The Small Business Perspective

Growing Through the Pressure



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A Letter from Shruti Patel

Supporting Small Business Owners in an Environment of Rapid Change



Our U.S. Bank 2026 Small Business Perspective survey comes at a time when small business owners are operating in a more complex environment. Rising costs, increased competition, changing consumer spending patterns and concerns around access to capital are forcing many owners to make tougher and more deliberate decisions about how they run and grow their businesses.

We asked 1,000 business owners to share how that is impacting them.

Even as they are clearly feeling those pressures, small business owners tell us they are still moving forward. More than 90% say they plan to take steps to help grow their business over the next year, including hiring, investing more capital, launching new products or services or expanding into new markets.

That drive to keep building is especially evident among Gen Z owners, who reported strong business growth and were more willing than other generations to make bold moves to accelerate expansion. Many are building businesses through digitally driven strategies and starting with passion projects or side hustles, bringing a different perspective to business ownership and growth.

The research also highlights the growing role of technology in day-to-day business operations. Owners are increasingly using generative AI and digital tools to improve productivity and streamline day-to-day operations. And the businesses doing so are more likely to be growing.

As you dive into these insights, I hope you'll see what we see: small business in America remains resilient and innovative despite challenges.

The Small Business Perspective survey is one way we at U.S. Bank listen to and learn from small business owners. Combined with our experience serving 1.4 million businesses across the country, these insights help us better understand the challenges business owners face and how we can be a true partner in their growth.



Shruti Patel

Executive Vice President
Chief Product Officer, Business Banking
U.S. Bank

Key Findings from Our Research



1

Success feels harder won, but SBOs are still growing

While pressure has eased somewhat since 2025, SBOs (small business owners) are continuing to navigate a constrained operating environment.

Owners are facing strain, with the economic environment (**90%**), inflation/rising materials costs (**88%**), competition (**82%**), consumer spending (**78%**), and interest rates (**77%**) ranking as top stressors.

Most owners rate their business as successful, though that sense of success has softened since last year:

- **87%** rate their business as successful, down from **96%** in 2025.
- **51%** rate their business as extremely successful, down from **71%** last year.

Growth is still happening, but it is reaching fewer businesses than it did last year:

- **68%** say their business grew over the past year, down from **88%** in 2025 and **73%** in 2024.
- However, **91%** plan to take at least one action to grow their business in the next 12 months.
- **83%** say they feel optimistic about the next 12 months, down from **93%** in 2025 and **87%** in 2024.

2

Gen Z owners are taking a more ambitious approach to growth and reshaping how businesses are built

Gen Z is approaching business growth differently with nearly a quarter (**24%**) pursuing calculated, bold opportunities to accelerate growth (vs. **21%** Millennial owners, **13%** Gen X and Baby Boomer owners). They are also less likely to prioritize building their business with a relatively low-risk business model (**29%** vs. **36%** of Millennial and Gen X owners and **38%** of Boomer owners).

This approach is translating into strong momentum. Nearly three-quarters (**74%**) report business growth. Gen Z owners are also the most likely to report significant growth (**47%**), compared with **36%** of Millennial owners, **24%** of Gen X owners and **17%** of Boomer owners.

3

Generative AI adoption is moving from experimentation to expectation

Generative AI (GenAI) has moved firmly into the mainstream for small businesses, with three-quarters of owners already using it (**75%**). But widespread use has not led to full buy-in. Owners increasingly expect GenAI to demonstrate relevance, value, and fit with the realities of running a business.

Usage skews younger and male, with Gen Z (**83%**) and Millennial owners (**80%**) more likely than Gen X (**71%**) and Boomer owners (**61%**) to report using GenAI; male owners are also more likely than female owners to use it (**79%** vs. **70%**).

Owners most often use GenAI for marketing and sales strategies (**56%**), data analysis and information gathering (**51%**), content creation (**51%**), and process automation (**44%**).

4

SBOs are modernizing while prioritizing predictability and value

Digital tool adoption continues to deepen beyond AI. Owners are modernizing selectively, prioritizing tools that can improve efficiency, support cash flow, and reduce day-to-day friction.

The biggest gains since 2025 are in tools that support smoother business operations and payments: payment processing/merchant services solutions (+20 points, **60%**), contactless payments/digital wallets/P2P solutions (+16 points, **53%**), and accounts payable/receivable solutions (+15 points, **53%**).

Operational backbone tools are also more widespread, including payroll solutions (+15 points, **47%**), integrated bill pay/invoicing tools (+14 points, **46%**), and CRM systems (+9 points, **40%**).

Predictability is now a core expectation: nearly all owners (**92%**) prefer bill pay tools with predictable and consistent fees, and **78%** say fees determine which payment method they use to pay a bill.

Still, owners are not simply fee-averse: **83%** say they are willing to pay some fees in exchange for convenience.



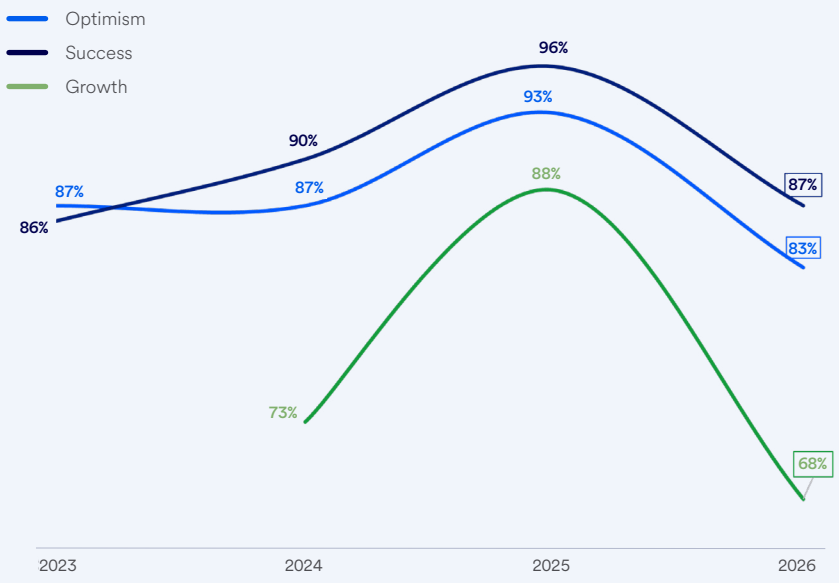
1

Success Feels Harder Won, but SBOs Are Still Growing

While pressure has eased somewhat since 2025, owners are continuing to navigate a constrained operating environment.

Macroeconomic pressures, as well as cost, competition, and demand challenges point to an environment where margins are tighter and demand is less predictable. As a result, success feels harder to achieve even as overall outlook remains strong.





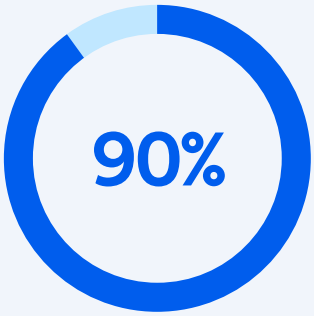
87%

of owners rate the current state of their business as successful.

(**-9 percentage points** from 2025)

Q1: Thinking about the word “success” and what it means to you, how would you rate the current success of your business? <Showing Successful Top 3 Box>, Q2: Over the past year, how would you characterize the growth of your business? <Showing Grown Top 3 Box>, Q3: Thinking about the next 12 months, how optimistic are you for the future of your business? <Showing Optimistic Top 3 Box>, Base: US SBOs n=1007

Top stressors for small business owners:



of owners say that the economic environment is a top stressor for their business.

When broken out, uncertainty surrounding the national economic environment is slightly more of a concern for SBOs (**84%**), compared to the local economic environment (**80%**).

Additional macroeconomic stressors include:



88%

inflation or increased costs of materials/supplies



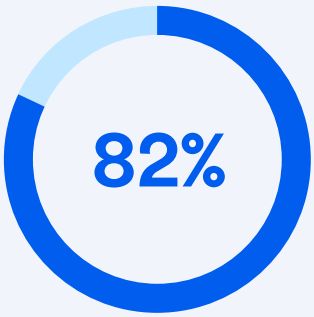
78%

ability of consumers to maintain their spending



77%

interest rates



of owners say that competition is a stressor for their business.

