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U.S. Small Business Employment and Revenue Declined in 2024 with Signs of Recovery, finds Intuit QuickBooks Small Business Annual Index Report

Higher Interest Rates & Access to Credit Impacted Small Business Growth

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Today, Intuit Inc. (Nasdaq: INTU), the global financial technology platform that makes Intuit TurboTax, Credit Karma, QuickBooks, and Mailchimp, released the findings of its**2025 Intuit QuickBooks Small Business Index Annual Report**. Developed in collaboration with leading global economist University of Chicago Professor Ufuk Akcigit and his co-authors, the report reveals how high interest rates were a growth inhibitor for small businesses as US small business employment experienced its largest year-over-year decline in 2024 since 2015, with the leisure and hospitality industries hardest hit.

Fresh Insights on US Small Businesses

While overall employment is rising in the US, small business growth is lagging, indicating that jobs are moving from small businesses to larger businesses. The report found that small business employment declined by 51,200 jobs over the past 12 months while revenue declined by $11,850 per small business, on average. This was the largest year-over-year decline in employment since 2015 and the third consecutive year-over-year decline in revenue. And on an annual basis, all 12 sectors and four of the eight US regions the study covers show declining employment from October 2023 to October 2024.

Looking more closely at the monthly data over that period, however, reveals that most of the job losses occurred between October 2023 and January 2024. Since then, the declines have generally slowed or even reversed—offsetting some of the earlier job losses. For example, while the construction sector lost 13,100 jobs at the end of 2023, it created 11,400 jobs at small businesses in 2024.

Overall, small businesses grew more slowly after the spike in interest rates if they had less access to credit. Those that were hit the hardest had up to 30% lower revenue growth and 4% lower employment growth compared to other small businesses. Meanwhile, small businesses working with banks that were able to offer greater access to credit have been able to grow faster—at least in the short term. However, this may also carry longer-term risks, as this growing reliance on credit cards can significantly increase the cost of small business growth and debt repayments.

Rising Credit Card Usage Creates Short Term Gains and Long Term Risks

Small businesses are becoming more reliant on credit cards, which remain the number one

source of small business financing. The number of small businesses using credit cards for financing doubled between July 2023 (25%) and July 2024 (50%). Despite providing short term gains and quick access to capital, credit card usage as a primary form of business financing creates long-term financial risks associated with carrying higher balances and incurring greater interest payments. In 2024 alone, credit card interest payments among US small businesses rose by 14%. This follows a 1.5-times increase from 2022 to 2023 in the percentage of small businesses paying over $450 in interest alone on their credit cards each month. The rising costs of borrowing money coupled with limited access to capital with traditional lenders is making it more difficult for small businesses to create new jobs and grow.

“The acceleration of small business credit card usage has put owners in a difficult position,” says **Ufuk Akcigit, leading global economist and Arnold C. Harberger Professor of Economics at the University of Chicago.** “While they can cover expenses in the short term, the high interest rates are inhibiting their growth in the long run as businesses focus on paying off past debts rather than investing in the future. Mounting credit card debt poses major risks to both small businesses and the greater economy, and we have already seen it have grave impacts on their ability to hire and retain talent.”

Digital Tools are Critical for Growth and Productivity

As technology continues to evolve and proliferate, adoption of digital tools within small businesses has increased - with positive impacts on their bottom line. Among US businesses that use eight or more digital tools to manage their business, 67% saw productivity gains and 45% reported increased revenue. These results are significantly higher than businesses with lower digital adoption; for comparison, among small businesses using two or fewer digital tools, only 36% reported higher productivity and only 30% reported higher revenue.

On top of the immediate gains, higher use of digital tools has also helped small businesses to create stronger revenue forecasts and boosted confidence in future sales. For example, 72% of high users of digital tools feel confident in their sales projections compared to only 50% of low-users of digital tools.

“Small business success is vital to a healthy economy,” says Colin Twomey, Vice President of Growth & Analytics at Intuit QuickBooks. “While hurdles like credit card debt are evident, technology offers a way to reduce costs and fuel new channels for financial prosperity. Intuit remains committed to delivering the kinds of tools and data-backed insights that help propel small businesses forward.”

A More Holistic View of Small Business Health

One of the great strengths of this report is its well-rounded look at small business health. Small business growth is not a straight line, and the continued expansion of data points considered in the annual report allows for more nuanced analysis of the landscape. QuickBooks customer Judd Robertson, president at Mighty Pine Heating, Cooling, Plumbing & Electric in Colorado, explains that for his business, signs of growth don't necessarily all appear at once.

