next 12 to 18 months (74%), up slightly from 71% last year, and more than nine out of 10 expect their business to profit over that same time period.

That optimism is translating into action for many with 71% expecting their workforce to grow over the next 12 to 18 months. Owners are most likely to level up talent by investing more in retention to keep top employees (62%) and training and upskilling current staff (61%). At the same time, optimism doesn't pay the bills. Owners cite investing in marketing (62%) among their top operational concerns.

KEY FINDINGS

Owners Are Using AI Far More Aggressively To Cut Costs, but the Payoff Shows Up More in Service and Protection Than in Labor Reduction

AI has moved from an emerging tool to a mainstream cost-management strategy for small businesses. Nearly seven in 10 small business owners (69%) are already using AI to decrease expenses across their business, up sharply from 39% last year, and another 22% are planning to do so in the future. Half of owners are most likely to use or plan to use AI to cut costs in data and analytics while cybersecurity, customer service, and marketing are other top AI use cases.

Still, the benefit owners feel most strongly about are not headcount-related. Over the past year, the top reported benefits of AI/automation have been improved customer service, stronger fraud/cybersecurity protection, and increased sales/leads. Just 32% cite reducing costs and 29% cite reducing errors, reinforcing that owners currently see AI as a way to strengthen operations and support their business, not as a way to replace staff.

Retirement May Be Far Off for Most Owners, but Succession Planning Is Still Not Fully in Place

Most small business owners are not planning to retire in the near term, with only 8% expecting to do so within the next five years and 86% reporting retirement is more than five years away. Even with that longer time horizon, many have yet to formalize a plan for the future of their business. Only 42% currently have a succession plan in place, while nearly half (47%) do not yet have one but plan to develop one in the future. This suggests that succession remains an open, and largely unresolved, part of long-term financial preparedness amongst most small business owners.

DETAILED RESEARCH FINDINGS

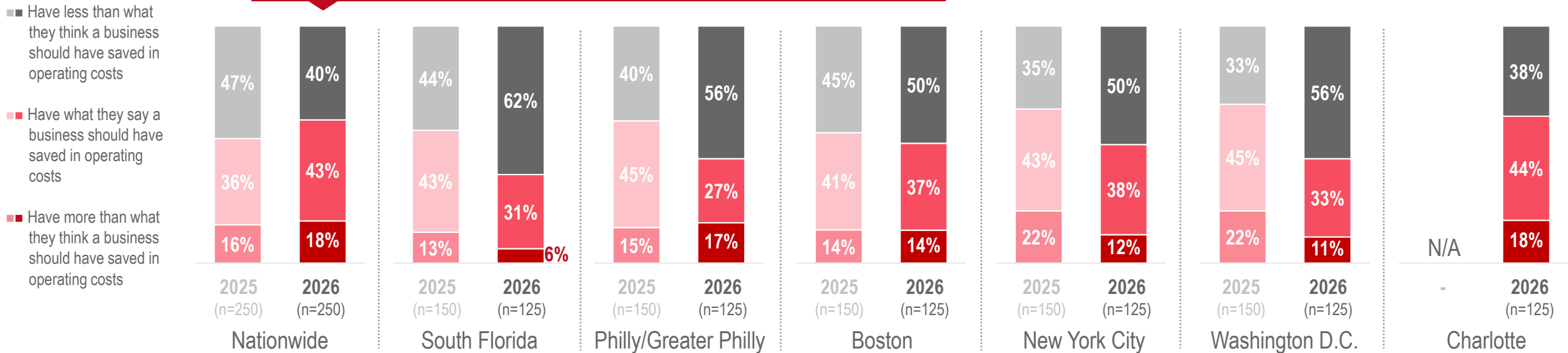
CONFIDENCE IS HIGH, BUT FINANCIAL GAPS REMAIN

SMALL BUSINESS OWNERS NOT FINANCIALLY PREPARED AS THEY'D LIKE

Nearly all small business owners rate themselves as financially prepared (94%), but just 24% actually have six months or more in emergency savings for operating costs. Only 18% have more than what they think a business should have saved.

AMOUNT A BUSINESS SHOULD HAVE SAVED VS. HOW MUCH THEY HAVE SAVED

94% of small business owners nationwide rate their business as being **'Very' or 'Somewhat' financially prepared** for the next 12-18 months (94% in 2025)

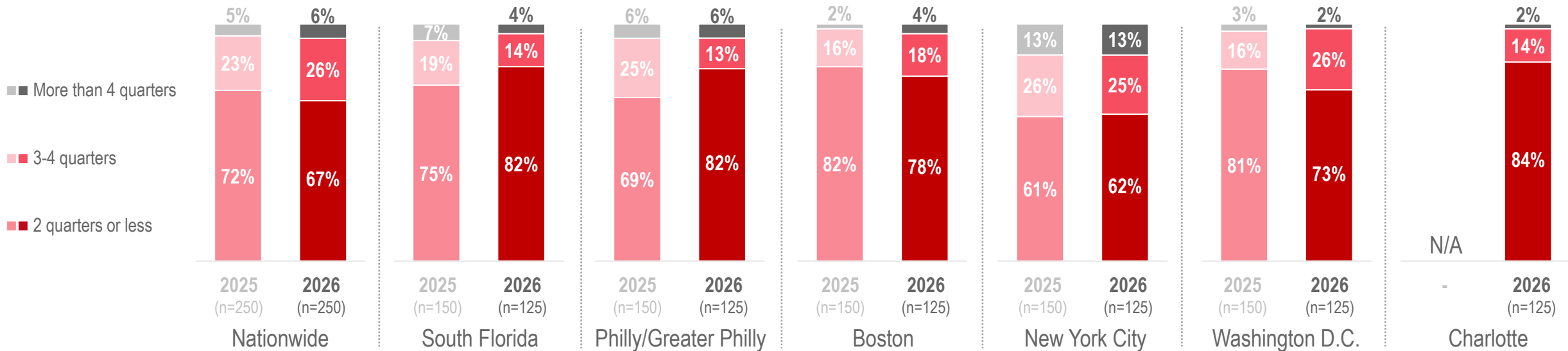


4. How would you rate your business' financial preparedness for the next 12-18 months? / 12. How much money does your business currently have in emergency savings to cover operating expenses? / 13. Ideally, how much do you think small businesses should have in emergency savings for operating costs in order to be "financially prepared"?

CONCERN FOR BUSINESS KICKS IN AFTER 2-QUARTER SHORTFALL

For most small business owners (67%), falling short of anticipated revenue for just two quarters or less would cause them to become concerned about the viability of their business, fewer than last year (72%). Only 6% could last as long as a year or more before becoming worried, slightly more than the 5% who could a year ago.

SHORTFALL TO BE CONCERNED ABOUT COMPANY'S FUTURE



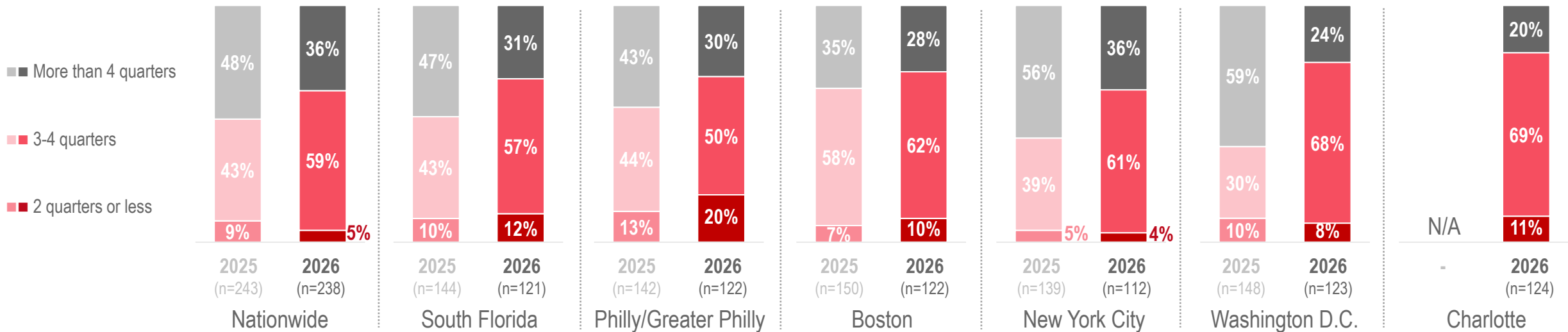
27. How long would your business have to fall short of anticipated revenue for you to be concerned about the future of your company?

SURVIVAL OF BUSINESS IN QUESTION AFTER 3-4 QUARTERS FOR MOST

Most small business owners (59%) feel their business wouldn't survive if they fell short of anticipated revenue for three quarters to a year. More owners are now in that category than last year, when less than half (43%) feared the end of their business after that much time. Similarly, fewer owners (36%) could hold on with more than a year of shortfalls than last year (48%).

SHORTFALL TO FEEL THAT COMPANY WOULD NOT SURVIVE

Among U.S. SBOs who say they would need to fall short on revenue for 2 years or less, n=238



28. How long would your business have to fall short of anticipated revenue for you to feel your business would not survive?

SMALL BUSINESS OWNERS FACE FINANCIAL PREPAREDNESS HURDLES

The biggest challenge for small business owners in getting their business financially prepared is anticipating and adapting to customer preferences (43%), followed by the complexity of digital tools to track my business' finances (42%). There are regional differences. For example, in New York City, it is hardest to find advice from a trusted financial partner (50%).

FINANCIAL PREPARATION CHALLENGES

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Anticipating and adapting to customer preferences	43%	42%	38%	32%	34%	38%	30%
Complexity of digital tools to track my business' finances	42%	41%	47%	40%	40%	46%	40%
Finding advice from a trusted financial partner	40%	46%	44%	38%	50%	38%	29%
Accessing lines of credit	35%	29%	41%	34%	30%	22%	43%
Uncertainty about next steps given the economy (inflation/interest rates/GDP news)	35%	47%	25%	42%	34%	33%	42%
Lack of educational resources available around running a profitable business	33%	28%	30%	43%	32%	42%	32%
Lack of previous business and financial education	29%	37%	42%	31%	33%	34%	33%
Lack of understanding the different lines of credits that I can access	25%	27%	27%	36%	25%	37%	31%

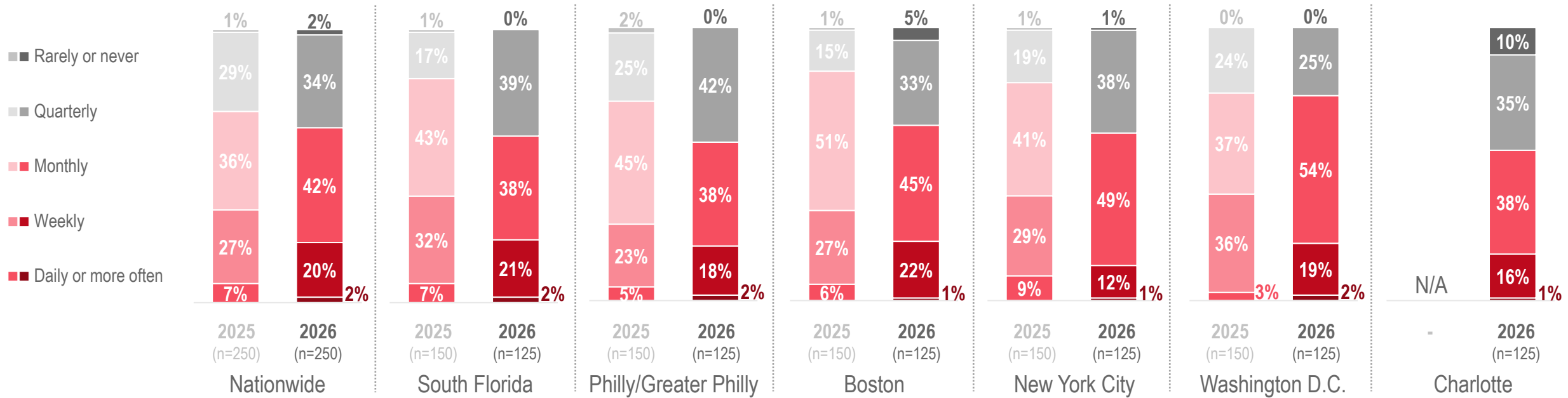
% = the 2 options selected the most

14. Which of the following have posed a challenge for you when it comes to financially preparing your business?

MOST OWNERS ASSESS FINANCIAL PREPAREDNESS MONTHLY

Most business owners check in on their financial preparedness monthly or more often (64%), fewer than last year (70%). About a quarter (22%) assess it weekly. Nearly all (98%) check in quarterly or more often.