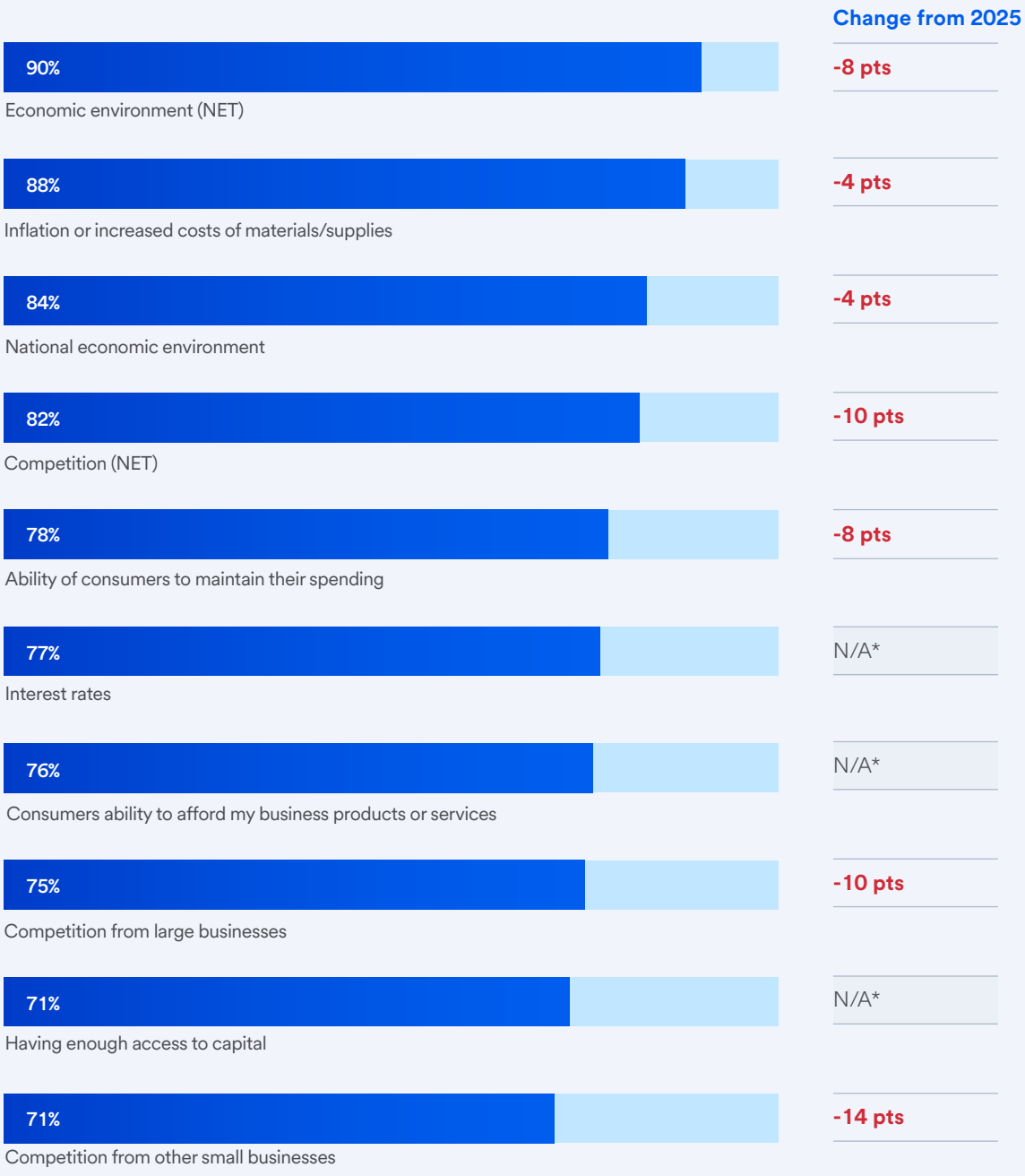
Digging deeper, SBOs are showing a little more concern about competition from large businesses (**75%**) than from other small businesses (**71%**).

Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box, Economic Environment NET, Competition NET>. Base: US SBOs n=1007

Inflation, consumer spending, and interest rates are all contributing to sustained levels of stress for SBOs.

Notably, many of these stressors have decreased from 2025, suggesting some easing of pressure.

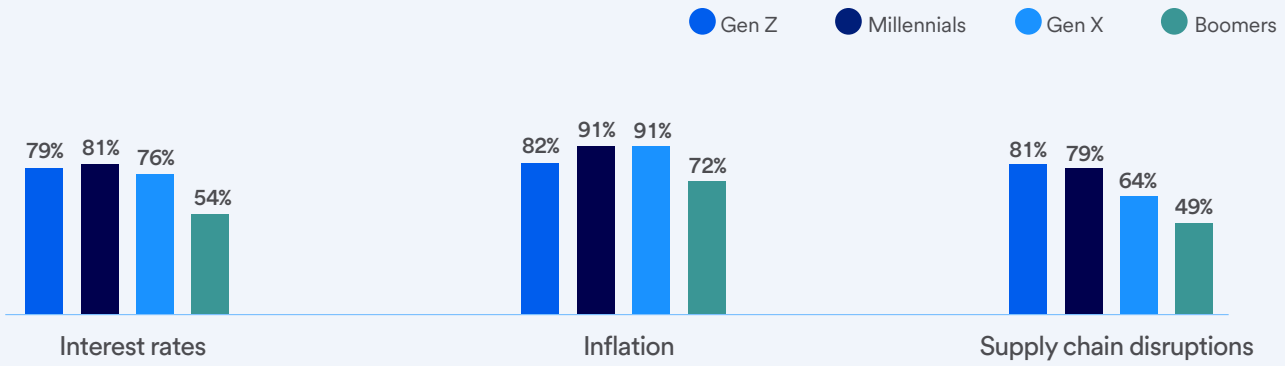
2026 Top 10 stressors for owners



Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box>, Q4 2025: Which of the following are top stressors related to your business? <Showing Stressful Top 3 Box>. Base: US SBOs n=1007

*2025 data not available

Gen X and younger SBOs drove much of the sustained pressure narrative, reporting consistently higher stress across the following macroeconomic factors compared to Boomers:



Despite this pressure, the majority of SBOs are still experiencing growth, though momentum is slowing.

68% of owners say their business has grown over the past year.

Down 20 points from 2025; however, **33%** of owners report significant growth.



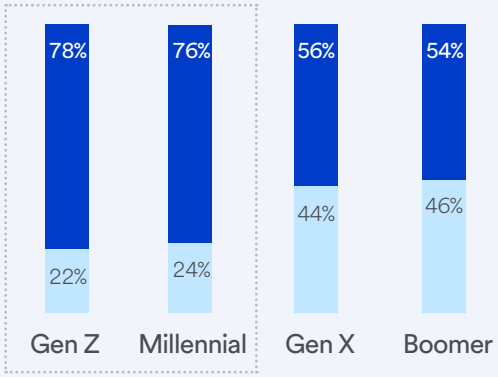


Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box>, Q1: Thinking about the word "success" and what it means to you, how would you rate the current success of your business? <Showing Successful Top 3 Box / Very Successful Top 2 Box> Base: Gen Z owners n=101, Millennial owners n=503, Gen X owners n=302, Boomer owners n=101

Q2: Over the past year, how would you characterize the growth of your business? <Showing Grown Top 3 Box / Grown Significantly Top 2 Box> Base size: US SBOs n=1007

Furthermore, Gen Z and Millennial owners are more likely than Gen X and Boomer owners to report business growth over the past year.

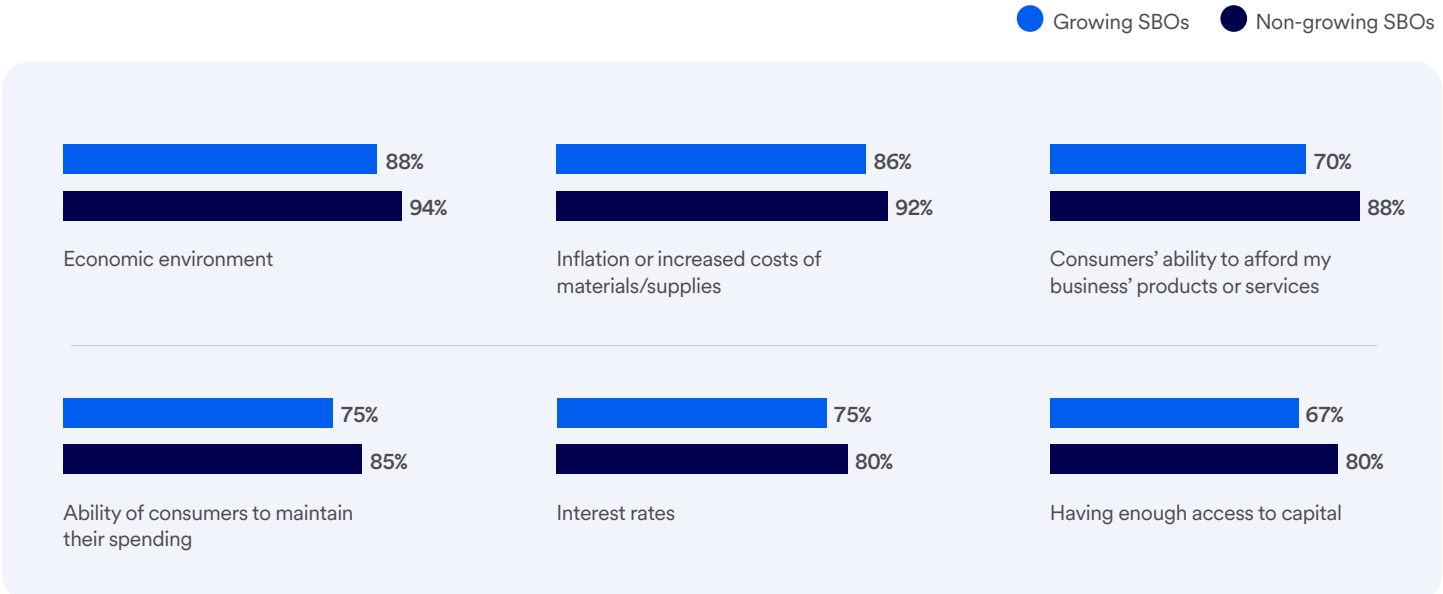




Owners who are experiencing growth are fueling it by:

- **70%** are hiring additional employees
- **62%** are investing more capital in their business
- **51%** are launching a new product or service
- **33%** are expanding into a new geographic market

Owners who aren't experiencing business growth face greater pressure.



