WSFS Bank
2025 Small Business Trends Survey

The current economic climate

Small business owners are optimistic about the year ahead…

The majority of small business owners/decision makers have a positive outlook on what the New Year will mean for their business. Thinking about the potential impact of current events over the next 12 months, the majority of small business decision makers (60%) foresee their volume of business/revenue increasing – with 44% projecting a slight increase and 16% a significant increase. Three in ten (29%) anticipate that their volume of business will stay the same, and only 11% foresee their business volume decreasing.

Anticipated change in revenue over the next 12 months
Among all respondents

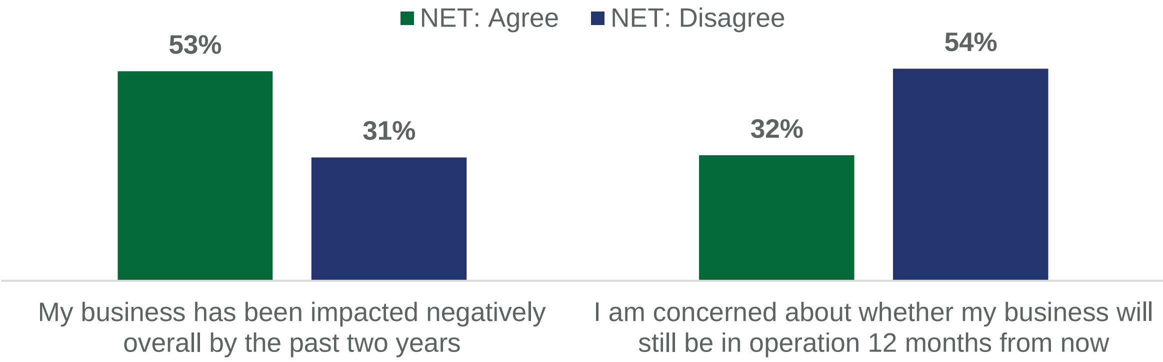
Q2. Thinking about the potential impact of current events over the next 12 months, to what extent do you predict that your volume of business/revenue will change? Base: all respondents (n597).

Furthermore, while about a third (32%) agree with the statement "I am concerned about whether my business will still be in operation a year from now," over half (54%) disagree, suggesting a positive outlook on next year's economic climate.

...However, the past two years weren't as positive

In stark comparison to future outlook, the majority of small business owners don't see the past two years as positively. Over half (53%) of respondents agree that their business has been impacted negatively by the past two years, and only 31% disagree with this statement. Female small business owners were slightly more likely to agree with this statement (56%) in comparison to male small business owners (51%).

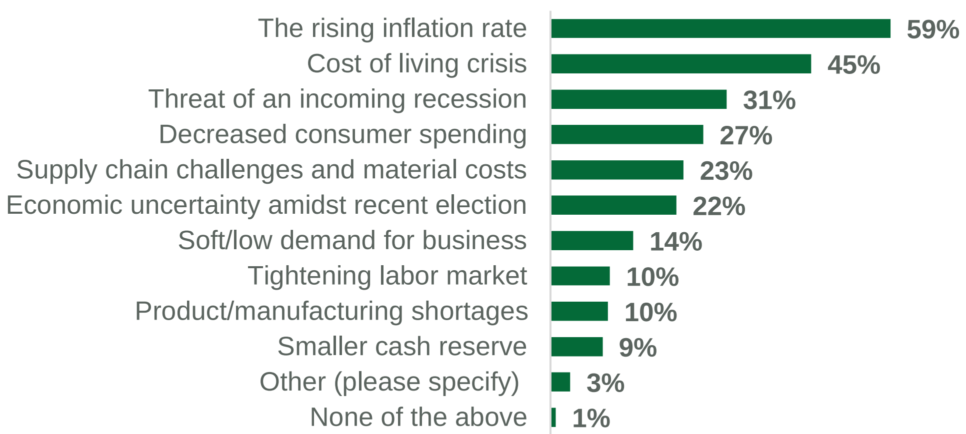
Percent that agree/disagree with the following statements
Among all respondents



Q3. Please indicate the extent to which you agree or disagree with each of the following statements.
Base: all respondents (n597).