FREQUENCY ASSESSING FINANCIAL PREPAREDNESS

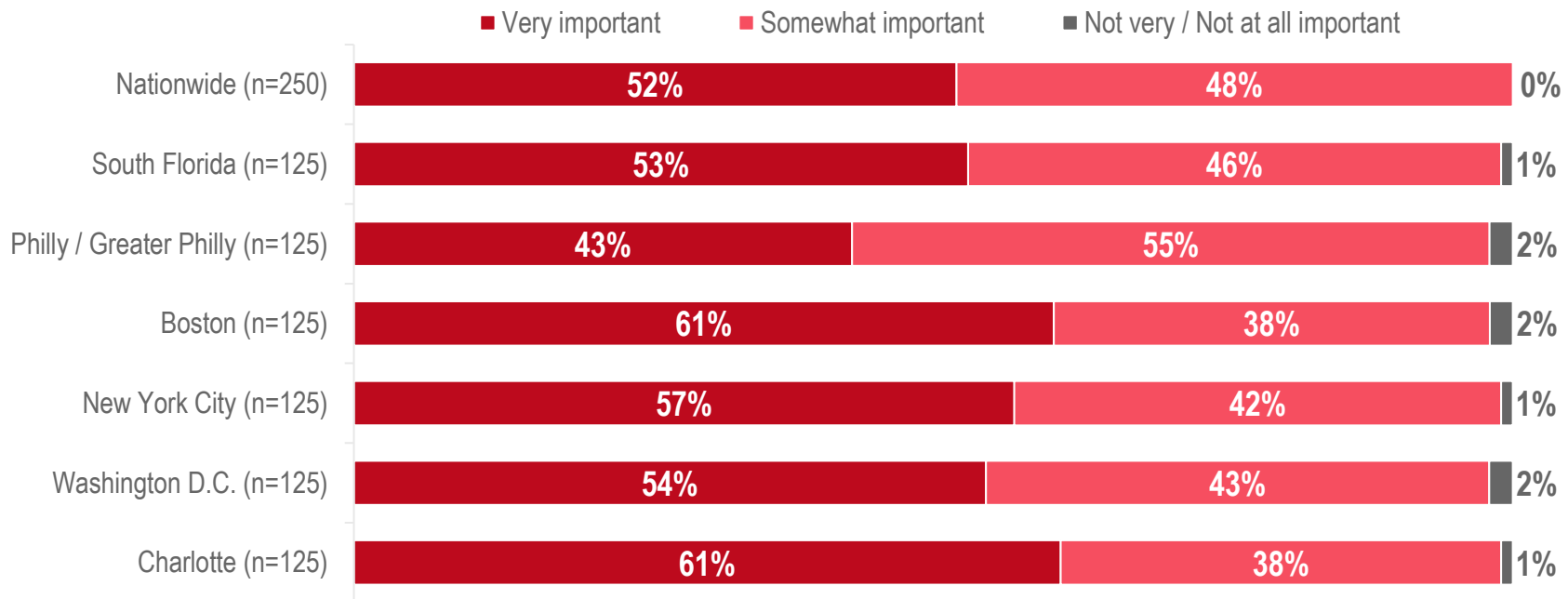


1. How often does your business assess financial preparedness for the future?

OWNERS AGREE: BEING FINANCIALLY PREPARED IS KEY TO GROWTH

Being ready, willing, and able to navigate financial headwinds is key to business growth. Financial preparedness is something that's important to all small business owners (100%) as their business plans for the next stage of its growth. In fact, the majority (52%), believe it is very important.

IMPORTANCE OF BEING FINANCIALLY PREPARED FOR NEXT PHASE OF GROWTH



2. How important is it to be financially prepared as your business plans for the next phase of growth?

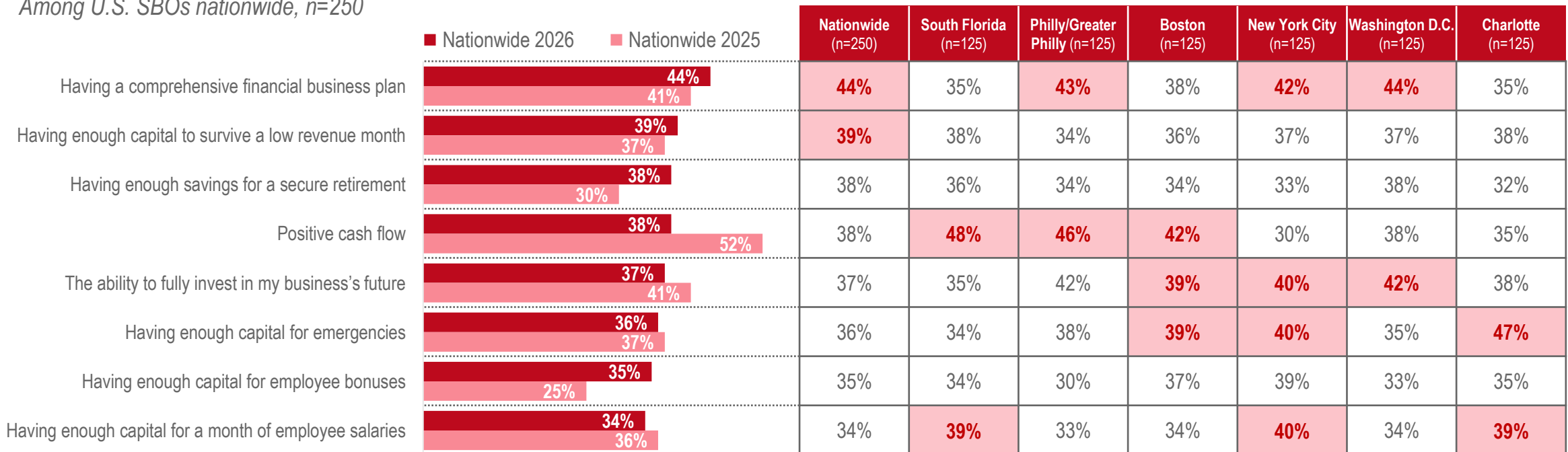
PREPAREDNESS IS A PRIORITY, BUT NOT ALWAYS EASY TO MANAGE

OWNERS: BUSINESS PLAN THE TOP SIGN OF FINANCIAL PREPAREDNESS

Small business owners may not be focusing on the right financial preparedness factors. The one that owners believe is the strongest indicator of a business' financial preparedness is having a comprehensive financial business plan (44%). That's even above having enough capital to survive a low revenue month (39%). Last year, positive cash flow (52%) was the top response.

STRONGEST INDICATORS OF BUSINESS FINANCIAL PREPAREDNESS

Among U.S. SBOs nationwide, n=250



% = the 2 options selected the most

3. Which of the following do you feel are the strongest indicators of a business' "financial preparedness"?

OWNERS OPEN TO FINANCIAL ADVICE FROM AN ARAY OF SOURCES

When looking to boost their financial know-how, small business owners are most likely to turn to information from articles, books, podcasts, and classes (48%). Coming very closely behind that: an equal share look to their banking or financial partner or to social media and influencers (47% each). Owners are also likely to seek out advice from fellow SBOs (45%).

RESOURCES USED TO LEARN ABOUT FINANCIAL BEST PRACTICES

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Information from articles, books, podcasts, and classes	48%	46%	54%	40%	43%	39%	46%
My banking/financial partner	47%	52%	55%	46%	48%	55%	47%
Social media & influencers	47%	35%	31%	36%	33%	46%	35%
Advice from fellow small business owners	45%	47%	61%	44%	46%	38%	41%
Advice from friends/family	38%	34%	27%	49%	42%	34%	30%
SBDC/Chamber of Commerce/industry associations	38%	45%	37%	42%	34%	46%	41%
Artificial intelligence	34%	36%	41%	38%	38%	35%	38%

% = the option selected the most

15. Which of these educational resources do you turn to when learning about financial best practices for your business?

OWNERS ARE TAKING ACTION TO STRENGTHEN AND GROW THEIR BUSINESS

SECURING CAPITAL, BOOSTING CASH FLOW TOP OWNERS' PRIORITIES

Securing more capital through a loan or line-of-credit to sustain or grow their business (53%) is among the top three priorities for small business owners over the next 12 to 18 months. That's followed by improving cash flow and cash-flow management (42%). An equal share are interested in expanding products, services, operations, or hours, and in reducing their fraud risk (37% each).

TOP BUSINESS PRIORITIES

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Obtaining more capital through a loan/line of credit to sustain or grow the business	53%	49%	46%	46%	55%	50%	49%
Improving cash flow and cash flow management	42%	46%	53%	43%	36%	46%	40%
Expanding products, services, operations or hours	37%	43%	44%	38%	36%	42%	44%
Reducing fraud risk/strengthening cybersecurity	37%	30%	27%	38%	35%	34%	35%
Bringing on a business partner	36%	26%	21%	32%	30%	19%	39%
Adopting AI/automation to improve productivity	35%	38%	46%	42%	40%	44%	38%
Rightsizing workforce	31%	35%	26%	26%	28%	32%	23%
Digitization and e-commerce of your business	28%	31%	32%	35%	39%	31%	31%

% = the 2 options selected the most

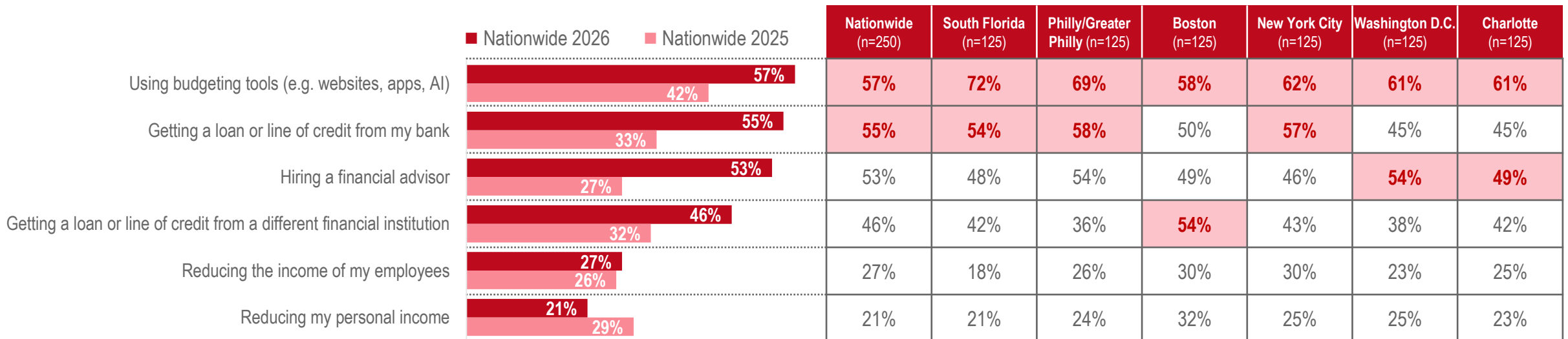
22. What are the top priorities for your business over the next 12-18 months?