Q2: Over the past year, how would you characterize the growth of your business? <Showing Grown Top 3 Box / Not Grown Bottom 4 Box> Base size: US SBOs n=1007

Q4: Which of the following options, if any, are you planning to do in the next 12 months? Base: Gen Z owners n=101, Millennial owners n=503, Gen X owners n=302, Boomer owners n=101

Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box>. Base: US SBOs Growing n=683, US SBOs Not Growing n=323

Owners who are not experiencing growth also tend to fall behind their expanding peers in both technology adoption and business model diversification.



64% report using GenAI in their business (vs. 81% of growing SBOs).

Additionally, non-growing SBOs consistently report lower usage rates across all digital tools compared to growing SBOs.

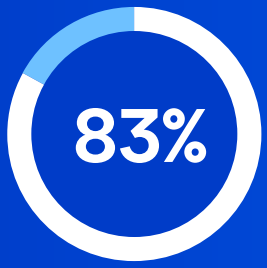


Only half of non-growing owners operate both in-person and online business channels.
(vs. 68% of growing SBOs)



Non-growing SBOs are more likely to operate exclusively in-person businesses.
(vs. 21% growing SBOs)

Outlook for the future has also softened:



Today, **83%** of owners say they feel optimistic about the next 12 months – down 10 percentage points from 2025 (**93%** in 2025 and **87%** in 2024).

Gen Z **(89%)** and Millennial **(86%)** owners are significantly more likely to be optimistic than Gen X **(78%)** and Boomer owners **(78%)**.



Q7: Are you using Generative AI (e.g. Chat GPT, Claude, Gemini, Copilot) for your business? Base: US SBOs Growing n=683, US SBOs Not Growing n=323

Q12: Which of the following solutions does your business currently use? Base: US SBOs Growing n=683, US SBOs Not Growing n=323

Q13: Which of the following best describes how your business sells its products or services?Base: US SBOs Growing n=683, US SBOs Not Growing n=323

Q3: Thinking about the next 12 months, how optimistic are you for the future of your business? <Showing Optimistic Top 3 Box>. Base: US SBOs n=1007, Gen Z owners n=101, Millennial owners n=503, Gen X owners n=302, Boomer owners n=101

Expansion remains a priority, with 9 in 10 owners (91%) planning to execute at least one growth-oriented action in the next year.

The most common actions are practical and workforce-oriented:

60%

are planning to hire additional employees

They are also much more likely to:

Have a mid-sized business and have an annual revenue of $1 million to $10 million.

Are more likely to be using GenAI (**82%** vs. **66%**) and less likely to agree that AI adoption has had a negative impact on their business (**46%** vs. **66%**).

Are also much more likely to be optimistic about the future than those who aren't planning on taking this step (**91%** vs. **71%**).

56%

are planning to invest more capital in their business

46%

are planning to launch a new product or service

30%

are planning to expand into a new geographic market



Q 4: Which of the following options, if any, are you planning to do in the next 12 months?, Base: US SBOs n=1007

S8: How many employees do you have at your business, including yourself?, S9: Which of the following categories contains your business's total revenue before taxes in 2025?, Q7: Are you using Generative AI (e.g. Chat GPT, Claude, Gemini, Copilot) for your business?, Q10: How much do you agree or disagree with the following statements about your experience with AI at your business? <Showing Negative Impact NET>, Q3: Thinking about the next 12 months, how optimistic are you for the future of your business? <Showing Optimistic Top 3 Box>, Base: Owners planning to hire more employees n=606, owners NOT planning to hire more employees n=400

2

Gen Z Owners Are Taking a More Ambitious Approach to Growth and Reshaping How Businesses Are Built

Gen Z owners are bringing a distinctly different mindset to building businesses, balancing ambition with a willingness to challenge traditional approaches.



Gen Z owners are nearly twice as likely as Gen X and Boomer owners to pursue calculated, bold opportunities to accelerate growth.



of Gen Z owners pursue calculated, bold opportunities to accelerate growth.

21% Millennial owners
13% Gen X owners
13% Boomer owners

VS.



of Gen Z owners prioritize building their business with a relatively low-risk business model.

36% Millennial owners
36% Gen X owners
38% Boomer owners

Gen Z is the

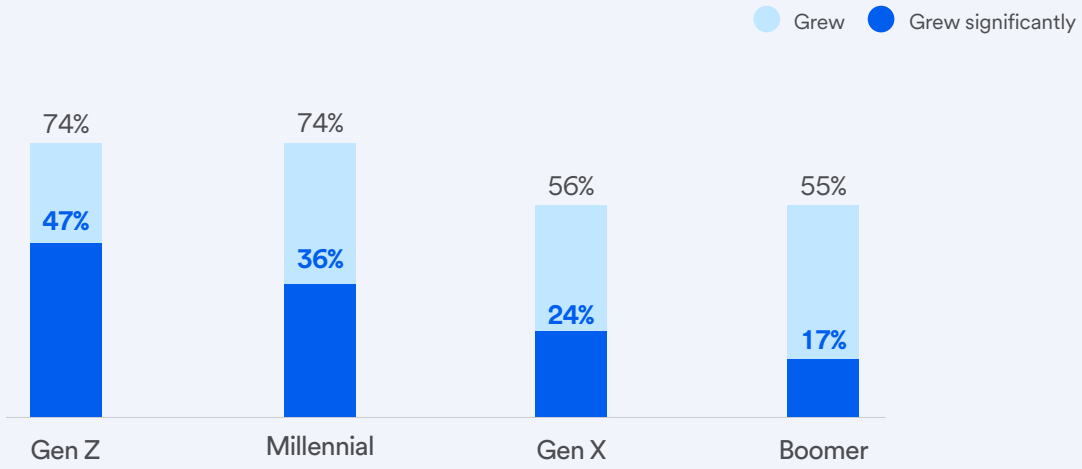
2nd largest

generational cohort, with 70.8 million Gen Z Americans as of 2024, according to The Annie E. Casey Foundation

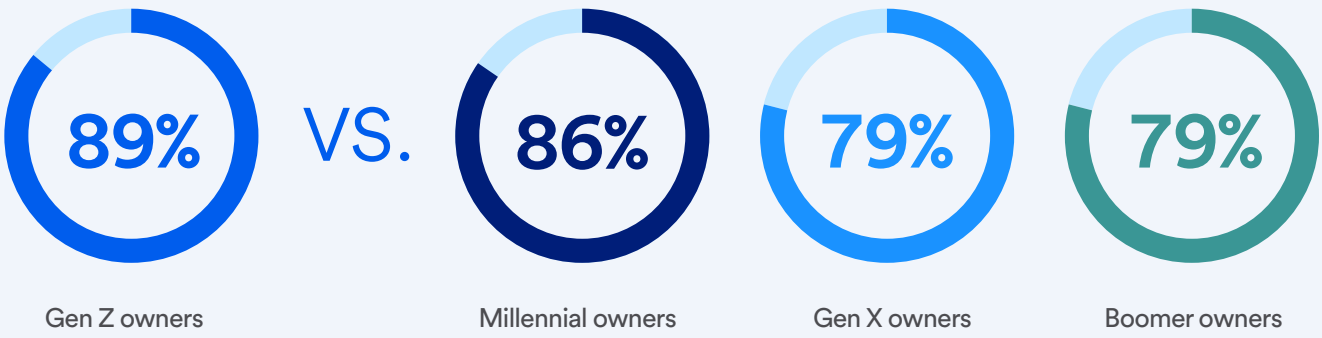
Q21: Which of the following reflect how you personally define success for your business today? <Showing Selected> Q23: Do you currently use any of the following strategies to grow your business? Please select all that apply. <Showing Selected> Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

This approach translates into strong momentum as nearly three-quarters of Gen Z owners report growth over the last year:



And they are also more optimistic about the year ahead:

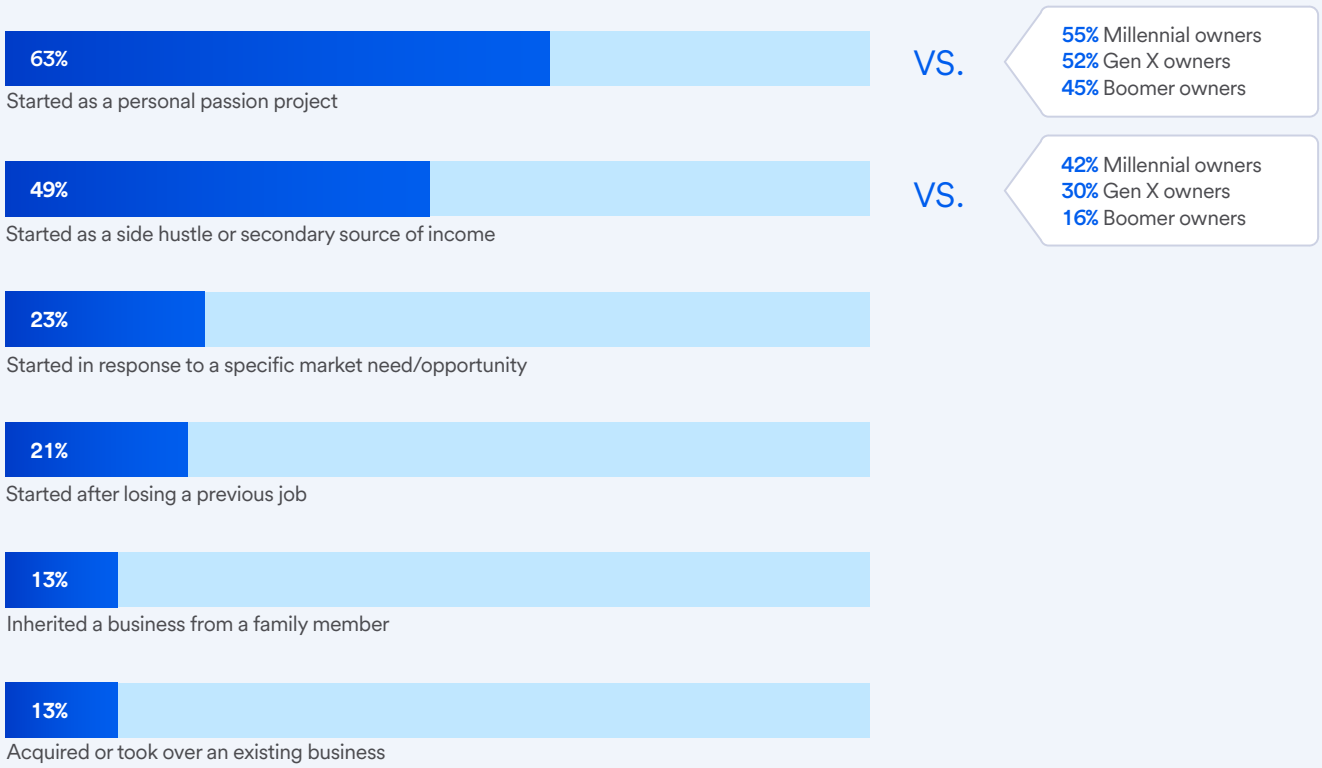


Q2: Over the past year, how would you characterize the growth of your business?, Q3: Thinking about the next 12 months, how optimistic are you for the future of your business? Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

This significant growth stems from how Gen Z builds businesses.

Unlike older generations, Gen Z owners are significantly more likely to have started their businesses from scratch, often through personal passion projects or side hustles, rather than stepping into established businesses by acquiring or inheriting them.



While Gen Z owners are less likely to enter ownership through acquisition, their near-term plans showcase dynamic ownership.



16%

of Gen Z SBOs plan to acquire another business in the next 12 months, compared to **9%** Millennial owners, **5%** Gen X owners, and **5%** Boomer owners.



5%

of Gen Z owners say they plan to sell or permanently close their business within the next year (vs. **5%** Millennials, **3%** Gen X, and **2%** Boomers).

Q20: Which of the following best describes how your small business began? <Showing Selected> Q4: Which of the following options, if any, are you planning to do in the next 12 months? <Showing Selected> Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

Many Gen Z owners are still in the early years of building their businesses.

2 in 3

Gen Z owners report owning their business for less than 5 years (vs. **36%** Millennials, **25%** Gen X, and **9%** Boomers).

9 in 10

Gen Z owners report owning their business for less than 10 years.

While Gen Z owners are still early in their entrepreneurial journeys:

6 in 10

More than 6 in 10 (**62%**) Gen Z owners already report annual revenue of $100,000 or more, a remarkable milestone for the youngest generation of business owners (vs. **80%** of Millennials, **76%** of Gen X, and **83%** of Boomers).

And they are more likely to launch consumer-facing businesses, which lowers their presence in expertise-driven, client-based businesses. They're less likely than Boomer owners to be in:

Professional Services

4% Gen Z vs. **22%** Boomer

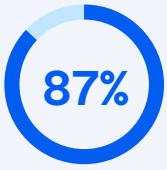
Business to Business

14% Gen Z vs. **25%** Boomer

C5: How long have you owned your business? <Showing NET: Less than 5 years, NET: Less than 10 years> S9: Which of the following categories contains your business's total revenue before taxes in 2025? Total revenue means all money the business collects from sales. <Showing NET: $100K or more>C3: Which of the following industries best describes your small business? <Showing Selected> C4: Which of the following best represents your main line of business? <Showing Selected> Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

As a result of the early stage of their career, many Gen Z owners are still building financial stability.

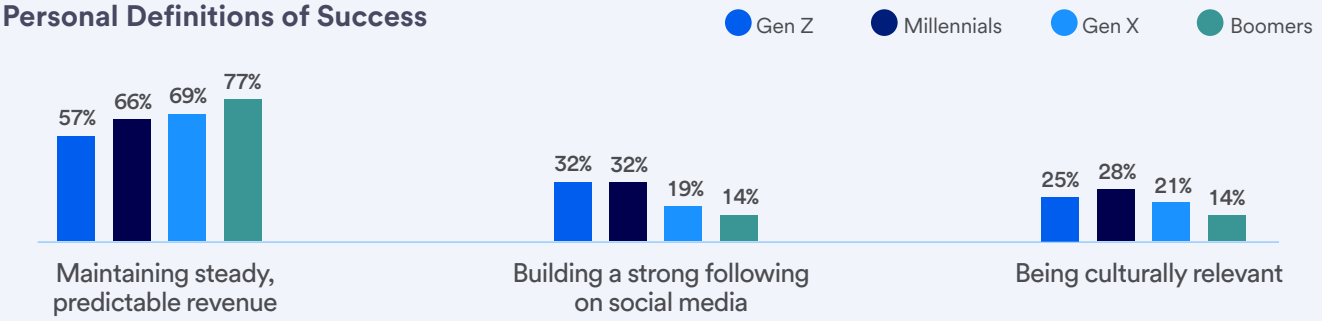


of Gen Z owners say their personal finances would be impacted by a three-month revenue decline.

(vs. **85%** of Millennials, 85% of Gen X, and 67% of Boomers)

This financial instability is influencing how Gen Z owners define success. Gen Z owners are less likely than older cohorts to define success as "maintaining steady, predictable revenue" and more likely to value "building a strong following on social media" and "being culturally relevant."

Personal Definitions of Success



This could be having an impact on other life decisions, as Gen Z owners are more likely than older generations to have delayed major life milestones to prioritize their business:



30% delayed buying a home (vs. 20% Gen X owners and 7% Boomer owners).



25% delayed having children (vs. **13%** Millennial owners, 3% Gen X owners, and 4% Boomer owners).



21% delayed getting married (vs. **12%** Millennial owners, 6% Gen X owners, and 2% Boomer owners).

S9: Which of the following categories contains your business's total revenue before taxes in 2025? Total revenue means all money the business collects from sales., Q25: How much would your business revenue have to fall for three consecutive months before it would impact your personal finances?, Q21: Which of the following reflect how you personally define success for your business today?, Q26: Which of the following, if any, have you delayed to prioritize your business?, Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

This combination of limited experience and financial pressure contributes to higher levels of operational stress.

62% of Gen Z owners find not knowing how to run their business stressful (vs. **50%** Millennial owners, **41%** Gen X owners, and **21%** Boomer owners).

29% find not knowing how to run their business very to extremely stressful (vs. **19%** Millennial owners, **16%** Gen X owners, and **5%** Boomer owners).

In fact, this stress shapes financial behavior and decision making. Gen Z owners who feel stressed running their business are more likely to:

	Stressed		Not-Stressed
Prioritize the lowest possible fees on transactions, even at the expense of flexibility	**83%**	VS.	**71%**
Place greater importance on tools that help manage expenses, such as credit card expense management solutions	**81%**	VS.	**70%**
Delay essential, recurring financial commitments, such as:	**44%**	VS.	**24%**
› Paying down personal debt			
› Paying for health insurance	**25%**	VS.	**14%**

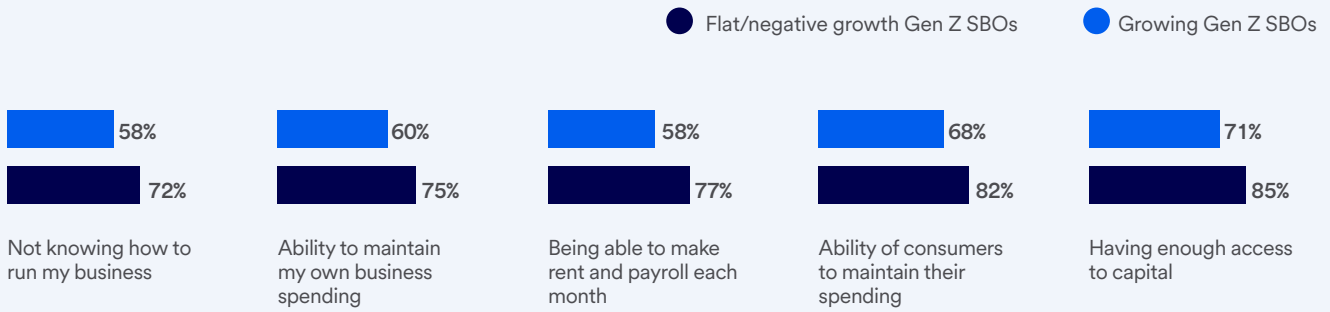


Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box>, Base: Gen Z owners n=304, Millennial owners n=497, Gen X owners n=300, and Boomer owners n=99.

