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New Intuit QuickBooks Small Business Index Annual Report: UK Small Business Credit Card Spending up by 22% Since the Pandemic Amidst Funding Challenges

Inaugural report provides insights and analysis of the current state of small business in the UK, the US and Canada

LONDON--(BUSINESS WIRE)-- Intuit (NASDAQ: INTU), the global financial technology platform that makes Intuit TurboTax, Credit Karma, QuickBooks, and Mailchimp, has released the **2023 Intuit QuickBooks Small Business Index Annual Report.** Developed in collaboration with leading global economist Professor Ufuk Akcigit and his co-authors, the report reveals how macroeconomic pressures like inflation and higher interest rates are affecting small businesses' ability to create jobs and get the funding they need to grow.

This press release features multimedia. View the full release here: https://www.businesswire.com/news/home/20231005420644/en/

Intuit QuickBooks Small Business Index Annual Report 2023

THE STATE OF SMALL BUSINESS

The report finds that in 2023, while overall employment levels have trended upward in the UK, the US, and Canada, small business employment has been less resilient. Using anonymised data from more than 3.4 million Intuit QuickBooks customers and surveys of more than 5,000 small businesses in the UK, the US and Canada, the report explains how small businesses are responding to these challenges, and examines the relationships between small business growth, access to capital, and use of digital technology. Key findings include:

- With elevated inflation and high-interest rates, small businesses have increasingly depended on their credit cards, with the current spending being 20% higher, on average, than they were before the pandemic. At the same time, their monthly credit card payments, which include interest charges, are up by 26% on average.
- These pressures are affecting jobs: in the UK, small business job vacancy growth rates declined in all of the first eight months of 2023. Similarly, small business employment rates declined in the first five months of 2023 in the US and in seven of the first eight months of 2023 in Canada.
- The rise of the solopreneur (non-employer businesses) shows entrepreneurship is stronger than ever; however, in the US and Canada fewer new businesses are creating jobs, a concerning trend because in the US, more than a third of all jobs are with small businesses while in Canada and the UK it’s more than two in five.
- Access to funding is essential for small business growth, but roughly half of small

businesses in the UK, US, and Canada, are self-funded by the owner. New businesses and businesses owned by women or members of underrepresented racial groups often face greater funding challenges.
- Despite inflation declining over the past year, small businesses in the UK, US, and Canada say rising costs are still the #1 challenge they face.

FRESH INSIGHTS ON UK SMALL BUSINESSES

The report also examines the pivotal role of small businesses within the UK economy, evaluating their economic performance, owner characteristics, financing practices, digital transformation efforts, and the diverse array of challenges they encounter. It reveals:

- **Small businesses contribute strongly to the economy:** In the UK, nearly 99% of all businesses are small businesses – providing nearly 44% of all jobs (rising 2% between 2011 and 2022). More than 82% of UK firms have less than 10 employees and collectively employ nearly 19% of the country's workforce - in addition to solopreneurs (non-employer businesses) that also contribute a significant proportion of the UK workforce.

- **The rise of the solopreneur (non-employer businesses):** The share of non-employee businesses in the UK has increased from 68% in the early 2000s to 74% today. The rise of the gig economy and use of automation tools - which let solopreneurs single-handedly run their operations - could also be facilitating this increase. The UK also has the highest percentage of business owners over 65 – making up 9% of the total group.

- **Self-funding amidst UK small business' challenges in accessing credit:** Nearly half (48%) of small business owners have used personal savings at some point to fund their business. Small businesses in the UK are least likely to have sought funding (with 59% not seeking any) in the past 12 months compared to 48% in the US and 54% in Canada.

- **Cost and availability of funding worsens:** About a third (32%) of UK small businesses agree that, over the past 12 months, the cost and availability of financing has deteriorated, rising to 39% amongst the youngest firms aged 0-5 years who are in the crucial early stages.

- **Credit card spending on the rise:** At the same time, monthly credit card expenditure has increased 22% since the pandemic - again higher than in the US (20%) and Canada (18%), equivalent to £2,400 per business. Due to the current high-interest rate environment, monthly credit card payments against account balances have risen 25% since pre-pandemic, equivalent to almost £2,000 per business.

- **Going digital to improve resilience:** The report indicates a clear correlation between higher use of software, apps, and other digital technologies and better business performance. In the UK – much like the US - a substantial 54% of enterprises that are high users of digital tools (using 8 or more) report positive revenue growth. The report reveals the top three digital tools used by UK small businesses as: social media (51%), business website (50%) and accounting/financial software (45%).

Leading global economist, and Arnold C. Harberger Professor of Economics at the University of Chicago, Ufuk Akcigit said: "The Intuit QuickBooks Small Business Index Annual Report gives unique visibility into the health of small businesses and the issues they are facing today. Inflation rates have been soaring in the UK since 2021, and reached a peak in October 2022. Even now, consumer prices have risen 6.3% in the past 12 months. Against this backdrop, the Annual Report indicates small businesses have been funding their business through their own savings or credit cards - which are incurring extra costs due to higher interest rates. Our goal is for policymakers, industry leaders, and aspiring entrepreneurs to draw valuable conclusions from this in-depth analysis to create policies and foster an environment conducive to the success as well as the resilience of small businesses within these specific sectors and regions. Part of this includes a greater diversity of funding options so small businesses don't have to struggle with extra costs in today's high interest environment."