NEXT FINANCIAL STEPS: BUDGETING TOOLS AND AI, GETTING A LOAN

In order to improve their business outlook over the next 12 to 18 months, small business owners are most likely to use budgeting tools, including websites, apps, or AI (57%). Another common strategy is to get a loan or line-of-credit from their bank (55%).

FINANCIAL STEPS TAKING IN THE NEXT 12-18 MONTHS TO IMPROVE BUSINESS OUTLOOK

Among U.S. SBOs nationwide, n=250



% = the 2 options selected the most

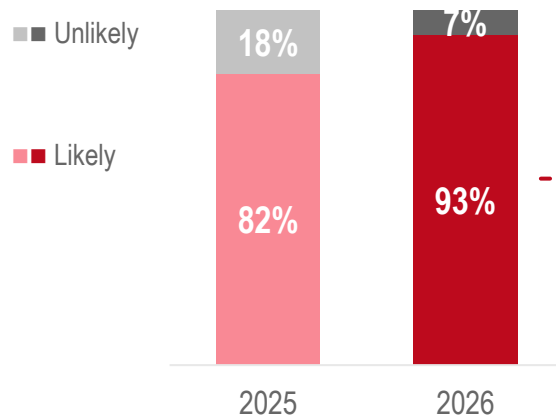
26. What financial steps are you taking in the next 12-18 months to improve your business outlook?

MAJORITY OF OWNERS EXPECT TO TAKE OUT LOAN OR LINE-OF-CREDIT

Owners (93%) are more likely to consider applying for a loan or line-of-credit for additional financing needs of their business than last year (87%). This funding would support general growth of the business for 52%. They are overwhelmingly confident (94%) they would be approved for a loan or line-of-credit in the next 12 to 18 months, more so than last year (87%).

LIKELIHOOD TO APPLY FOR A LOAN OR LINE OF CREDIT IN NEXT 12-18 MONTHS

Among U.S. SBOs nationwide, n=250



WHAT A LOAN OR LINE OF CREDIT WOULD SUPPORT

Among those likely to apply, n=232



94%
of SBOs, are certain
they would be
approved
(87% in 2025)

29. In the next 12-18 months, how likely are you to consider applying for a loan or line of credit to support any additional financing needs of your business? / 30. What would this loan or line of credit support? / 31. If you were to apply for a loan or line of credit for your business through a bank, in the next 12-18 months, how certain are you that it would be approved?

FOR OWNERS, ‘LEVELING UP’ STARTS WITH GROWTH AND OPERATIONS

When small business owners describe what “leveling up” looks like, they most often point to growth and market expansion (52%) and stronger operations, systems, and processes (47%). Financial performance also ranks close behind (45%), showing that owners tie growth ambitions to running a more efficient, better-performing business.

WHAT LEVELING UP LOOKS LIKE FOR THEIR BUSINESS

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Growth & Market Expansion	54%	62%	50%	38%	46%	50%	58%
Operations, Systems, and Processes	47%	38%	47%	43%	42%	33%	55%
Financial Performance	45%	49%	35%	26%	55%	42%	39%
Customer Experience & Loyalty	23%	22%	39%	31%	15%	25%	19%
Product and Service Offerings	23%	29%	26%	18%	22%	22%	17%
Technology and Innovation	21%	18%	24%	20%	21%	16%	22%
Brand Building & Marketing	15%	22%	15%	21%	18%	24%	11%
Team, Talent, & Development	12%	15%	26%	21%	10%	10%	10%
Supply Chain and Partnerships	8%	12%	9%	10%	9%	15%	7%

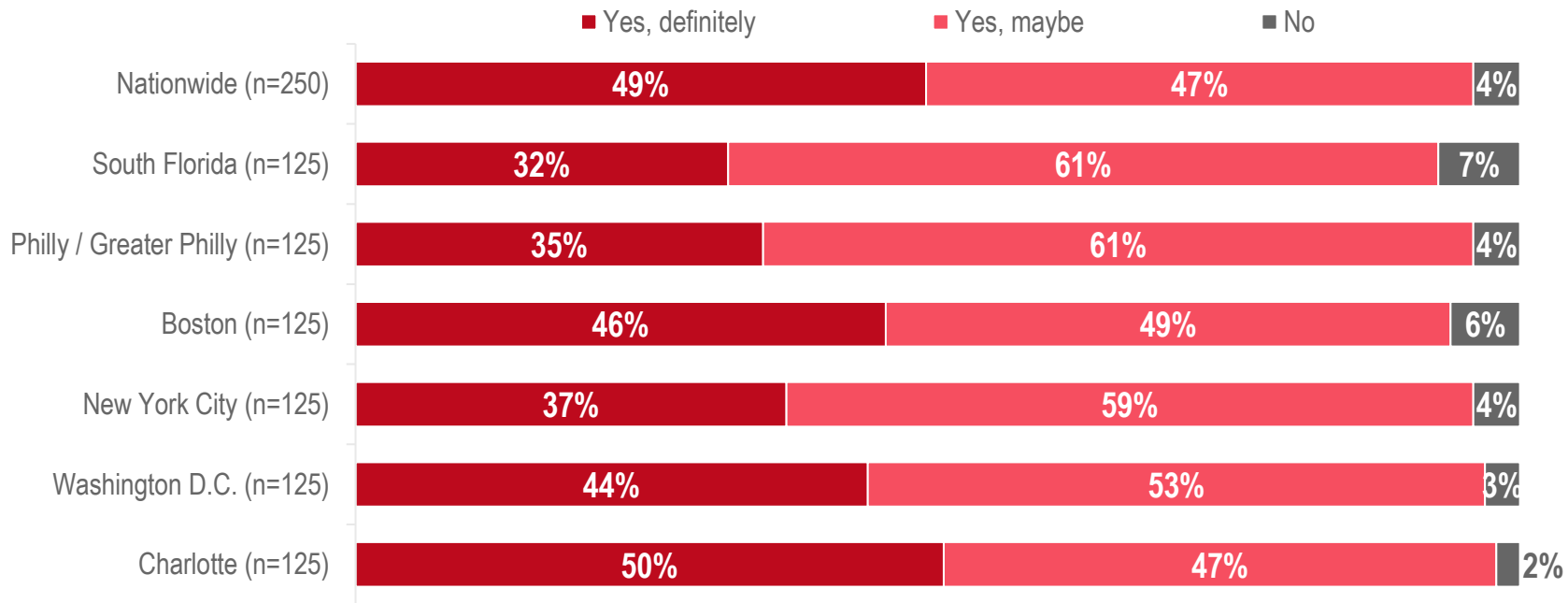
% = the 2 themes mentioned the most

32. For some business owners, priorities like growing their businesses, increasing revenue, expanding to new markets, or branching into new verticals are top of mind and can be part of their vision for leveling up their business. In your own words, what does “leveling up” look like for your business?

FOR NEARLY ALL, LEVELING UP THE BUSINESS REQUIRES A LOAN

Virtually all owners (96%) would need a loan if they were going to really “level up” their business. There are regional variations however, with a stronger need for this in Charlotte where half (50%) would definitely opt for a loan, while far fewer owners in South Florida (32%) would definitely need to borrow money to take their firm to the next level.

NEED LOAN TO LEVEL-UP BUSINESS

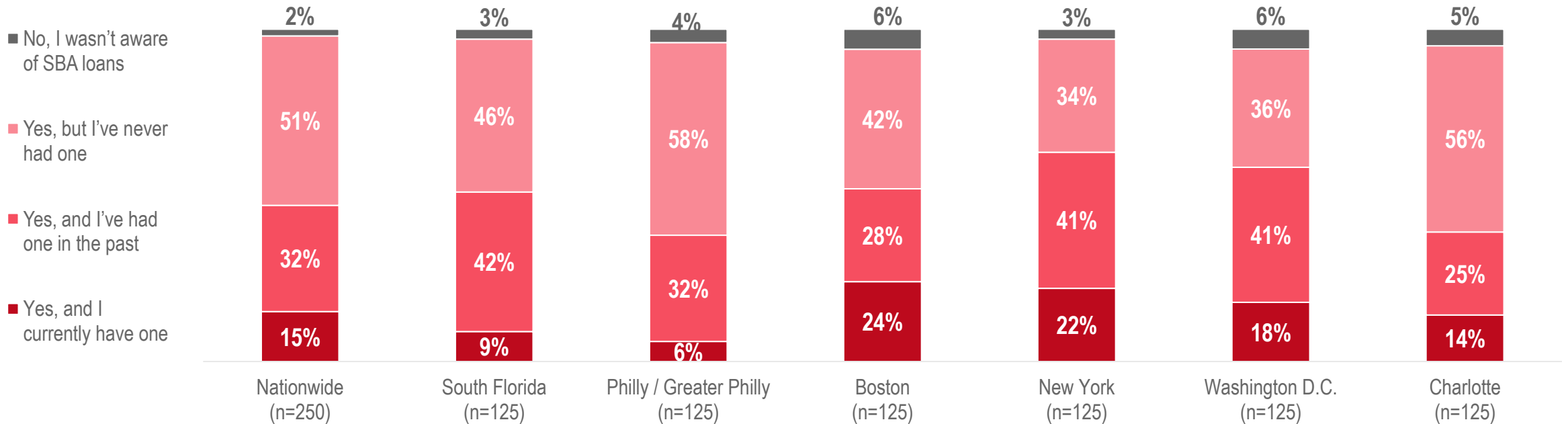


33. If you were going to “level-up” your business, would you need a loan?

STRONG AWARENESS OF SMALL BUSINESS ADMINISTRATION LOANS

There is near universal awareness by owners (98%) of the U.S. Small Business Administration's Loan Program (SBA Loans) among small business owners before it was mentioned in the survey. Despite that, over half (51%) of owners have never used this kind of loan.