"We're making investments in the foundation of Mighty Pine—hiring a new customer service

person, hiring a new person to deal with the rebates. That takes our margin away, but it supports our employees in the field," Robertson says. He sees these investments as laying the foundation for sustainable growth—and as promising signs for the year ahead. "We could not be here today if we didn't have the internal team members that were able to [hire]. I think we're going to thrive in 2025, and that's because of the folks we have under our roof."

As many business owners prepare for the year ahead, this report offers a comprehensive look at the trends and advancements that could continue to impact their growth.

For more insights, check out the Intuit QuickBooks Small Business Index Annual Report here. To stay up to date on the latest monthly Index releases, visit the Intuit QuickBooks Small Business Index interactive hub.

About the Report:

RIGOROUS METHODOLOGY

In partnership with Intuit QuickBooks data analysts, the report's findings are based on a new analysis led by **Ufuk Akcigit** (Arnold C. Harberger Professor of Economics at the University of Chicago), **Raman Singh Chhina** (PhD Researcher, University of Chicago), **Seyit M. Cilasun** (Professor of Economics, TED University), **Javier Miranda** (Head of the Center for Business and Productivity Dynamics, Halle Institute for Economic Research), and **Nicolas Serrano-Velarde** (Professor of Finance, Bocconi University). The analysis uses the following data sources:

1. **Intuit QuickBooks Small Business Index:** employment and revenue trends among small businesses in the US, Canada, and the UK from October 2023 to October 2024, based on a total worldwide sample of 557,000 small businesses. Full methodology details available here. Note: the Index does not reflect the QuickBooks customer base or Intuit's business.

2. **Intuit QuickBooks customer data:** anonymised, aggregated, and benchmarked or reweighted to reflect the wider population of small businesses in the US, Canada, and UK (not the QuickBooks customer base or Intuit's business) to provide new insight into small business access to credit, credit card expenditure, payments against credit card balances, and interest payments between 2019 and 2024. Samples: 249,000 US small businesses with 0-100 employees with credit card data recorded in QuickBooks from 2019 to 2024 (Figures 52 and 53) and 677,000 US small businesses with 0-100 employees with credit card data recorded in QuickBooks in 2022 and 2023 (Figure 54). Full methodology available in the report.

3. **Intuit QuickBooks Small Business Insights:** quarterly online surveys, commissioned by Intuit QuickBooks, of more than 5,000 small businesses (0-100 employees) in the US, Canada, and UK. The report uses the July 2024 wave of these surveys, with a total sample of 5,183 respondents (comprising 3,012 in the US; 1,013 in Canada; and 1,158 in the UK). Note that "digital tools" are broadly defined and grouped by type (e.g. "social media" and "remote work"). Methodology details available here.

4. **Official statistics and other external sources**, including publicly available data from: the U.S. Census Bureau; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic

Analysis; Federal Deposit Insurance Corporation; Federal Reserve Bank of St. Louis; Bank Holding Company (US); Statistics Canada; Office for National Statistics (UK); OECD; World Bank.

New insights from the analysis of this data comprise three major topic areas in the 2025 Intuit QuickBooks Small Business Index Annual Report:

1. **Jobs and revenue growth:** highlighting the critical role that small businesses play in the US, Canadian, and UK economies, focusing on which sectors and regions have seen the most and least growth over the past 12 months.

2. **Small business access to financing:** a close examination of the impact of interest rates and credit card usage on small business success, using anonymised, reweighted data from up to 677,000 QuickBooks customers in the US and survey data from more than 5,000 small businesses in the US, Canada, and the UK (see sources and sample details above).

3. **Small business adoption of digital tools:** the relationship between digital tools (including AI and e-commerce) and small business productivity, growth, and confidence.

The full methodology is provided in the appendix of the 2025 Intuit QuickBooks Small Business Index Annual Report.

About Intuit

Intuit is the global financial technology platform that powers prosperity for the people and communities we serve. With approximately 100 million customers worldwide using products such as TurboTax, Credit Karma, QuickBooks, and Mailchimp, we believe that everyone should have the opportunity to prosper. We never stop working to find new, innovative ways to make that possible. Please visit us at Intuit.com and find us on social for the latest information about Intuit and our products and services.

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