Q19: Please indicate how much you agree or disagree with the following statements about paying bills at your business. <Showing Agree Top 2 Box>, Q18: How important or unimportant are the following features when it comes to banking and payments solutions offered by your primary bank? <Showing Important Top 2 Box>, Q26: Which of the following, if any, have you delayed to prioritize your business?, Base: Gen Z SBOs Stressed About Running Their Business n=88 Gen Z SBOs Not Stressed About Running Their Business n=216

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

Gen Z SBOs reporting flat or negative growth are more likely to cite core financial and operational stressors, including:



These pressures are compounded by more conservative financial behaviors and lower digital adoption.

- **86%** prioritize minimizing costs over flexibility when paying bills (vs. **71%** of those growing)
- **54%** rely on friends and family for funding (vs. **39%**)
- **9%** report no digital tool adoption at all (vs. **3%**)

Emerging financial technologies draw more skepticism.

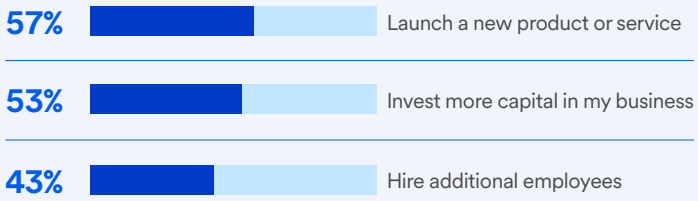
- **35%** believe digital money will hurt small businesses (vs. **17%**)
- **48%** are unlikely to anticipate adopting it in the next five years (vs. **32%**)

Nevertheless, Gen Z owners who aren't currently reporting growth are committed to moving their businesses forward.



of Gen Z owners are still planning to invest in growth-oriented actions within the next year.

Top strategies include:



Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box>, Q19: Please indicate how much you agree or disagree with the following statements about paying bills at your business. <Showing Agree Top 2 Box>, Q24: Which of the following funding sources have you used for your business?, Q12: Which of the following solutions does your business currently use?, Q16: Do you believe new forms of digital currency— such as cryptocurrency, stablecoin, or tokenized deposits issued by regulated banks — will help, hurt, or have no impact on small businesses over the next five years?, Q17: How likely is your business to accept digital currency (e.g., cryptocurrency, stablecoin, tokenized deposits) in the next 5 years? <Showing Unlikely Bottom 2 Box >, Q4: Which of the following options, if any, are you planning to do in the next 12 months?, Base: Growing Gen Z SBOs n=225; Flat / Not Growing Gen Z SBOs: n=79

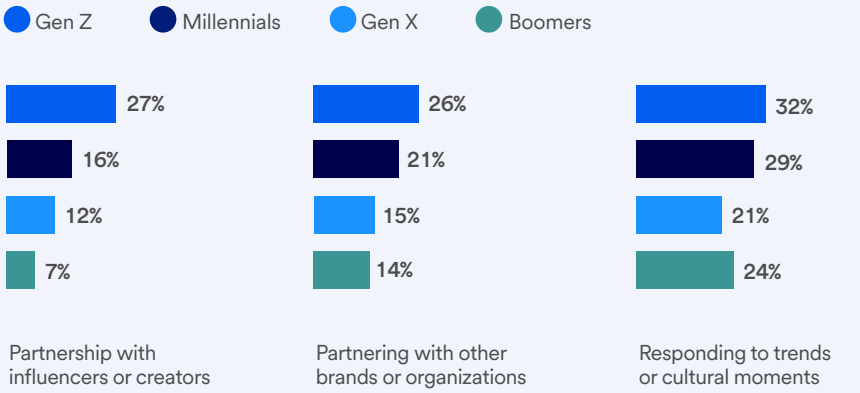
Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

While financial return still matters, it is not the only lens for Gen Z owners.

97% of Gen Z owners consider potential financial return when making a business decision, however, fewer see it as a top-tier priority.

65% of Gen Z owners say they consider it a great deal (vs. **75%** Millennial owners, **75%** Gen X owners, **79%** Boomer owners).

Gen Z are more likely to cite culturally driven and partnership-led strategies to grow their business, such as:

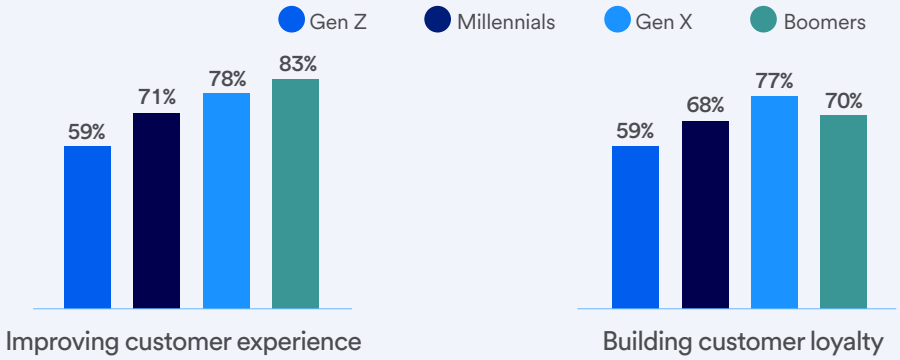


61%

of Gen Z owners say deciding whether to take a stand on a current social or cultural issue outside of their business is stressful.

(vs. **49%** Millennial owners, **43%** Gen X owners, and **27%** Boomer owners)

While Gen Z owners cite customer service as a top strategy overall, they are less likely to prioritize it compared to older generations. Gen Z top-cited growth strategies include:



Q22: How much do you consider each of the following when making a business decision? <Showing Considers a great deal Top 1 Box>, Q6: How stressful do you find each of the following in relation to your business? <Showing Stressful Top 3 Box> Q23: Do you currently use any of the following strategies to grow your business? Base: Gen Z SBOs n=304; Millennial SBOs n=497; Gen X SBOs n=300; Boomer SBOs n=99

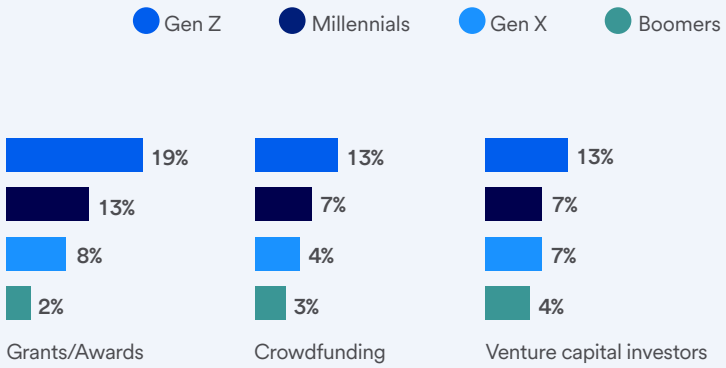
Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

Gen Z owners' approach to funding also reflects how they're building their businesses.