Among those who agreed the past two years have negatively impacted their business, the rising inflation rate (59%) was perceived as the #1 culprit, followed by the cost of living crisis (45%) and the threat of an incoming recession (31%). Over a quarter also noted decreased consumer spending (27%), and over a fifth cited supply chain challenges (23%) and economic uncertainty amidst the recent election (22%).

Factors that negatively impacted business
Among those whose business was negatively impacted over the past two years

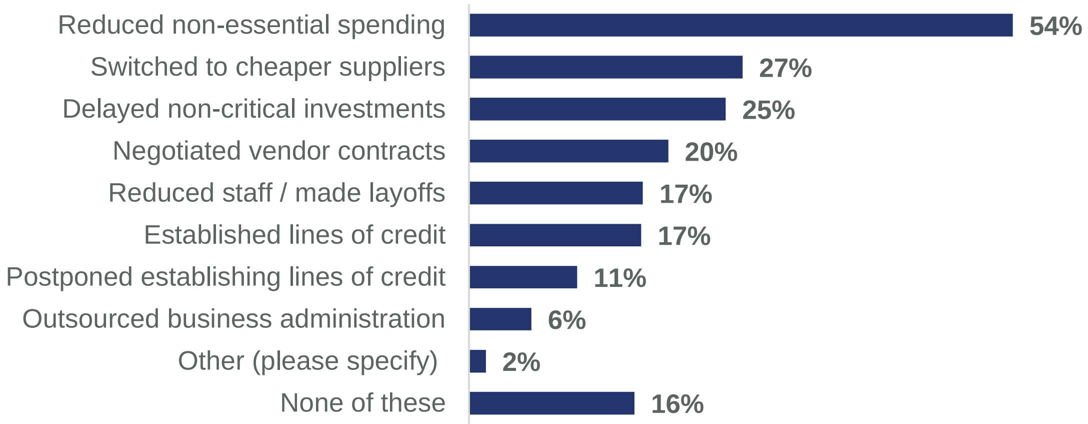


Q4. You indicated your business has been negatively impacted over the past two years. Which of the following factors do you believe has negatively impacted your business/revenue the most? Please select no more than three. Base: business has been negatively impacted by the past 2 years (n319).

In light of the recent economic climate, over half report cutting costs

In response to recent economic conditions, over half (54%) of small business owners report having reduced non-essential spending. Around a quarter (27%) switched to cheaper suppliers, and one in four (25%) delayed non-critical investments. Female small business owners were slightly more likely to report having reduced non-essential spending (58%) in comparison to their male counterparts (51%).

Actions taken due to recent economic conditions
Among all respondents



Q5. Which of the following, if any, has your business done in response to recent economic conditions?
Base: all respondents (n597).

Small business owners are most likely to take out loans to purchase equipment

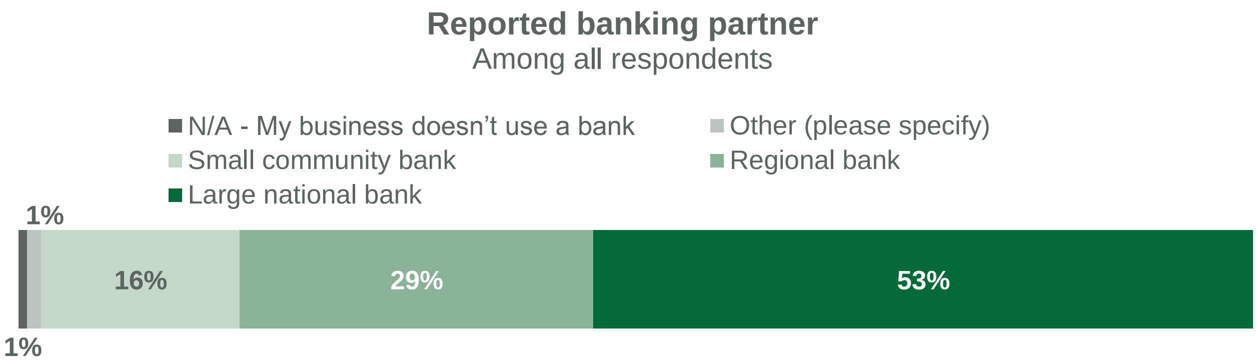
Over the next 12 months, small business owners are most likely to take out a loan to purchase equipment (26%), working capital (25%), and for expansion (24%). Men are more likely to plan on taking out a loan to purchase equipment (28%) in comparison to women (23%), while women are more likely to plan on taking out a loan to pay workers' salaries (16%) than men (13%).