HEARD OF SBA LOANS BEFORE

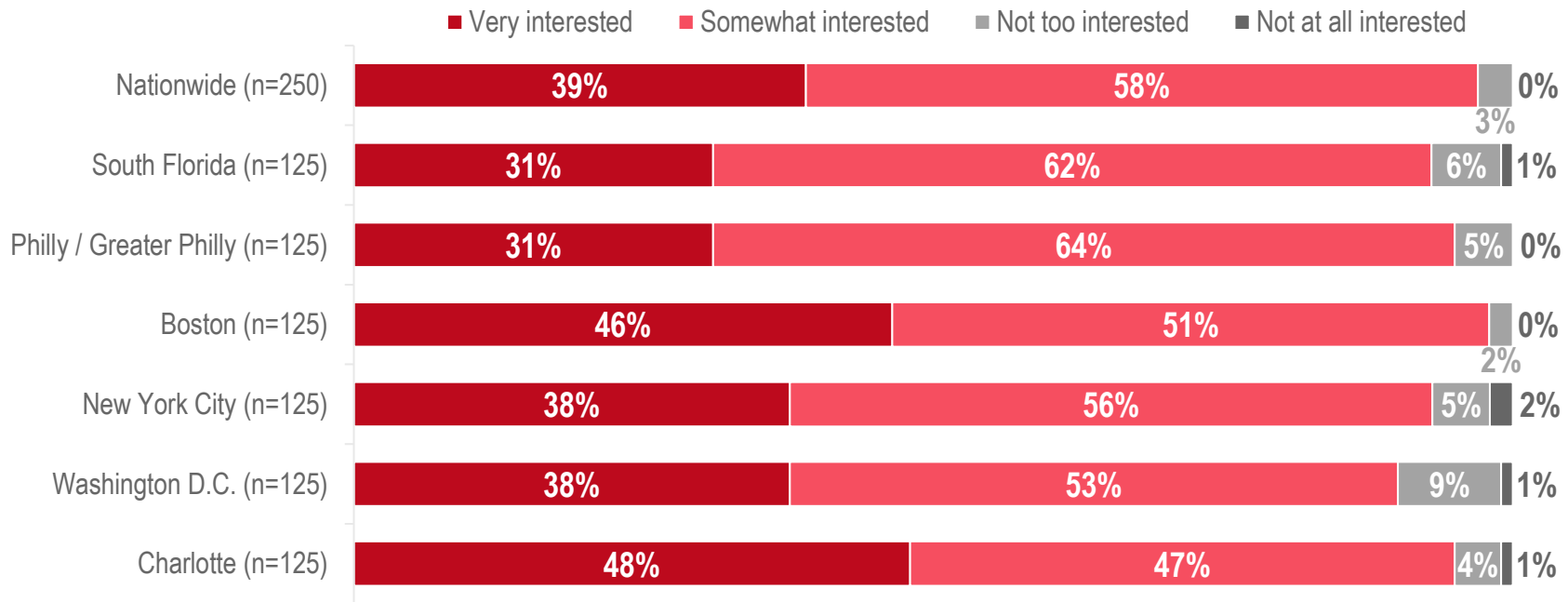


34. Have you heard of the U.S. Small Business Administration's Loan Program/SBA loans before today?

OWNERS WELCOME HELP FROM THEIR BANK FOR SBA LOAN

An overwhelming number of small business owners (98%) show interest in getting support for applications for an SBA loan from their bank or financial institution, including 39% with strong interest in that kind of help.

INTEREST IN HELP FROM THEIR BANK TO APPLY FOR SBA LOAN



35. If your bank or financial institution could help you apply for an SBA loan, how interested would you be?

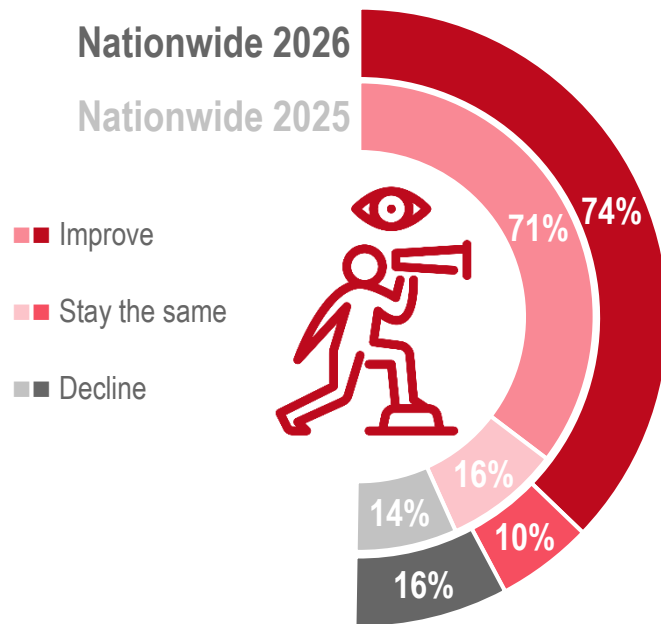
OPTIMISM ABOUT THE ECONOMY IS DRIVING BUSINESS GROWTH AND INVESTMENT

SMALL BUSINESS OWNERS VIEW MACROECONOMIC PICTURE POSITIVELY

Small business owners are optimistic about the macroeconomic environment over the next 12 to 18 months, with a strong majority (74%) believing it will improve over that time, a slight boost over last year (71%). The macroeconomic trend owners expect will have a significant impact on their business over the next 12 to 18 months is increasing costs of supplies (48%).

SBO EXPECTATIONS FOR MACROECONOMIC ENVIRONMENT OVER NEXT 12-18 MONTHS AND IMPACT ON THEIR BUSINESS

Among U.S. SBOs nationwide, n=250



Most Significant Impacts

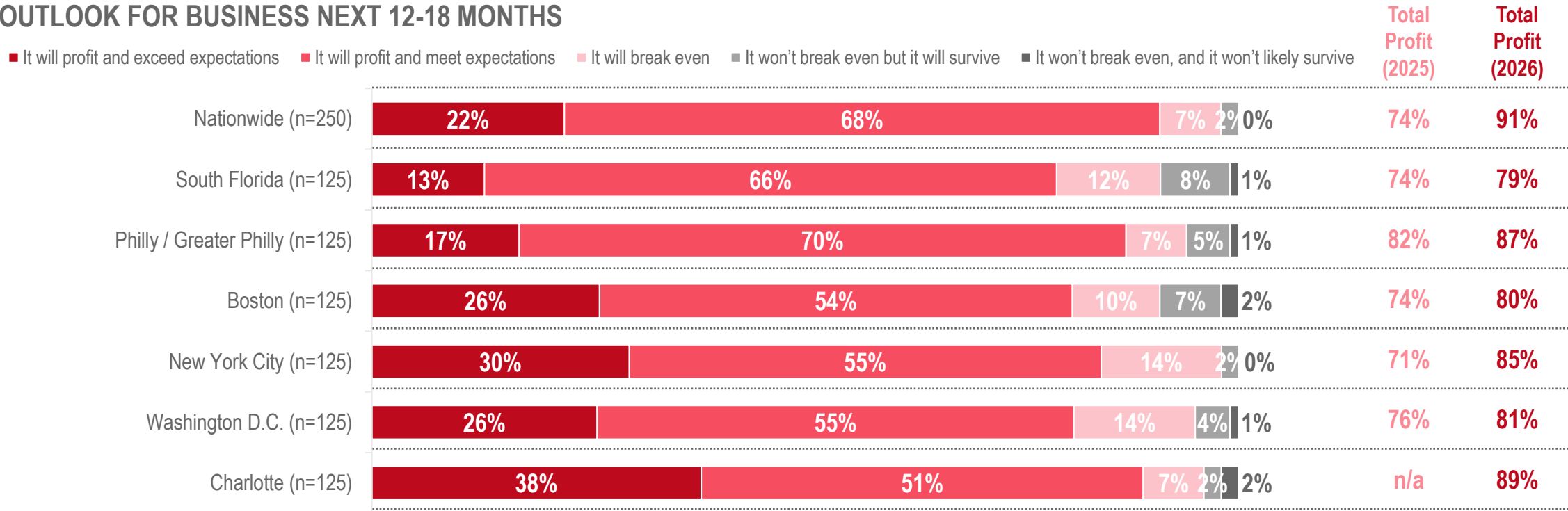
Increasing costs of supplies/materials/equipment	48%
GDP growth/slowdown	43%
Local/regional economic uncertainty	34%
Uncertainty due to tariffs/trade war	34%
Policy changes	34%
Government shutdowns (partial or full)	30%
Lowering inflation	29%
Lowering interest rates	24%

7. Do you think the macroeconomic environment will improve or decline over the next 12-18 months? / 8. Which potential macroeconomic trends will have a significant impact on your business in the next 12-18 months?

SMALL BUSINESS OWNERS EXPECT THEIR BUSINESS TO PROFIT

Small business owners are overwhelmingly optimistic about their firm's prospects over the next 12 to 18 months, with 91% believing their business will profit, a significant increase over the strong majority (74%) that thought so last year. In fact, nearly a quarter (22%) think their business will not only profit, but will exceed expectations.

OUTLOOK FOR BUSINESS NEXT 12-18 MONTHS



25. Which best describes your outlook for your business over the next 12-18 months?

OWNERS: FRAUD, HIGH COSTS COULD HURT FINANCIAL PREPAREDNESS

Over the next 12 to 18 months small business owners are most concerned that cybersecurity or fraud incidents — including a hack, ransomware, or data breach — could impact their business’ financial preparedness. Following that, the most common worry is about high input costs like materials, utilities, or insurance (44%), an unexpected decrease in revenue or sales (39%).

FACTORS THAT MIGHT IMPACT FINANCIAL PREPAREDNESS

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Cybersecurity or fraud incidents (hack, ransomware, data breach)	46%	43%	33%	40%	42%	42%	26%
High input costs (materials, utilities, insurance)	44%	53%	55%	50%	47%	44%	42%
Unexpected decrease in sales/revenue	39%	42%	45%	39%	43%	40%	32%
Difficulty hiring/retaining workers	37%	38%	46%	42%	36%	41%	40%
Taxes	35%	28%	36%	29%	30%	32%	39%
Market downturn	32%	36%	38%	42%	42%	33%	36%
Pressure to invest in AI	30%	42%	27%	36%	35%	34%	30%
Inclement weather events (hurricanes, blizzards, flooding)	23%	30%	23%	27%	29%	27%	23%

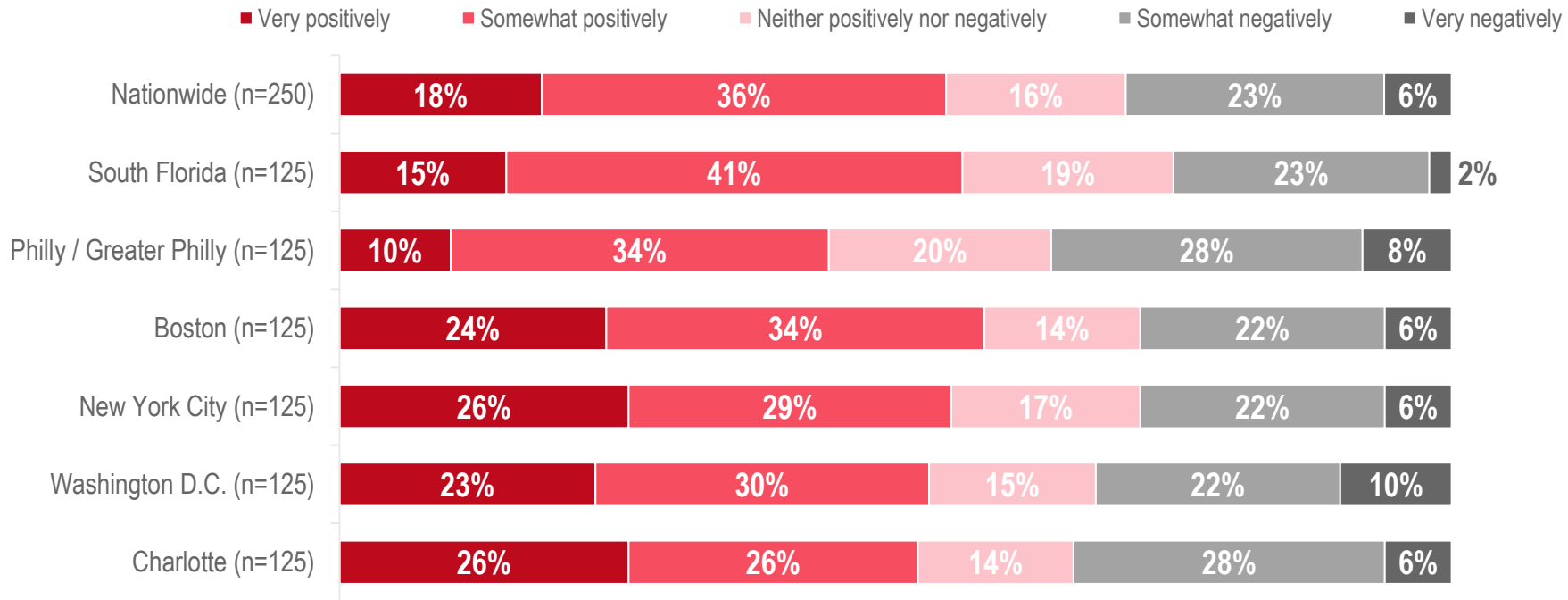
% = the 2 options selected the most

5. Are you concerned any of the factors below might impact your business’ financial preparedness over the next 12-18 months?