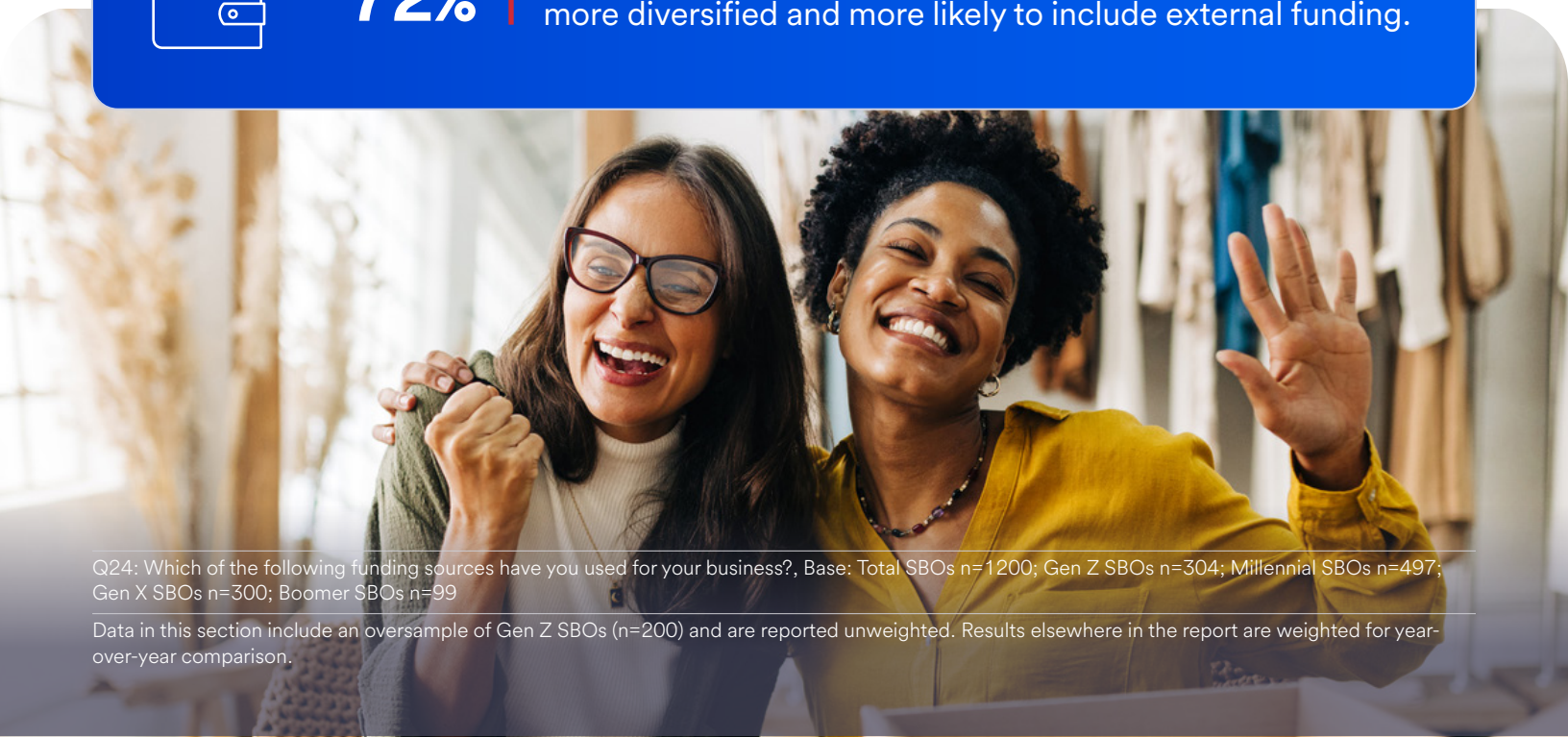
While personal capital (**82%**) and debt financing (**77%**) are the most common sources of funding across all owners, Gen Z owners are far more likely to tap into non-traditional or outside sources.

Over 1 in 3 Gen Z owners

utilize external investments such as grants/awards, crowdfunding, and venture capital investors.



72% still use personal savings, but their sources of capital are more diversified and more likely to include external funding.

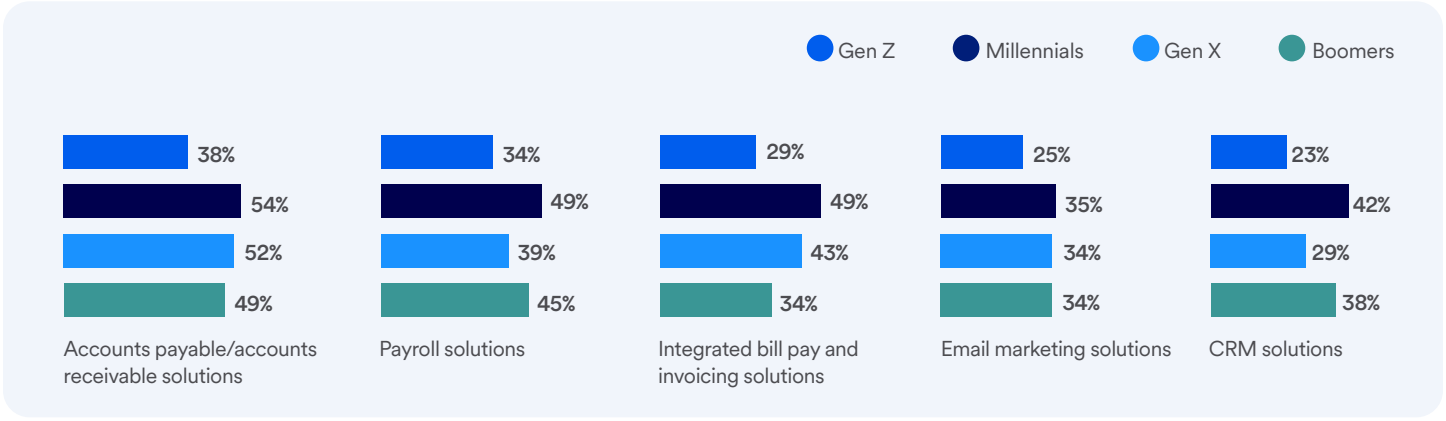


Q24: Which of the following funding sources have you used for your business?, Base: Total SBOs n=1200; Gen Z SBOs n=304; Millennial SBOs n=497; Gen X SBOs n=300; Boomer SBOs n=99

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

Many Gen Z owners are operating with less established infrastructure – this path comes with fewer built-in systems, less financial cushion, and more trial-and-error early on.

Compared to older generations, Gen Z owners report lower rates of use for the following core business solutions:





At the same time, a more financially stable* segment of Gen Z owners is emerging, demonstrating how stability can enable more strategic growth.

*Those whose revenue would have to fall over **40%** for 3 consecutive months to impact their personal finances (or who wouldn't be impacted at all)



Q12: Which of the following solutions does your business currently use? Q9: In which of the following ways are you leveraging Generative AI at your business? Base: Gen Z SBOs n=304, Millennial SBOs n=497, Gen X SBOs n=300, Boomer SBOs n=99*, Financially Stable Gen Z SBOs n=125, Financially Unstable Gen Z SBOs n=168

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

As a result, **90%** of financially stable Gen Z owners say that using AI has saved their business money (vs. **79%** financially unstable Gen Z owners).

They are also more likely to be increasing their digital footprint, through activities such as digital advertising or running/creating social media accounts (**56%** vs. **44%**), signaling a shift toward more strategic, tech-enabled growth.

Believe new forms of digital money will help small businesses:

57% Financially stable

VS.

44% Financially unstable

Are likely to accept digital currency in the next 5 years:

71% Financially stable

VS.

58% Financially unstable



Q10: How much do you agree or disagree with the following statements about your experience with AI at your business? <Showing Agree Top 2 Box>, Q16: Do you believe new forms of digital currency— such as cryptocurrency, stablecoin, or tokenized deposits issued by regulated banks — will help, hurt, or have no impact on small businesses over the next five years? <Showing Likely Top 2 Box >, Q17: How likely is your business to accept digital currency (e.g., cryptocurrency, stablecoin, tokenized deposits) in the next 5 years?, Q23: Do you currently use any of the following strategies to grow your business?, Base: Financially Stable Gen Z SBOs n=125, Financially Unstable Gen Z SBOs n=168

Data in this section include an oversample of Gen Z SBOs (n=200) and are reported unweighted. Results elsewhere in the report are weighted for year-over-year comparison.

3

Generative AI Adoption is Moving from Experimentation to Expectation

GenAI has moved firmly into the mainstream for small businesses, with three-quarters of owners already using it and reporting measurable gains. However, this widespread use has not led to full buy-in. Owners increasingly expect GenAI to demonstrate relevance, value, and fit within the realities of owning a business.



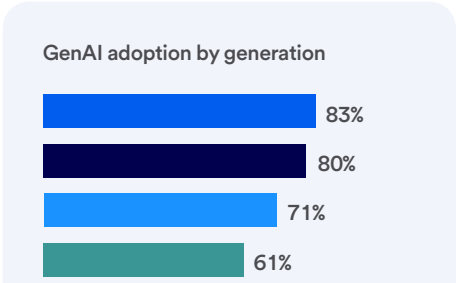
75%

of owners are already using GenAI.

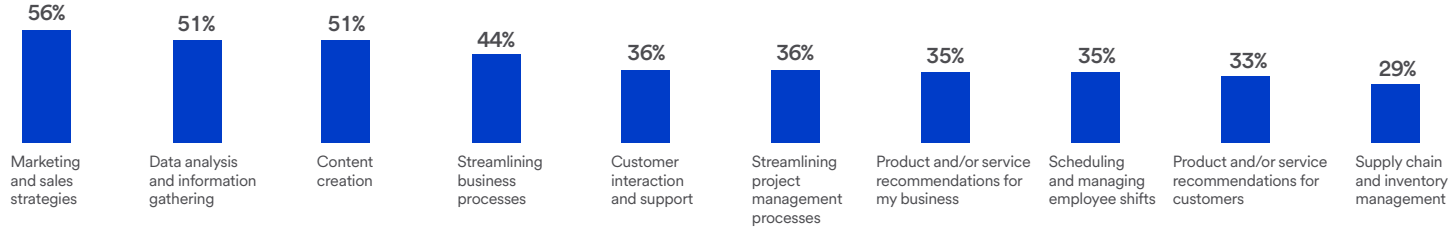
79% of male owners said they are already using GenAI

VS.

70% of female owners



Owners using GenAI reported adopting it for everyday productivity and growth enablement. Top ways owners report using GenAI include:



Q7: Are you using Generative AI (e.g. Chat GPT, Claude, Gemini, Copilot) for your business? Base: US SBOs n= 1007; Gen Z SBOs n=101; Millennial SBOs n=503; Gen X SBOs n=302; Boomer SBOs n=101; Male SBOs n=604; Female SBOs n=402, Q9: In which of the following ways are you leveraging Generative AI at your business? Base: US SBOs Using GenAI n=759

Among owners who use GenAI, positive sentiment is extremely high.

98% of owners say these tools had a positive impact on their business.

