

New Intuit QuickBooks Small Business Index Annual Report: Canadian Small Business Credit Card Spending up 18% Amidst Inflation and Funding Challenges

First Annual Report provides insights and analysis of the current state of small business in Canada, the US, and the UK

TORONTO--(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/20231005106131/en/>

Average monthly credit card expenditure (in US dollars) by small business in the US, Canada, and the UK

Monthly credit card expenditure (y axis) trends upward with inflation following the COVID-19 pandemic, with an average increase of 20% internationally: 20% in the US, 18% in Canada, 22% in the UK

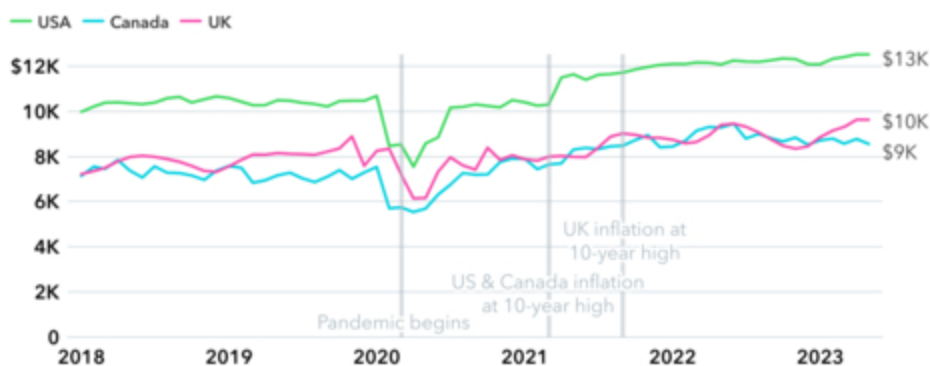


Figure 34, Intuit QuickBooks Small Business Index Annual Report. Sample: 3.4 million small businesses; 2,795,000 in US; 305,000 in Canada; 313,000 in UK. The analysis uses anonymized QuickBooks Online customer data from accounts with at least twelve months of regular transactions. Data shown represents only transactions that have been categorized (manually by users or by automation) as "credit card" in QuickBooks up until the end of May 2023. Excluding uncategorized transactions could have resulted in a data bias. This data has been scaled to match the national distribution in each sector, region, and business-size group to make it nationally representative. It does not reflect the Intuit QuickBooks customer base or Intuit's business.

Source: 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 Canada, the US, and UK, small business employment has been less resilient. Using anonymized data from more than 3.4 million Intuit QuickBooks customers and surveys of more than 5,000 small businesses in Canada, the US and the UK, the report looks at how small businesses are

Average monthly credit card expenditure (in US dollars) by small business in the US, Canada, and the UK. (Graphic: Business Wire)

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: small business employment rates declined in seven of the first eight months of 2023 in Canada, and in the first five months of 2023 in the US. Similarly, in the UK, small business job vacancy growth rates declined in all of the first eight months of 2023.
- The rise of the solopreneur (non-employer businesses) shows entrepreneurship is stronger than ever; however, in Canada and the US, 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 Canada, the US and the UK 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 Canada, the US and the UK say rising costs are still the number one challenge they face.

FRESH INSIGHTS ON CANADIAN SMALL BUSINESSES

- **Small business employment and hiring** In January 2023, Canadian small businesses with 1-19 employees employed 5.2 million people, rebounding to a similar level in August 2023 after several months of declines, before declining again in September (source: [Intuit QuickBooks Small Business Index](#)).
- **Small businesses contribute to the economy.** In Canada, 99% of all Canadian businesses are small businesses; 47% of all Canadian workers are employed by small businesses.
- **Rise of the solopreneur (non-employer businesses)** In 2015, self-employment made up just under 68% of all Canadian businesses. By 2022, this had risen to more than 69%. This rise is significant because it is part of a longer-term trend, similar to the US, where fewer new businesses are creating jobs. The report connects this to the rise of gig work and digital technology.
- **Small business finances:** Monthly small business credit card expenditure is currently 18% higher, on average, than before the pandemic, equivalent to \$2,700 CAD per business while monthly repayments against credit card account balances are up by 22% on average, again equivalent to \$2,700 CAD per business.
- **Small business access to funding:** While 51% of Canadian small business owners surveyed have used their own savings to fund their business, only 27% report *ever* getting funding from a commercial lender. New small businesses (0-5 years old) are more than twice as likely to say “getting funding” is their number one challenge compared to older small businesses (21+ years).
- **Adoption of digital tools and technology:** Higher use of digital tools and technology (such as software, apps, social media, and e-commerce) *correlates* with higher growth among small businesses surveyed. Among Canadian small businesses using digital tools to manage 8 or more different areas of their business, 63% report revenue growth

and 22% report workforce growth but, among those only managing up to 2 areas with digital tools, this drops to 31% and 5%, respectively.

Leading global economist and Arnold C. Harberger Professor of Economics at the University of Chicago, Ufuk Akcigit said: “We know that small businesses play a significant role in empowering the Canadian economy, in fact, they provide almost half (47%) of jobs in the Canadian economy. In spite of their importance, their size and the challenges accessing capital makes them particularly vulnerable to economic shifts because of inflation and rising interest rates. Despite these challenges, there are reasons for optimism. Using insights from our research, we have developed recommendations that small businesses can take to help ensure their resilience and growth, including staying on top of their cash flow, making smart banking decisions and leveraging the power of digital technology. All of these actions can help small businesses in the face of economic challenges, and the future health of our economy depends on their success today.”

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; accountants 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 employments** 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.ca](#) and find us on [social](#) for the latest information about Intuit and our products and services.

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