OVER HALF POSITIVELY IMPACTED BY TARIFF POLICY CHANGES

For the majority of small business owners (54%), changing tariff policies over the past year had a positive impact on their business. In fact, for 18%, the policy changes effected their operations very positively. While 30% were impacted negatively, only 6% were very negatively financially impacted by the changes.

IMPACT OF CHANGING TARIFF POLICIES ON BUSINESS



6. How did changing tariff policies financially impact your business in the past 12 months?

OWNERS PLAN TO INVEST IN RETENTION TO KEEP TOP TALENT

All small business owners are interested in leveling up talent over the next 12 to 18 months. They are most likely to do this by investing more in retention to keep top employees (62%), followed closely by upskilling current staff (61%).

PLANS TO LEVEL UP TALENT OVER THE NEXT 12-18 MONTHS

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Investing more in retention to keep top talent	62%	65%	62%	60%	61%	69%	58%
Training and upskilling existing employees	61%	61%	66%	62%	63%	65%	65%
Increasing overall headcount	52%	50%	39%	46%	43%	44%	39%
Using freelancers or contract talent to fill skill gaps	47%	52%	50%	56%	49%	46%	40%
Reducing headcount	26%	21%	25%	26%	31%	20%	27%
Not focused on workforce changes	0%	0%	0%	0%	2%	0%	0%

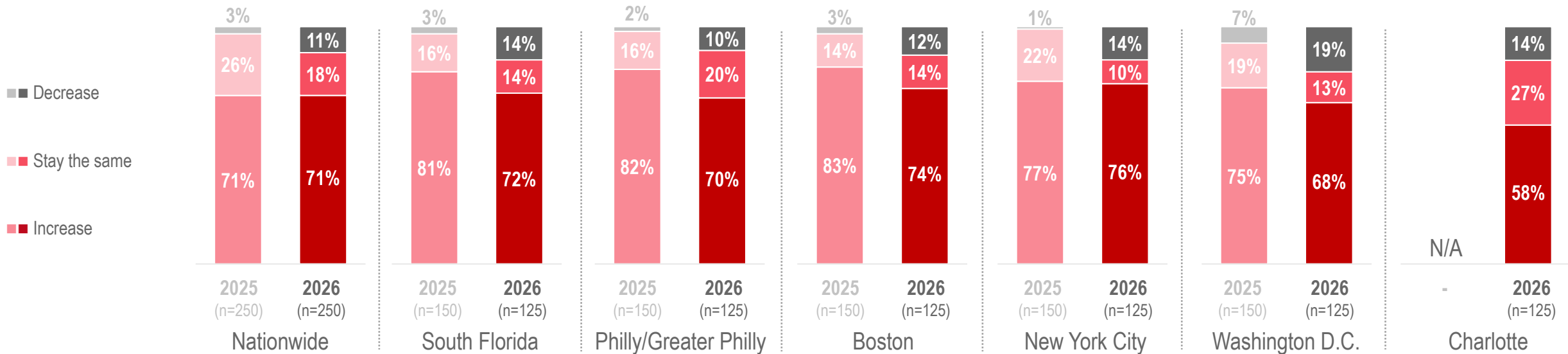
% = the 2 options selected the most

24. Which of the following best describes how your business plans to level up talent over the next 12-18 months?

MOST OWNERS EXPECT WORKFORCE TO GROW OVER 12 TO 18 MONTHS

A strong share of small business owners (71%) anticipate their workforce will increase over the next year to year-and-a-half. While 50% anticipate their staff to increase slightly, 21% expect a significant increase. Just 11% think they will need to cut jobs during that time.

CHANGES TO WORKFORCE SIZE OVER NEXT 12-18 MONTHS

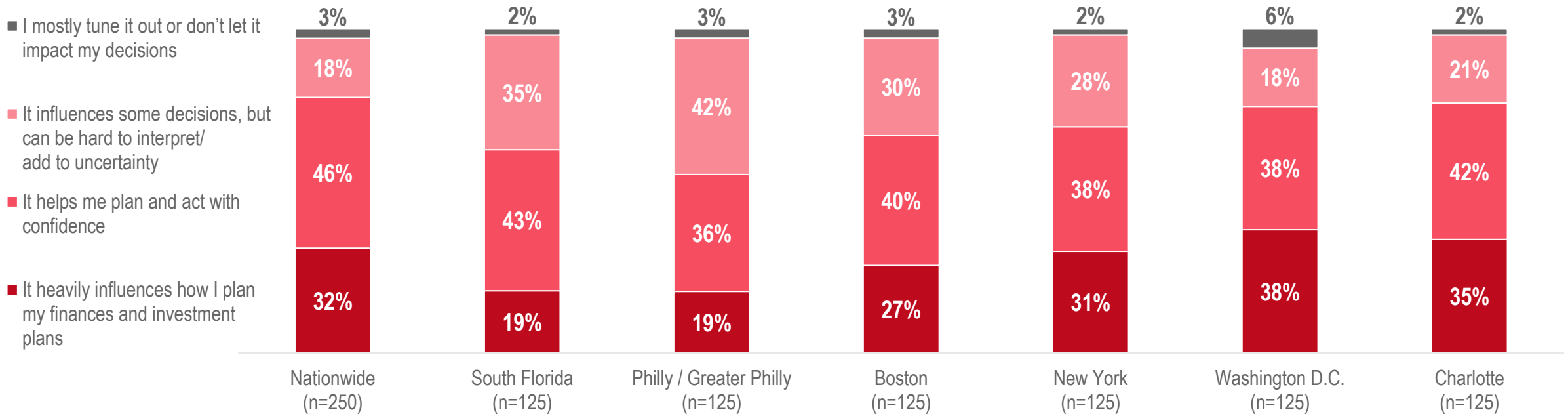


23. Do you expect the size of your workforce to increase or decrease over the next 12-18 months?

ECONOMIC DATA INFORMS DECISIONS FOR NEARLY ALL OWNERS

Small business owners rely on economic data like interest rates, GDP, and inflation, with it impacting decision making for 97% of owners. For the largest share (46%), the data helps them plan and act with confidence. For another 32%, it heavily influences how they make their financial and investment plans.

INFLUENCE OF ECONOMIC DATA AND NEWS ON DECISION-MAKING



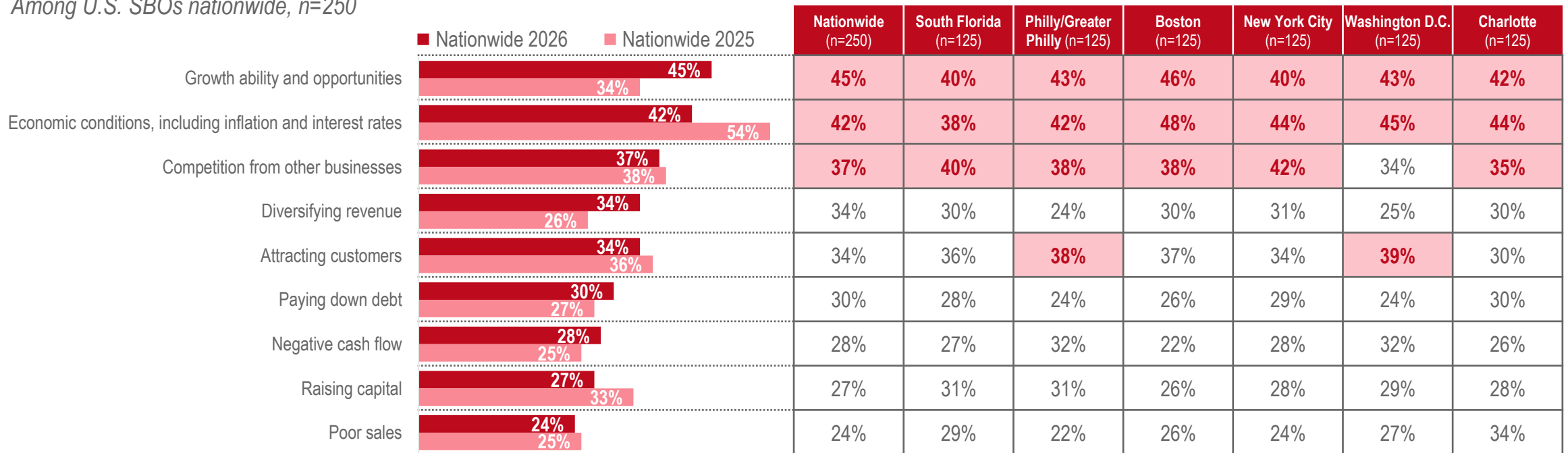
9. Which best describes how economic data and news (GDP, inflation, interest rates) affect your business decision-making?

GROWTH AND ECONOMIC CONDITIONS TOP FINANCIAL CONCERNS

The top three financial concerns owners have for their firm over the next 12 to 18 months include growth and new opportunities (45%) and economic conditions like inflation and interest rates (42%), which was far and away the most common concern last year for 54% of owners.