89% agree AI has delivered clear and measurable value.

89% say it has helped their teams focus on higher-value tasks.

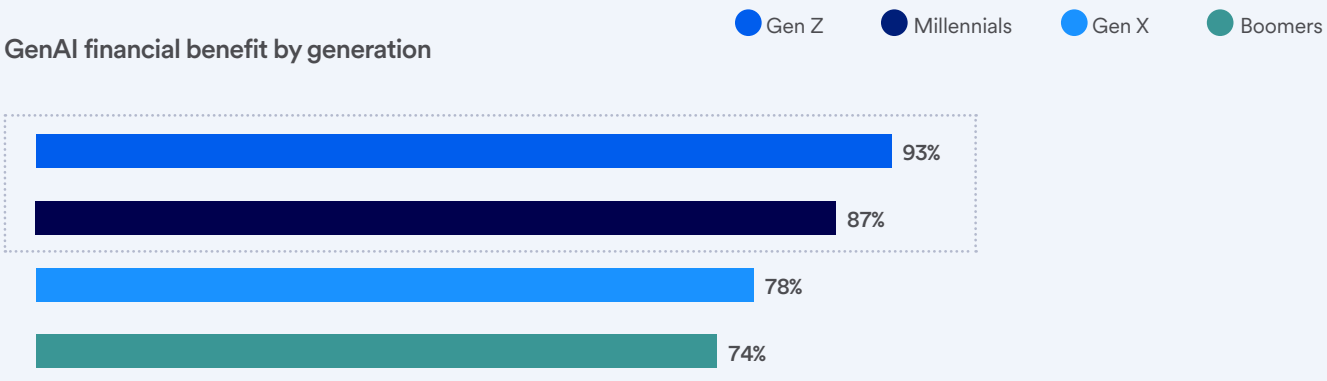
88% say it has increased productivity.

Many also tie AI to financial outcomes

8 in 10 (84%)
say AI has saved their business money.

8 in 10 (80%)
say they can measure the financial impact of incorporating AI.

Gen Z owners and Millennial owners are significantly more likely than Gen X owners and Boomer owners to say AI has saved their business money.



Q10: How much do you agree or disagree with the following statements about your experience with AI at your business? <Showing Agree Top 2 Box>, Base: US SBOs Using GenAI n=759; Gen Z SBOs Using GenAI n=83*; Millennial SBOs Using n=401; Gen X SBOs Using GenAI n=213; Boomer SBOs Using GenAI n=61*

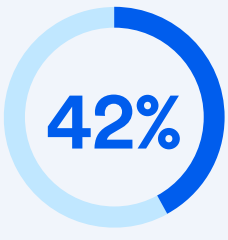
Despite the positive impact owners are seeing, there is still hesitancy in adopting GenAI.

1 in 4 owners report not using GenAI at their business.

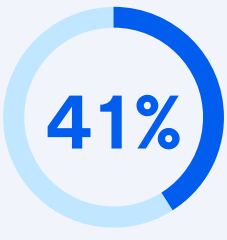
Lack of relevance to their industry or work	"My business is 100% manual labor, so AI is not relevant to my business."
Unclear value of incorporating AI	"We don't know enough to know how we would benefit from it. It's our goal for 2026 to get more knowledgeable."
Preference for human touch or authenticity	"ChatGPT is nice to use however they don't have that human touch that I need."
Trust, ethical, and security concerns	"I am wary of it and the impact it will have on society." "I have trust issues with their security."

Even among owners who use AI for their businesses, tensions persist.

53% more than half of owners have said AI has negatively impacted their business.



agree AI feels more experimental than essential



agree that the benefits of AI for small businesses are often overstated



agree AI has created more complexity than value

Q7: Are you using Generative AI (e.g. Chat GPT, Claude, Gemini, Copilot) for your business?, Q8: Why aren't you using Generative AI (e.g. Chat GPT, Claude, Gemini, Copilot) for your business? Base: US SBOs n=1007; SBOs Not Using GenAI n=255

Q10: How much do you agree or disagree with the following statements about your experience with AI at your business?<Showing Agree Top 2 Box>, Base: US SBOs Using GenAI n=759

4

SBOs are Modernizing Their Digital Tools by Prioritizing Predictability and Value

Digital tool adoption continues to deepen beyond AI. In a tougher environment, owners are modernizing selectively, prioritizing tools that can improve efficiency, support cash flow, and reduce day-to-day friction.



The biggest gains are in tools that help businesses run more smoothly and get paid more effectively, such as:

60% payment processing and merchant services solutions – up 20 points from last year (**40%** in 2025).

53% contactless payments/digital wallets/P2P solutions – up 16 points from last year (**37%** in 2025).

53% accounts payable/receivable solutions – up 15 points from last year (**38%** in 2025).

Operational backbone tools are also widespread:

47% use payroll solutions – up 15 points from last year (**32%** in 2025).

46% use integrated bill pay/invoicing tools – up 14 points from last year (**32%** in 2025).

40% use CRM solutions – up 9 points from last year (**31%** in 2025).

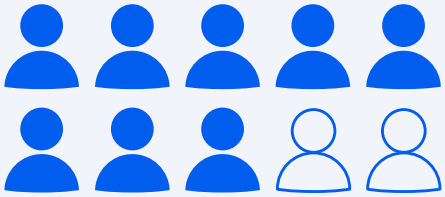
Q12:Which of the following solutions does your business currently use? Base: US SBOs n=1007

Fees are a key decision driver, with predictability at the center.

92% of owners prefer bill pay tools with predictable and consistent fees.

78% agree fees determine which payment method they use to pay a bill.

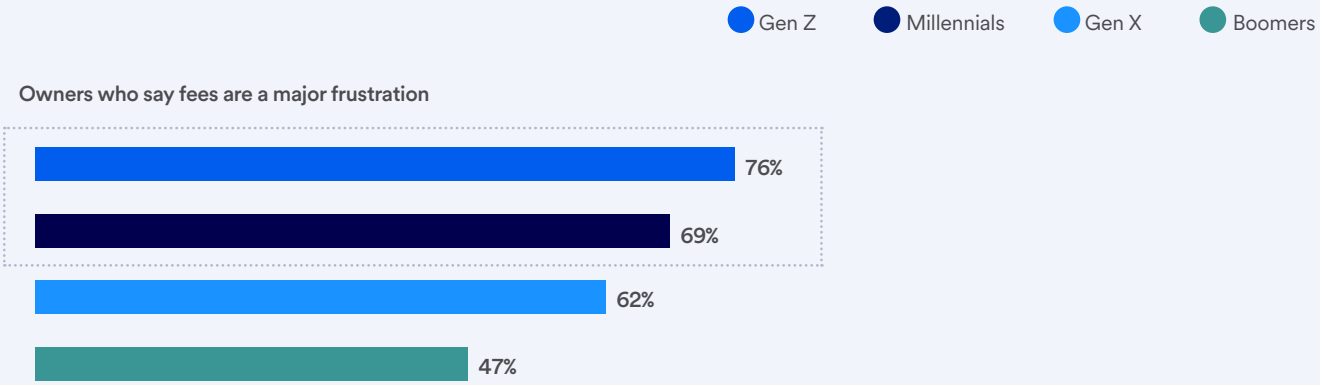
While 65% agree that fees are a major frustration, they are part of a broader evaluation of value.



8 in 10

owners (**83%**) say they're willing to pay some fees in exchange for convenience, highlighting a mindset focused on overall efficiency and ease.

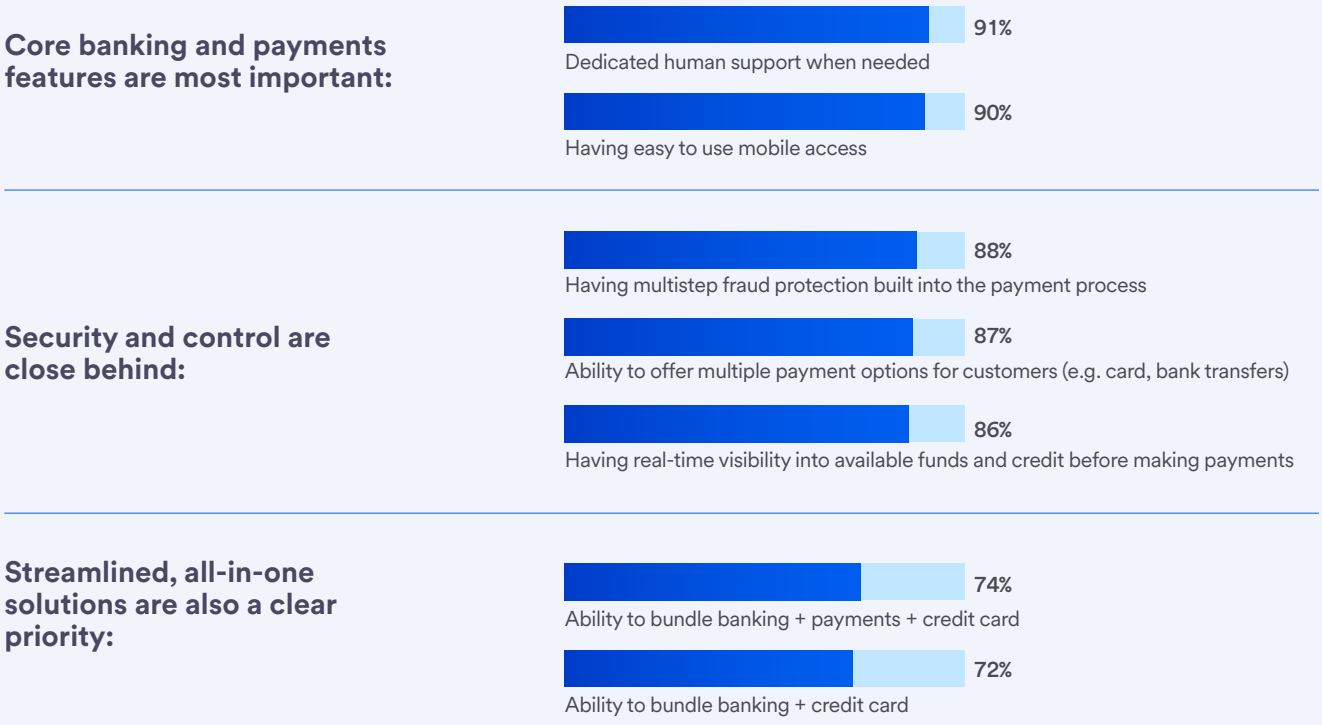
Furthermore, younger owners place greater emphasis on the role of fees in their experience.