Overall, small business owners are confident in their ability to secure these loans, particularly to purchase equipment (82%), for working capital (76%), and for expansion (76%).

Small business banking practices

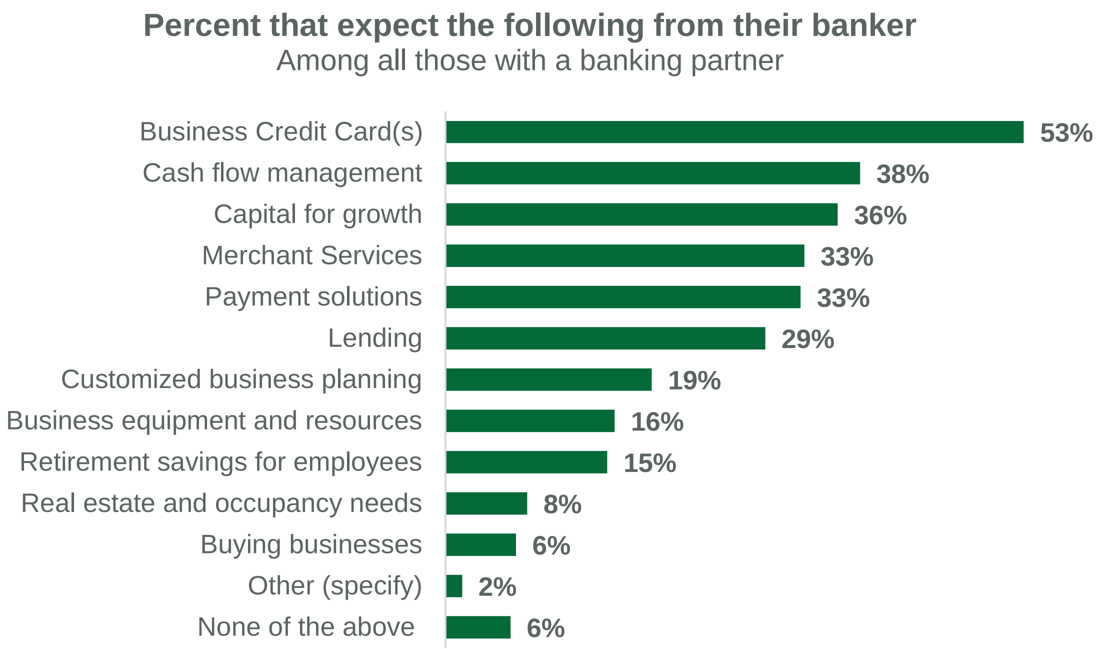
Over half of small business owners report using a large national bank

Larger banks are the most common banking partner for small business owners. Over half (53%) report banking with a large national bank, while nearly three in ten (29%) report using a smaller regional bank. Small community banks are the least common, with 16% reporting they use these for their banking partner.



Q7. How would you describe your business's banking partner? Base: all respondents (n597).

In terms of expectations for their banking partner, small business owners most commonly expect help with obtaining business credit cards, with over half (53%) reporting they look to their banker for this. Cash flow management (38%) and capital for growth (36%) are also relatively common expectations. A third (33%) of small business owners expect payment solutions as well as merchant services from their banker.



Q7A.A. When it comes to banking for your small business, which of the following do you look for from your banker?
Base: has a banking partner (n586).