BIGGEST FINANCIAL CONCERNS OVER NEXT 12-18 MONTHS

Among U.S. SBOs nationwide, n=250



% = the 3 options selected the most

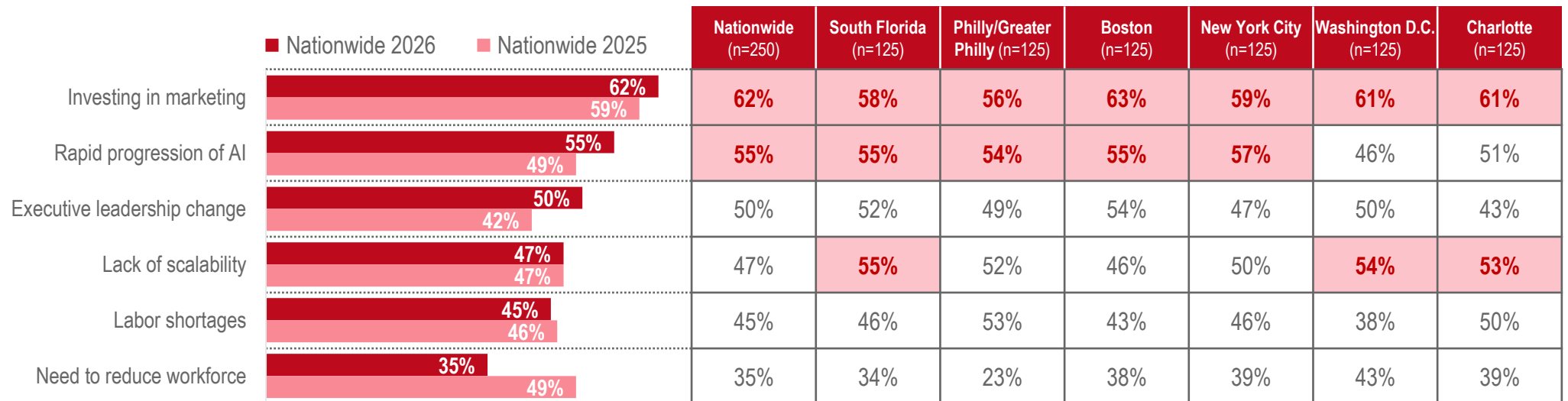
10C. What are your biggest financial concerns over the next 12-18 months?

MARKETING AND AI PROGRESSION TOP OPERATIONAL CONCERNS

The top three operational concerns owners have for their firm over the next 12 to 18 months include investing in marketing (62%), the rapid progression of AI (55%), and a possible executive leadership change (50%). Last year, a strong share (49%) needed to reduce their workforce; this year only 35% need to do so.

BIGGEST OPERATIONAL CONCERNS NEXT 12-18 MONTHS

Among U.S. SBOs nationwide, n=250



% = the 2 options selected the most

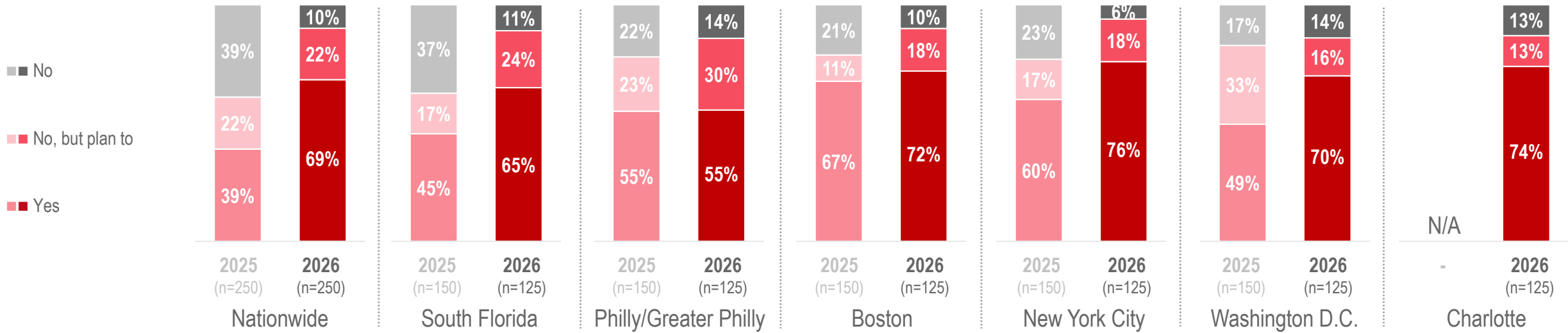
11. What are your biggest operational concerns over the next 12-18 months?

AI IS HELPING OWNERS IMPROVE EFFICIENCY AND STRENGTHEN THEIR BUSINESS

AI USED TO MANAGE AND TRACK BUSINESS EXPENSES

A strong majority of small business owners (69%) are using AI to decrease expenses across their business, up from 39% last year. Another 22% are planning to do so in the future. Only 10% are opting out of using AI as a cost-reduction tool.

CURRENTLY USES AI TO DECREASE EXPENSES ACROSS THEIR BUSINESS



n/a

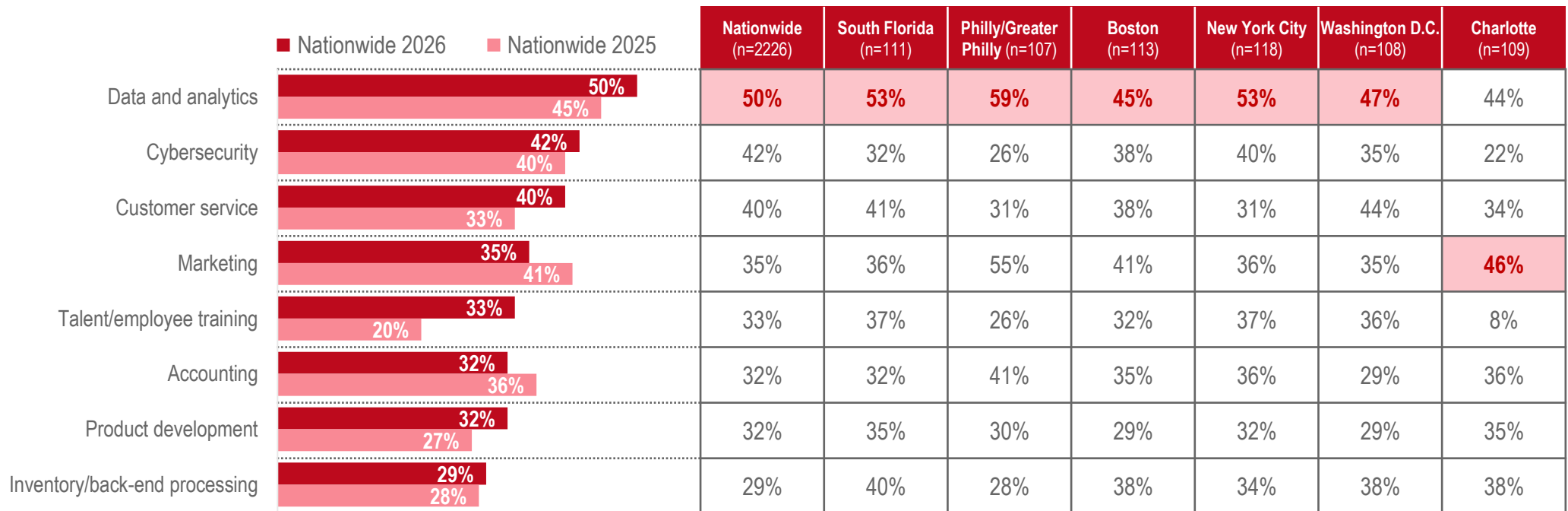
16. Do you use AI to manage and track your business' finances?

DATA AND ANALYTICS THE MOST COMMON AREA FOR AI TO CUT COSTS

Among owners looking to cut costs through AI or automated tools, the areas targeted for savings are data and analytics (50%), cybersecurity (42%), customer service (40%), and marketing (35%).

AREAS WHERE USE AI TO DECREASE EXPENSES

Among U.S. SBOs who have used or plan to use AI in the future to decrease expenses across their business, n=226



% = the option selected the most

17. In which areas of your business do you use or plan to use AI to decrease expenses?

CUSTOMER SERVICE, AVERTING FRAUD TOP BENEFITS OF AI

The most common boon to business of using AI or automated tools for SBOs is that it improves customer service (53%). In addition, nearly half (47%) have seen it improve their fraud or cybersecurity protection. Interestingly, the shares that have seen a reduction in costs (32%) or a reduction in errors (29%) are much lower.

BIGGEST BENEFITS OF AI / AUTOMATION FOR BUSINESS

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Improving customer service	53%	44%	43%	53%	46%	54%	37%
Improving fraud/cybersecurity protection	47%	41%	36%	38%	44%	42%	30%
Increasing sales/leads	42%	33%	42%	38%	43%	40%	42%
Supporting employees with admin tasks	39%	33%	51%	32%	43%	36%	41%
Filling in the labor shortage gap	34%	28%	27%	21%	28%	26%	30%
Reducing costs	32%	36%	31%	37%	38%	30%	44%
Reducing errors	29%	30%	28%	32%	30%	30%	42%
No benefit yet	1%	1%	1%	2%	0%	0%	0%
My business does not use AI	2%	14%	8%	6%	2%	5%	2%

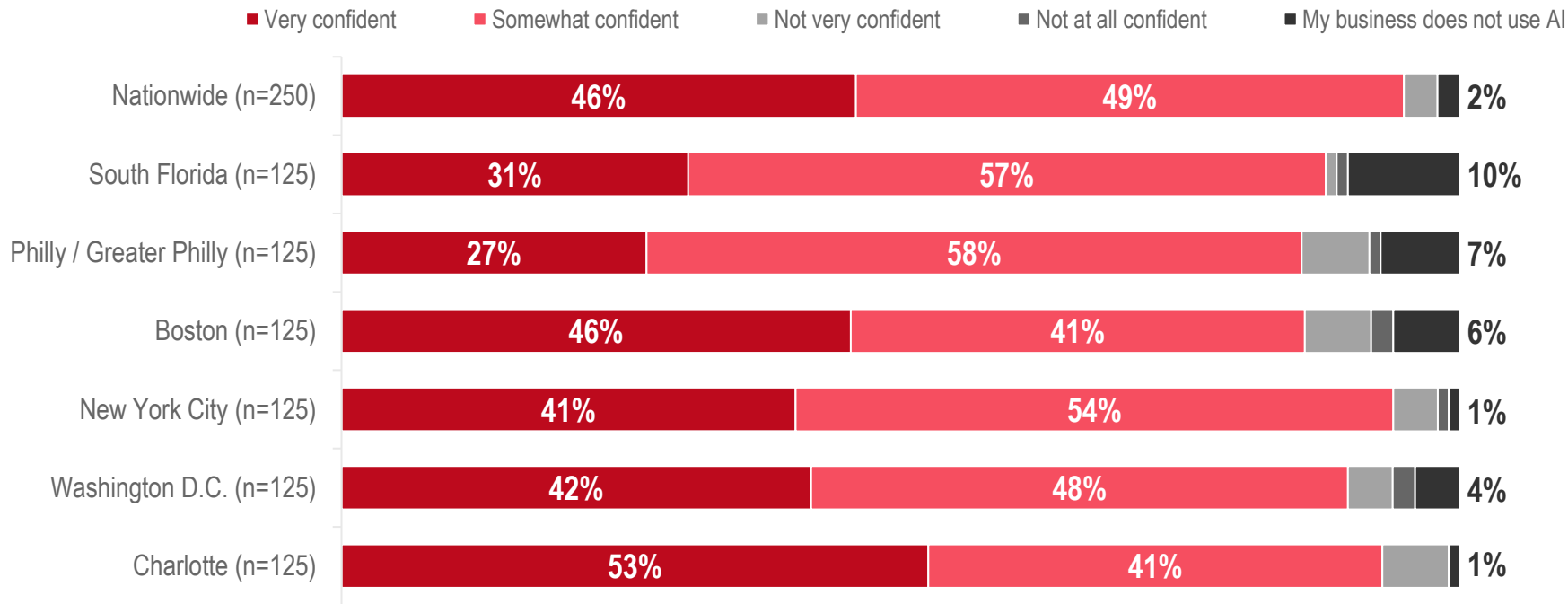
% = the 3 options selected the most

18. Over the past 12 months, what have been the biggest benefits of AI/automation for your business?

OWNERS EXCEPTIONALLY CONFIDENT THEY ARE USING AI RESPONSIBLY

Small business owners are confident (95%) that they are using AI safely and responsibly, in terms of data privacy, security, and accuracy. This group is split between those who are somewhat confident (49%) and very confident (46%). Owners in Charlotte (53%) are much more likely to be very confident than those in South Florida (31%) or the Philadelphia area (27%).