Q19: Please indicate how much you agree or disagree with the following statements about paying bills at your business. <Showing Agree Top 2 Box>
Base: US SBOs n=1007; Gen Z SBOs n=101; Millennial SBOs n=503; Gen X SBOs n=302; Boomer SBOs n=101; Male SBOs n=604; Female SBOs n=402

At the same time, owners are assessing the total value delivered by their financial partners, reflected in the high importance placed on core banking and payments features, which are increasingly seen as essential rather than optional.





Q18: How important or unimportant are the following features when it comes to banking and payments solutions offered by your primary bank? <Showing Important Top 2 Box> Base: US SBOs n=1007

The payments landscape may continue to evolve, and many owners are open to what comes next.

28%
of owners **currently accept** digital currency as a form of online payment.

Gen Z **(39%)** and Millennial **(32%)** owners are more likely to accept digital currency at their businesses

VS.

20% Gen X and **12%** Boomer owners

Over the **next five years**, just over half (53%) of owners who are not already accepting digital currency say they are likely to.

Cryptocurrency
Stablecoins
Tokenized Deposits



Male owners are more open than female owners to accepting these forms of payment:

59%
Male owners

VS.

44%
Female owners

Likelihood of accepting digital currency in the next 5 years

Additionally, adoption intent of digital currency skews younger:

70%
Gen Z owners

VS.

63%
Millennial owners

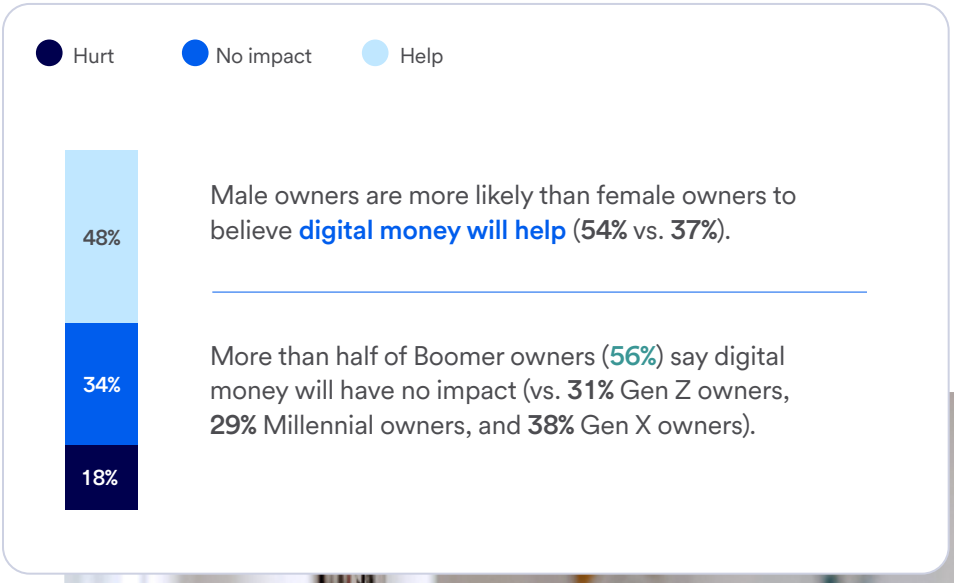
40%
Gen X owners

21%
Boomer owners

Q15: Which of the following forms of payment does your business accept online? Base: US SBOs n=1007; Gen Z SBOs n=101; Millennial SBOs n=503; Gen X SBOs n=302; Boomer SBOs n=101; Male SBOs n=604; Female SBOs n=402

Q17: How likely is your business to accept digital currency (e.g., cryptocurrency, stablecoin, tokenized deposits) in the next 5 years? Base: US SBOs not currently accepting digital currency n=832; Male SBOs not currently accepting digital currency n=490; Female SBOs not currently accepting digital currency n=341; Gen Z SBOs not currently accepting digital currency n=82; Millennial SBOs not currently accepting digital currency n=423; Gen X SBOs not currently accepting digital currency n=248; Boomer SBOs not currently accepting digital currency n=78

Perceived impact is similarly split. While 48% of owners believe digital money will help small businesses over the next five years, 34% expect no impact, and 18% think it will hurt small businesses.



Male owners are more likely than female owners to believe **digital money will help** (**54%** vs. **37%**).

More than half of Boomer owners (**56%**) say digital money will have no impact (vs. **31%** Gen Z owners, **29%** Millennial owners, and **38%** Gen X owners).



Q16: Do you believe new forms of digital currency— such as cryptocurrency, stablecoin, or tokenized deposits issued by regulated banks — will help, hurt, or have no impact on small businesses over the next five years? Base: US SBOs n=1007; Gen Z SBOs n=101; Millennial SBOs n=503; Gen X SBOs n=302; Boomer SBOs n=101; Male SBOs n=604; Female SBOs n=402

About the research

Building off the success of the SBO survey in 2023, 2024, and 2025, we decided to further narrow in on the complex challenges SBOs face while incorporating insights about their goals for the future of their business to provide a holistic view of the current and future small business landscape, namely:

- Identifying SBOs' sentiment toward the future of their business
- Exploring the role and impact of Generative AI and other digital tools on small businesses
- Assessing SBOs' motivations, strategies, and needs
- Identifying the financial features and processes that SBOs want/need

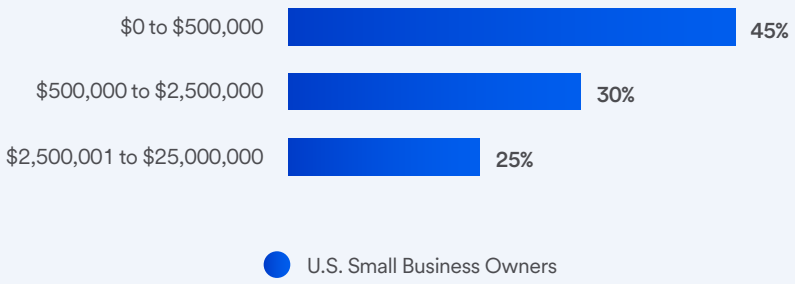
The research consisted of a 20-minute survey among 1,000 U.S. Small Business owners and an oversample of 200 Gen Z Small Business owners.

Owners were required to have an annual revenue of $25 million or less and between two and 99 employees.

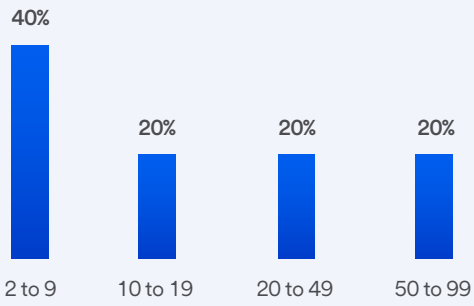
Fielding for this study was conducted from February 27, 2026 – March 17, 2026, and the margin of error is ±3.1% for the U.S. SBOs.

**Note: 2026 data were weighted to match the 2025 sample distribution for year-over-year comparisons. Results for the Gen Z oversample are shown unweighted.

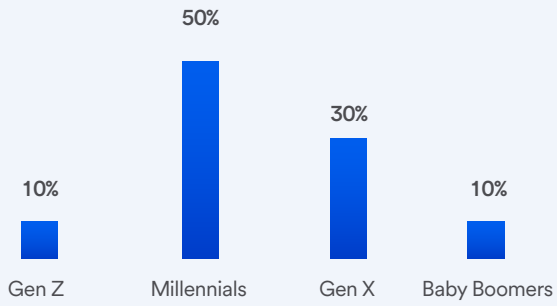
Survey Respondents' Annual Business Revenue



Number of Employees at Survey Respondents' Business



Survey Respondents' Generational Distribution



S9: Which of the following categories contains your business's total revenue before taxes in 2025? Total revenue means all money the business collects from sales.; S8: How many employees do you have at your business, including yourself?; S3:How old are you?; Base: US SBOs n=1007



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