



Various Levels Of Small Business Optimism

by [Steve Brown](#)



small business

customer retention

Summary: A number of surveys provide insight into the confidence of small businesses. We give you a summary.

You inherently know that being happy and positive is better for your health and business than being negative or pessimistic. Research from the University of Illinois supports this and finds optimistic people are 76% more likely to have good health scores, better blood sugar and cholesterol levels and other positive benefits than those who are pessimists.

On a similar note, business optimism seems to ebb and flow these days. Surveys abound showing various levels of small business optimism. Three months ago, [a report by Provident Bank](#) found 80% of small business owners were anticipating higher revenue over the next year, with another 60% attributing the strength of their businesses to current economic conditions.

Fast forward to today and there have been two recent surveys--one by the Wall Street Journal and [one by the National Federation of Independent Business](#) (NFIB) that we wanted to share as well.

The NFIB found that its optimism index slipped to 103.1 (down 1.6 points) due to the fact that fewer owners saw better business conditions and higher sales volume in the future. However, there was an increase in the number of jobs created and QoQ sales gains were still robust.

The Wall Street Journal survey also had some mixed messages. It found 40% of small businesses believe the economy will worsen in the next 12 months. This number is compared to 29% in July and 23% a year ago. This level of economic confidence is the lowest since November 2012.

Of course, the recent numbers reflect insecurity around the tariffs put into place on September 1st. In the same Wall Street Journal survey, small businesses say that they support these tariffs overall, but the uncertainty around the length of time, how they will be applied and the ultimate impact of them make it difficult for many small businesses to plan. So, many are waiting.

That being said, these are only surveys of a collection of small businesses, not necessarily the small businesses in your community. Optimism varies by industry and geography too. You know your small business customers well and talk to them regularly.

Yet, with all of these things on small business owners' minds, there is plenty for your team to talk about, of course. There is also some real opportunity to do so, as only 41% of small business owners said they were extremely pleased with their current banks; while 43% are only somewhat pleased; 15% have neutral feelings and 1% are very displeased with where they currently bank.

Actively emphasizing the benefits of your bank could include such things as more personalized attention, possibly lower fees in some areas and concern for the overall welfare of the community. That should gain some interest from customers, and you can also focus on your ability to provide quick decisions too.

At the same time, though, it is important to strike a balance between emphasizing the personal touch with technological offerings catered to small businesses, as more are now looking around. If you can

be the best of both worlds for these growing small business customers, they should find you and stay loyal.

ON DEMAND HELP FOR COMMUNITY BANKERS

Community bankers face many difficult challenges every year, but you are not alone. Our experts stand ready to help you address a variety of issues. Learn more how we can help with our [products and services](#).

BANK NEWS

Bank Survey

A survey sponsored by the Fed, FDIC and CSBS finds the biggest challenges bankers say they face right now are core deposit growth (23%), regulation (16%) and competition (15%).

Banking Robotics

[Wells Fargo research](#) projects US banks will cut more than 10% of jobs (200,000) in the next 10Ys, as robots and other technology displace human workers. Back office, branch and call centers could see cuts as high as 30% according to the data.

M&A

1) Glacier Bank (\$12.7B, MT) will acquire State Bank of Arizona (\$679mm, AZ) for \$135.3mm or 2.12x tangible book. **2)** Digital software company Q2 Holdings (TX) will acquire loan sales and negotiation software company PrecisionLender (NC) for \$510mm in cash (100%). **3)** Cecilian Bank (\$911mm, KY) will acquire Citizens Bank (\$115mm, KY) for an undisclosed sum.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.