CONFIDENCE BUSINESS IS USING AI SAFELY AND RESPONSIBLY

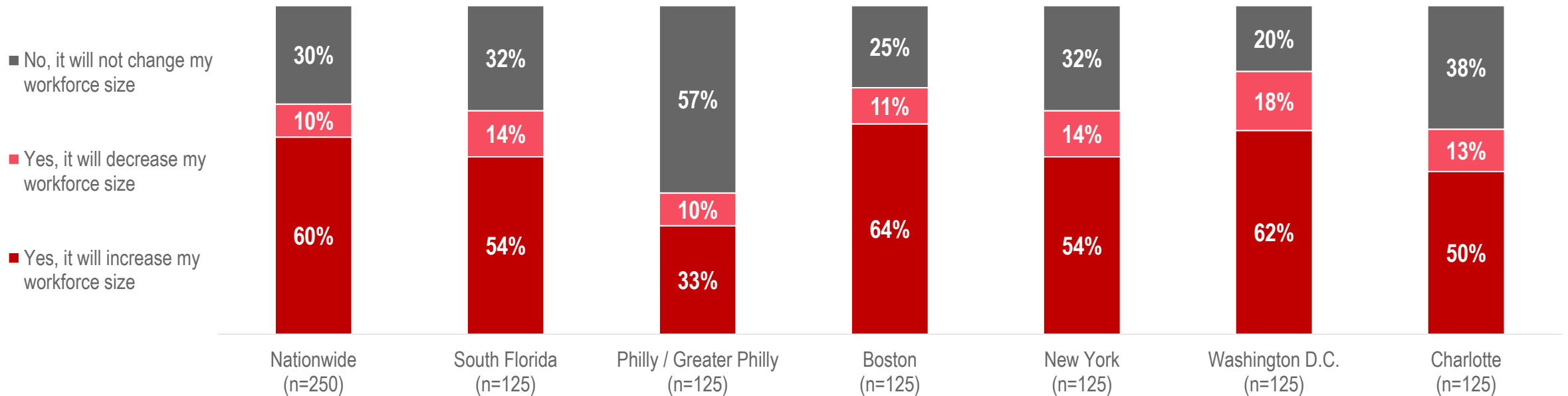


20. How confident are you that your business is using AI safely and responsibly (privacy, data security, accuracy)?

OWNERS EXPECT AI ADOPTION TO GROW THEIR WORKFORCE

Reports of AI taking jobs seems to be exaggerated for small business owners. Instead, 60% of owners anticipate their use of AI or automated tools in their business will increase their workforce size over the next 12 to 18 months. And another 30% predict that the use of AI won't change their workforce size at all. Just 10% anticipate a reduction in force as a result of AI adoption.

EXPECTATIONS FOR AI IMPACT ON WORKFORCE SIZE

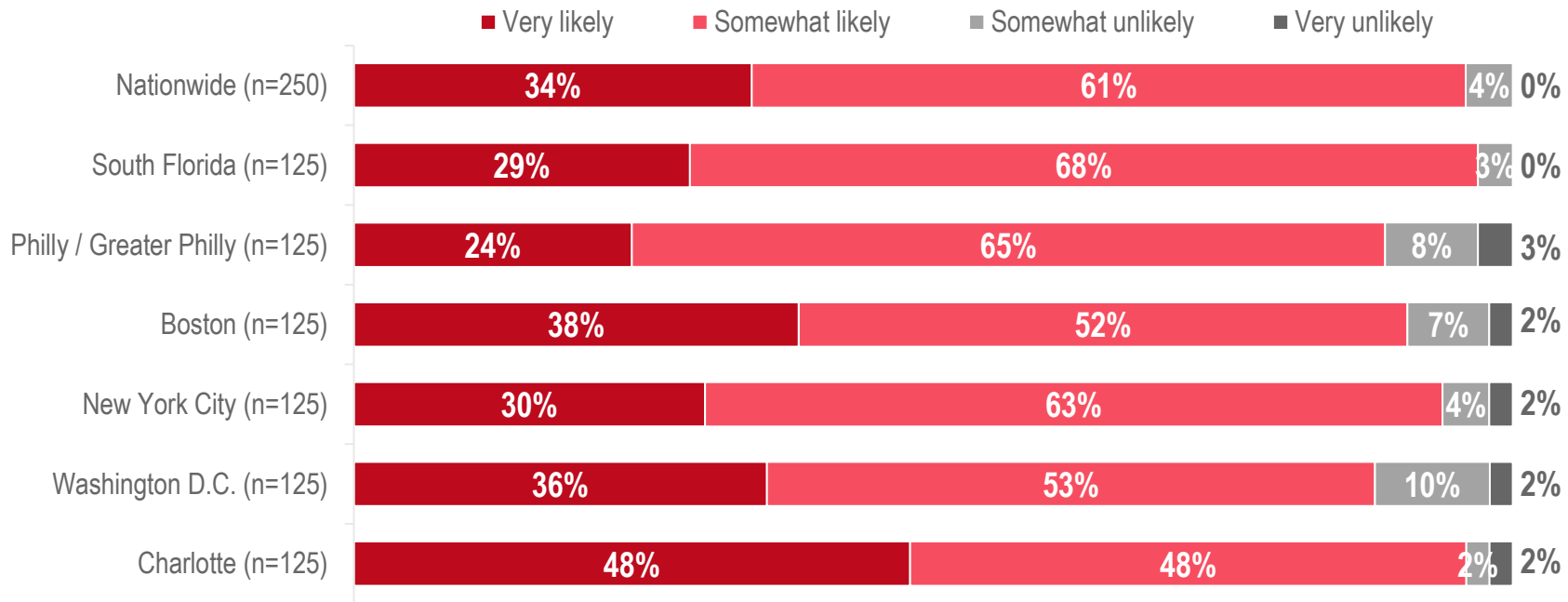


19. Over the next 12-18 months, do you expect AI adoption to change your workforce size?

OWNERS OPEN TO USING AI RESOURCES FROM BANKS OR PARTNERS

Even though they are exceptionally confident in their safe and responsible use of AI or automated tools, small business owners are also very likely to accept help from trusted sources. The overwhelming majority (95%) are likely to use AI guidance or resources available through their bank or financial partner.

LIKELIHOOD TO USE AI GUIDANCE / RESOURCES FROM BANKING PARTNER



21. In the next 12-18 months, how likely are you to use AI guidance/resources available through your bank/financial partner?

LOOKING AHEAD: PLANNING FOR THE FUTURE

OWNERS MOST RELY ON EMPLOYEE TRAINING FOR FRAUD PROTECTION

To prevent or detect fraud, the greatest share of owners use employees as a line of defense with 59% relying on staff training on that addresses fraud or phishing. Following that, the most common defense is using banking tools or alerts designed to prevent fraud, while more than half use third-party cybersecurity or fraud monitoring devices.

MEASURES IN PLACE TO PREVENT AND DETECT FRAUD

	Nationwide (n=250)	South Florida (n=125)	Philly/Greater Philly (n=125)	Boston (n=125)	New York City (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
Employee training on fraud and phishing	59%	62%	62%	54%	56%	54%	46%
Banking tools or alerts designed to prevent fraud	57%	63%	54%	51%	51%	50%	59%
Third-party cybersecurity or fraud monitoring services	52%	44%	41%	53%	51%	41%	43%
Multi-factor authentication	50%	49%	60%	42%	45%	54%	57%
Payment verification process	47%	61%	46%	53%	63%	56%	41%
None of the above	0%	2%	0%	0%	0%	1%	1%

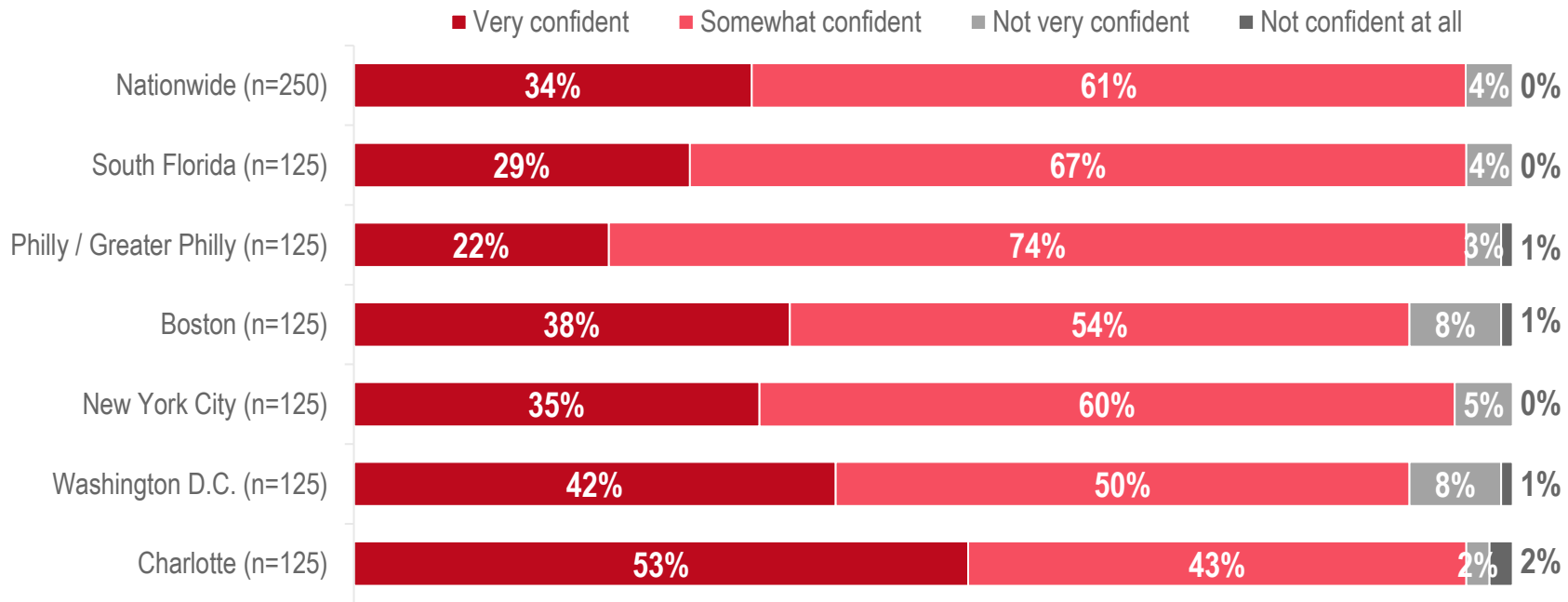
% = the option selected the most

39. Which of the following, if any, does your business currently have in place to help prevent or detect fraud?

STRONG CONFIDENCE IN CURRENT TOOLS TO PREVENT FRAUD

Thinking about the current tools and processes they use to detect or prevent a significant fraud attempt, owners are overwhelmingly confident (96%) that they would work. However, only about a third (34%) are very confident in their tools' efficacy, and well over half (61%) are just somewhat confident they would be protected by what they currently use.