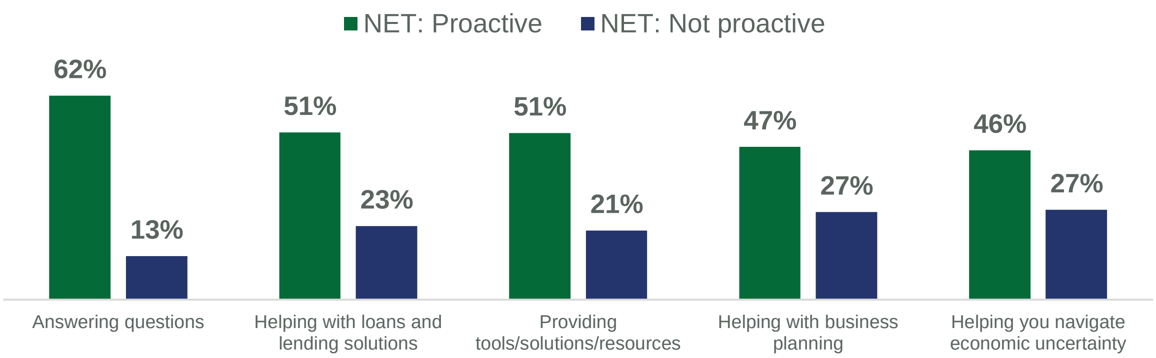
Preferences for in person versus virtual meetings with banking partners vary by service

When it comes to meeting with their banker in person versus face to face, small business owners are fairly split between what they prefer. For example, small business owners are equally split between preferring in person meetings (35%), preferring virtual meetings (32%), and being impartial (34%) for obtaining business credit cards. However, when it comes to more nuanced services – such as customized business planning and lending, the majority prefer to be in person (66% and 62%, respectively). Across all services, there is no majority preference for virtual meetings.

Bankers can improve on helping clients navigate economic uncertainty

Most small business owners are happy with their banker's ability to answer questions, with 62% reporting their banker is proactive in doing so. About half report their banker is proactive in helping with loans and lending solutions as well as providing tools and resources (both 51%). Less than half feel their bank is proactive in helping them navigate economic uncertainty (46%) and with business planning (47%), suggesting improvement to be made in these categories.

Percent that find their banker proactive vs. not proactive with the following
Among all with a banking partner



Q9. Please indicate how proactive your bank has been in doing the following over the past 12 months.
Base: has a banking partner (n486).

Overall, the vast majority of small business owners are happy with their current banker, with three in four reporting they're satisfied (75%), less than a fifth (18%) reporting they're neither satisfied nor unsatisfied, and only 7% reporting they're unsatisfied.

Classification

Of the 597 small business owners/decision makers surveyed – with 351 hailing from the Mid-Atlantic region and the remainder from the rest of the US – over a fifth (22%) report being in the professional services sector. This is followed by retail (13%), information technology (7%), manufacturing (7%), and healthcare (6%), among other sectors. A fifth (19%) report hailing from sectors other than those listed.

Survey Methodology

The survey was conducted by market research and insights agency Opinium. The sample includes a survey of 597 small business owners/decision makers, with 351 respondents from the Mid-Atlantic and 246 from the broader U.S. All respondents were over the age of 18. The online survey was conducted from November 18 – December 2, 2024. It has a margin of error of +/- 4 percent.

About Opinium, Inc.

Opinium is an award-winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Creative and inquisitive, we are passionate about empowering our clients to make the decisions that matter. We work with organizations to define and overcome strategic challenges – helping them to get to grips with the world in which their brands operate. We use the right approach and methodology to deliver robust insights, strategic counsel and targeted recommendations that generate change and positive outcomes.

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WSFS Financial Corporation is a multibillion-dollar financial services company. Its primary subsidiary, WSFS Bank, is the oldest and largest locally headquartered bank and trust company in the Greater Philadelphia and Delaware region. As of September 30, 2024, WSFS Financial Corporation had \$20.9 billion in assets on its balance sheet and \$87.2 billion in assets under management and administration. WSFS operates from 114 offices, 88 of which are banking offices, located in Pennsylvania (57), Delaware (39), New Jersey (14), Florida (2), Nevada (1) and Virginia (1) and provides comprehensive financial services including commercial banking, consumer banking, treasury management and trust and wealth management. Other subsidiaries or divisions include Arrow Land Transfer, Bryn Mawr Capital Management, LLC, Bryn Mawr Trust®, The Bryn Mawr Trust Company of Delaware, Cash Connect®, NewLane Finance®, Powdermill® Financial Solutions, WSFS Institutional Services®, WSFS Mortgage®, and WSFS Wealth® Investments. Serving the Greater Delaware Valley since 1832, WSFS Bank is one of the ten oldest banks in the United States continuously operating under the same name. For more information, please visit www.wsfsbank.com.