



Business is Shining Bright, Though the National Economy is Cloudy According to Owners

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*Mobile takes center stage, tech drives trust according to 2016 U.S. Bank Small Business Survey*

MINNEAPOLIS--(BUSINESS WIRE)--Apr. 25, 2016-- Small business owners are confident in their business, however they're less certain about the national economy than they were last year. Revenues are good, and they want to hire and expand, according to newly-released results of the [2016 U.S. Bank Small Business Annual Survey](#).

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"Business owners are still in a cautious mode, second-guessing future decisions," said Ross Carey, executive vice president and head of business banking at U.S. Bank. "Business is good, though they wonder if another shoe will drop in the economy. A little more time and some clarity around who will be leading our country a year from now will go a long way in boosting their confidence."

#### **Confidence in national economy dips**

U.S. Bank has been surveying small business owners for seven years. From 2013 to 2015, the number of small business owners who felt the economy was recovering or expanding increased significantly year over year. This year, confidence dipped, returning to 2014 levels.

Nearly 1 in 3 small business owners believe the national economy is in recession in 2016, up from only 1 in 5 who said last year that conditions felt like a recession. They're still positive though. A majority (57 percent) of owners say the economy is in recovery or expansion, however even that number is down from a high of 67 percent last year. Outlook for 2017 has dipped as well. A majority (54 percent) see recovery or expansion on the horizon, a number that shrunk from 67 percent in 2015. One in four say the economy will be in recession in 2017.

#### **Revenue not hampered by economic view**

Nearly 75 percent of small business owners classify the health of their business as "strong." Revenues are at or above the previous year for more businesses in 2016 (34 percent) than in 2015 (24 percent) and nearly half expect revenue growth in 2017. Approximately 1 in 4 owners have plans to hire, which is the same as last year, though an improvement over 2014. About 38 percent say they're ready for capital expenditures, up significantly over 2015.

#### **Mobile technology takes center stage in business, tech drives trust in banks**

More than 3 in 4 small business owners have integrated a mobile solution into their overall business strategy, and even more are using social media to make connections, find talent, or market their business. Business owners are significantly more likely to access their bank and make payments with a mobile device than they were a year ago. More than three in four say banks offering the most up-to-date technology are more trustworthy. However, at the end of the day, the human touch is still important to them – 89 percent say they will do at least some of their banking in a physical branch in five years.

"Customers want to be able to access the bank through multiple channels when it's most convenient for them. However, they also tell us nothing replaces the human touch – that banker down the street to talk to or bounce ideas off of from time to time," Carey said.

#### **Healthcare changes settling in, future costs still a question**

Small business owners' attitudes about the new healthcare laws remain divided. Half think the long-term impact will be negative, while the other half are divided between "positive" and "neither/unsure." Last year, the number of small business owners who felt the new healthcare laws would have a negative impact long term dropped significantly from 61 percent in 2014 to 47 percent in 2015, which is about where it sits today at 50 percent. Concern in 2014 appears to have morphed into acceptance in 2016. Fewer than half say the new law has resulted in higher premiums.

#### **Issues on their minds this election year**

Healthcare and taxes are the two top issues on the minds of small business owners this election year. The last time we elected a president, in 2012, the top issues to small business owners were healthcare/Medicare and unemployment. Today, healthcare, terrorism, national security, taxes and immigration are more important issues to the small business owner than they were in 2012. More than a quarter of those surveyed have this message for presidential candidates – lower taxes for small businesses.

#### **Economic confidence varies by state**

Small business owners' optimism is often impacted by how their state economy is faring. Areas where business owners feel the state economy is *better* than the national economy are Minnesota, Colorado, Washington and Northern California. States where business owners feel the state economy is *worse* than the national economy -- Arizona, Oregon, Wisconsin, Missouri and Illinois.

"It's not surprising that business owners are more positive in regions where home values are improving, such as Seattle, Colorado and the San Francisco Bay Area," Carey said. "We feel good about the economy if our homes are worth more than we owe. Increased taxes and minimum wage issues could be impacting results in areas like Illinois and Oregon."

**Who are the small business owners we talked to?**

More than half of the owners we talked to have been in business for more than 10 years, three quarters for more than five. Revenues are mainly under \$1 million and represent a large mix of business segments. Nearly all have not served in the military. Most have less than 20 employees, and three out of four say their employees are mostly full time. Most are located in urban or suburban areas, and most are over age 45. They are almost evenly split, male and female.

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