Sasan Goodarzi, CEO of Intuit said: "Becoming an entrepreneur is a bold decision. Given the significant impact new and growing small businesses have on job creation, innovation, and the economy, policymakers and industry leaders should be equally bold in creating an environment where small businesses can grow and thrive. We remain focused on working across the industry to create new and innovative ways to serve our customers and help solve their most pressing challenges."

Based on the research and insights from the report, Intuit has developed a set of recommendations for policymakers, accountants advising their small business clients, and entrepreneurs starting and running small businesses. These concrete, actionable recommendations can help policymakers foster an environment conducive to small business growth and resilience; accounting professionals provide guidance to their clients in responding to the challenges and trends identified in the report; and small business owners set their businesses up for success.

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

The report's findings are based on a new analysis by Ufuk Akcigit, Raman Singh Chhina, Seyit M. Cilasun, Javier Miranda, Eren Ocakverdi, and Nicolas Serrano-Velarde of four data sources, in partnership with Intuit QuickBooks data analysts:

1. **Intuit QuickBooks Small Business Index:** recent employment and hiring trends among small businesses in the US, Canada, and the UK. Methodology details available here.
2. **Intuit QuickBooks customer data:** anonymised, aggregated and reweighted/adjusted to reflect the wider population of small businesses in the US, Canada, and UK, not Intuit's business, to provide new insight into small business access to credit, credit card expenditure, and payments against credit card balances during the recent inflationary period. Sample: 3.4 million small businesses; 2,795,000 in US; 305,000 in Canada; 313,000 in UK.

3. **Intuit QuickBooks Small Business Insights:** regular online surveys of small businesses with up to 100 employees, commissioned by Intuit QuickBooks in the US, Canada, and UK every three to four months. Total sample size for April 2023 wave of surveys: 5,175 (comprising 2,805 small businesses in the US; 1,210 small businesses in Canada; and 1,160 small businesses in the UK).
4. **Official statistics and other external sources**, including publicly available data from: the U.S. Census Bureau; Federal Financial Institutions Examination Council, Bank Holding Company (US); National Federation of Independent Businesses (US); Statistics Canada; Office for National Statistics (UK), Department for Business, Energy & Industrial Strategy (UK);

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

1. **Long-term small business employment trends** and the critical role small businesses play in the US, Canadian, and UK economies, including: job creation, the rise in self-employment, and the COVID-19 pandemic's contribution to new business growth. Source: official statistics.
2. **Recent trends in small business employment** since the COVID-19 pandemic, in four phases: initial downturn due to the spread of the virus; recovery period as small businesses adapted and new businesses were created; second downturn coinciding with higher inflation and interest rates; and, lately, early signs of a second rebound, particularly in the US. Source: Intuit QuickBooks Small Business Index.
3. **Small business access to funding:** why small businesses need funding, where they get it, how they use it, and which businesses face the greatest challenges obtaining it — with a close examination of the impact of inflation on small business finances, using anonymised data from QuickBooks customers in the US, Canada, and UK. Source: Intuit QuickBooks customer data and Intuit QuickBooks Small Business Insights survey (see sample details above).
4. **The state of small business in the US, Canada, and UK today:** combining a new analysis of official statistics with survey data from more than 5,000 small businesses, including 2,325 QuickBooks customers. Source: Intuit QuickBooks Small Business Insights survey (see sample details above).

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

ABOUT PROFESSOR UFUK AKCIGIT

Ufuk Akcigit is the Arnold C. Harberger Professor of Economics at the University of Chicago. He is an elected Research Associate at the National Bureau of Economic Research, Center for Economic Policy Research, and the Center for Economic Studies, and a Distinguished Research Fellow at Koc University. He has received a BA in economics at Koc University, 2003, and Ph.D. in economics at Massachusetts Institute of Technology in 2009.

As a macroeconomist, Akcigit's research centers on economic growth, technological creativity, innovation, entrepreneurship, productivity, and firm dynamics. His research has been repeatedly published in the top economics journals, cited by numerous policy reports, and the popular media. The contributions of Akcigit's research has been recognised by the National Science Foundation with the CAREER Grant (NSF's most prestigious awards in

support of early-career faculty), Kaufmann Foundation's Junior Faculty Grant, and Kiel Institute Excellence Award, among many other institutions. In 2019, Akcigit was named the winner of the Max Plank-Humboldt Research Award (endowed with 1.5 million euros and aimed at scientists with outstanding future potential). In 2021, Akcigit was awarded the prestigious Guggenheim Fellowship and was named a Fellow of the Econometric Society. In 2022, he received the Sakip Sabanci International Research Award and Kiel Institute's Global Economy Prize.

ABOUT INTUIT

Intuit is the global financial technology platform that powers prosperity for the people and communities we serve. With 100 million customers worldwide using 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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