CONFIDENCE IN CURRENT TOOLS TO PREVENT FRAUD

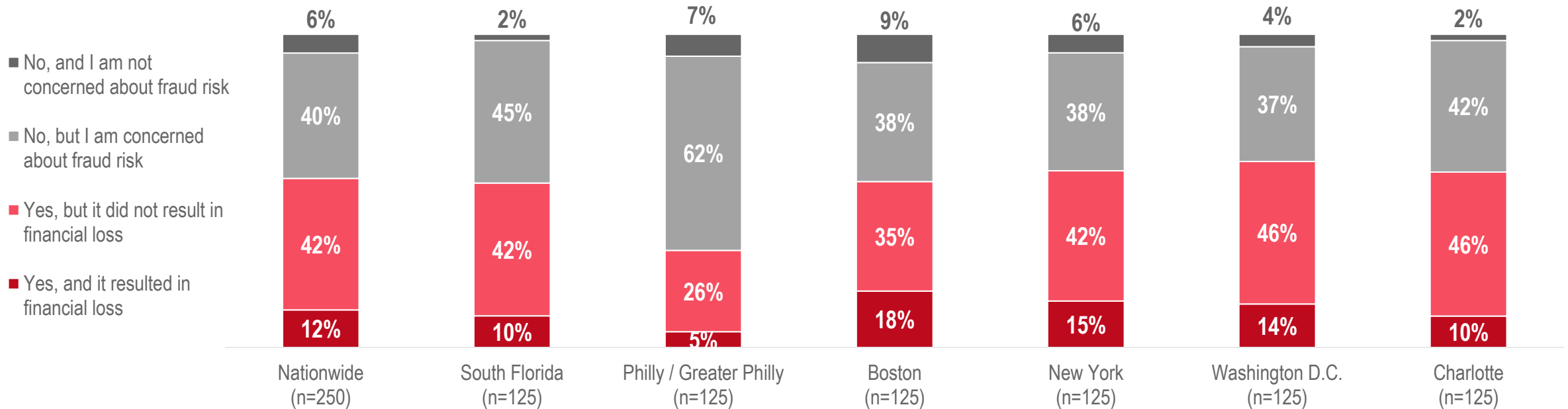


40. How confident are you that your current tools and processes would detect or prevent a significant fraud attempt?

MORE THAN HALF OF COMPANIES EXPERIENCED FRAUD OVER LAST YEAR

Over the past year, more than half (54%) of owners' businesses experienced fraud or attempted fraud, including payment fraud, invoice scams, or phishing. Even though it did not result in financial loss for 42% of those owners, for 12% it did end up causing a financial loss for the firm.

EXPERIENCED FRAUD PAST 12 MONTHS



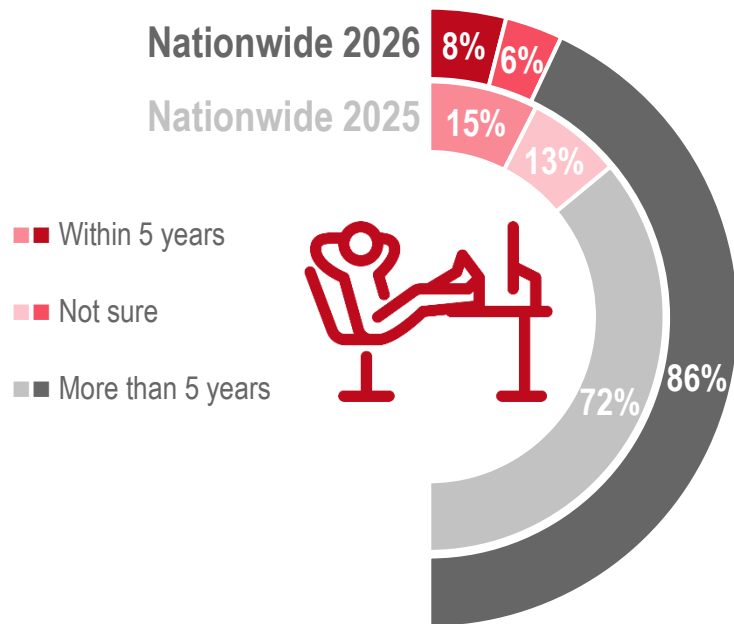
38. In the past 12 months, has your business experienced fraud or attempted fraud (e.g., payment fraud, invoice scams, account takeover, phishing)?

MOST SMALL BUSINESS OWNERS HAVE NO SUCCESSION PLAN

Just 8% of small business owners plan to retire within the next five years. A strong majority (86%) expect to retire more than five years from now, including 64% who think retirement is more than 10 years away. Fewer than half of owners (42%) have a succession plan in place for their business.

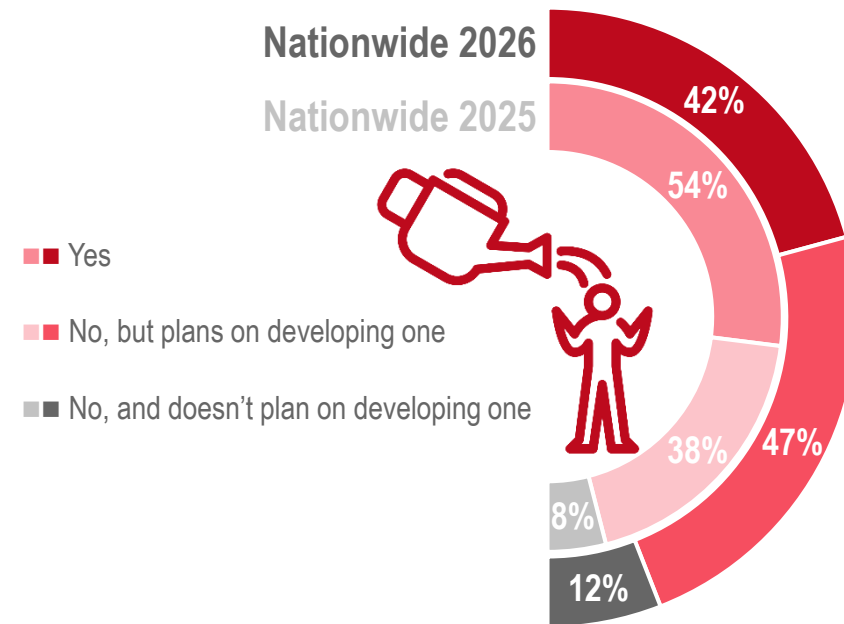
WHEN SBOs PLAN TO RETIRE

Among U.S. SBOs nationwide, n=250



HAVE A SUCCESSION PLAN FOR THEIR BUSINESS

Among U.S. SBOs nationwide, n=250



36. When do you intend to retire? / 37. Do you have a succession plan in place for your business?

APPENDIX

AGE, GENDER, RACE, ETHNICITY

	Nationwide (n=250)	South Florida (n=125)	Philly / Greater Philly (n=125)	Boston (n=125)	New York (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
AGE							
Under 50	94%	88%	91%	90%	87%	89%	95%
50+	6%	12%	9%	10%	13%	11%	5%
GENDER							
Male	76%	71%	71%	72%	80%	71%	66%
Female	24%	29%	29%	28%	20%	29%	34%
Non-binary	0%	0%	0%	0%	0%	0%	0%
RACE							
Asian	1%	2%	2%	2%	2%	0%	2%
African American or Black	10%	22%	13%	16%	9%	17%	17%
White or Caucasian	86%	73%	80%	79%	86%	78%	78%
Native American	2%	2%	5%	3%	4%	6%	3%
Other	0%	0%	0%	0%	0%	0%	0%
ETHNICITY							
Hispanic	18%	34%	20%	21%	28%	30%	25%
Non-Hispanic	82%	66%	80%	79%	72%	70%	75%

REGION, AREA

	Nationwide (n=250)	South Florida (n=125)	Philly / Greater Philly (n=125)	Boston (n=125)	New York (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
REGION							
Northeast	10%	-	100%	100%	100%	-	-
South	43%	100%	-	-	-	100%	100%
Midwest	13%	-	-	-	-	-	-
West	34%	-	-	-	-	-	-
AREA							
City / Urban area	84%	83%	76%	79%	90%	86%	81%
Suburbs	15%	15%	23%	19%	7%	14%	18%
Rural area	1%	2%	1%	2%	2%	0%	2%

EDUCATION, INCOME

	Nationwide (n=250)	South Florida (n=125)	Philly / Greater Philly (n=125)	Boston (n=125)	New York (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
EDUCATION							
Grade school	0%	0%	0%	0%	0%	0%	0%
Some high school	2%	1%	3%	0%	0%	4%	6%
Graduated from high school or equivalent	3%	5%	4%	1%	1%	4%	1%
Some college (No Assoc. or Bachelor's degree)	10%	6%	4%	6%	9%	16%	4%
Associate degree	10%	15%	9%	10%	6%	17%	6%
Bachelor's degree	48%	57%	42%	59%	65%	43%	46%
Graduate or post-graduate work	28%	16%	38%	24%	19%	16%	37%
INCOME							
Less than \$100,000	0%	0%	0%	0%	0%	0%	0%
\$100,000 to less than \$200,000	3%	7%	6%	4%	7%	1%	10%
\$200,000 to less than \$300,000	10%	9%	9%	19%	8%	14%	13%
\$300,000 to less than \$400,000	13%	11%	13%	18%	14%	23%	18%
\$400,000 to less than \$500,000	10%	20%	12%	14%	22%	26%	6%
\$500,000 to less than \$750,000	10%	10%	8%	8%	3%	6%	1%
\$750,000 to less than \$1 million	11%	10%	11%	10%	6%	6%	5%
\$1 million to less than \$5 million	20%	12%	18%	15%	20%	8%	14%
\$5 million to less than \$10 million	10%	12%	11%	5%	6%	10%	14%
\$10 million to less than \$25 million	5%	4%	8%	3%	8%	6%	17%
\$25 million to less than \$50 million	2%	2%	3%	0%	3%	0%	1%
\$50 million to less than \$100 million	3%	2%	2%	3%	1%	0%	2%
\$100 million to less than \$500 million	1%	1%	0%	1%	0%	0%	1%
\$500 million to less than \$1 billion	2%	0%	0%	0%	1%	0%	0%
\$1 billion+	0%	0%	0%	0%	0%	0%	0%

YEARS OWNED, YEARS IN BUSINESS, COMPANIES OWNED, OWNER, NUMBER OF EMPLOYEES

	Nationwide (n=250)	South Florida (n=125)	Philly / Greater Philly (n=125)	Boston (n=125)	New York (n=125)	Washington D.C. (n=125)	Charlotte (n=125)
YEARS OWNED							
10 Years or Less	87%	95%	94%	88%	86%	90%	90%
More than 10 Years	13%	5%	6%	12%	14%	10%	10%
YEARS IN BUSINESS							
10 Years or Less	79%	84%	86%	82%	79%	90%	86%
More than 10 Years	21%	16%	14%	18%	21%	10%	14%
COMPANIES OWNED							
One	78%	61%	74%	69%	75%	60%	85%
More than one	22%	39%	26%	31%	25%	40%	15%
OWNER							
Sole owner	94%	92%	89%	88%	96%	92%	93%
Partial Owner	6%	8%	11%	12%	4%	8%	7%
NUMBER OF EMPLOYEES							
Fewer than 20	58%	63%	68%	76%	64%	78%	74%
20 or more	42%	37%	32%	24%	36%	22%	26%



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