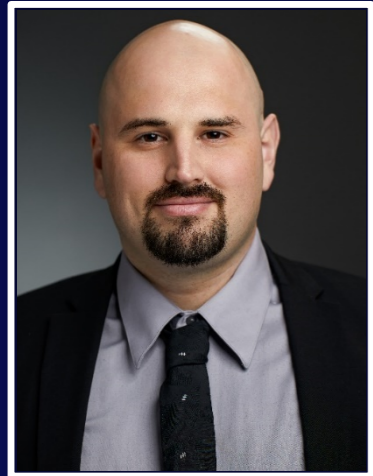




Small Business Recovery Monitor

August 2020
Business and Economic Insights

Visa's analysis of current economic data indicates that U.S. small business activity stalled in July.



"Persistent spikes in COVID-19 throughout July led to renewed shutdown orders and fear among many consumers about going back out. This has led to a reversal in small business re-openings and revenue growth. As a result the recovery in small business employment also stalled."

Travis Clark
Associate U.S. Economist, Visa Inc.

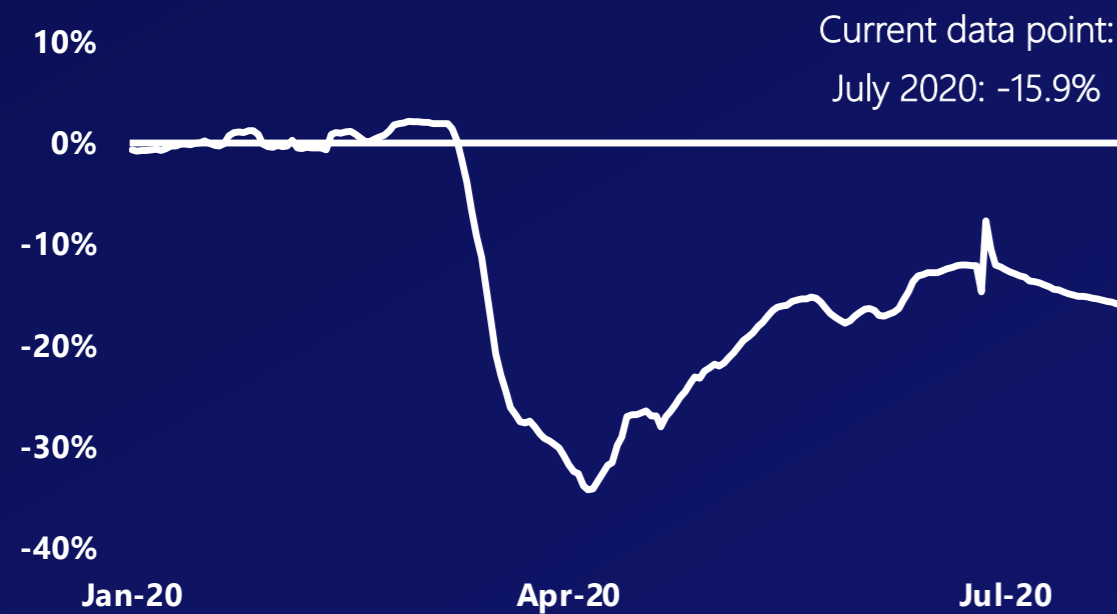
Surging COVID cases stall revenue and employment recovery

- The number of open small businesses at the end of July was 15.9 percent lower than the beginning of 2020, and was 3.9 percentage points lower than the end of June. Spikes in COVID-19 cases paused the reopening process, and even led to some renewed restrictions. Containing the spread of the virus will be essential to avoid stalling a recovery for small businesses.
- At the end of July, small business revenue was 16.9 percent lower than the start of 2020, and was 2.6 percentage points lower than at the end of June. Revenues suffered thanks in large part to spikes in COVID-19 that led to renewed restrictions and dissuaded many consumers from shopping and traveling.
- After two straight months year-over-year (YoY) improvement, employment for small business stalled in July. Both June and July saw -8.6 percent YoY change in firms with fewer than 500 employees. Large spikes in new COVID-19 cases stalled progress on openings and revenues for small businesses, which in turn led to a pause in employment recovery.

Key weekly small business indicators:

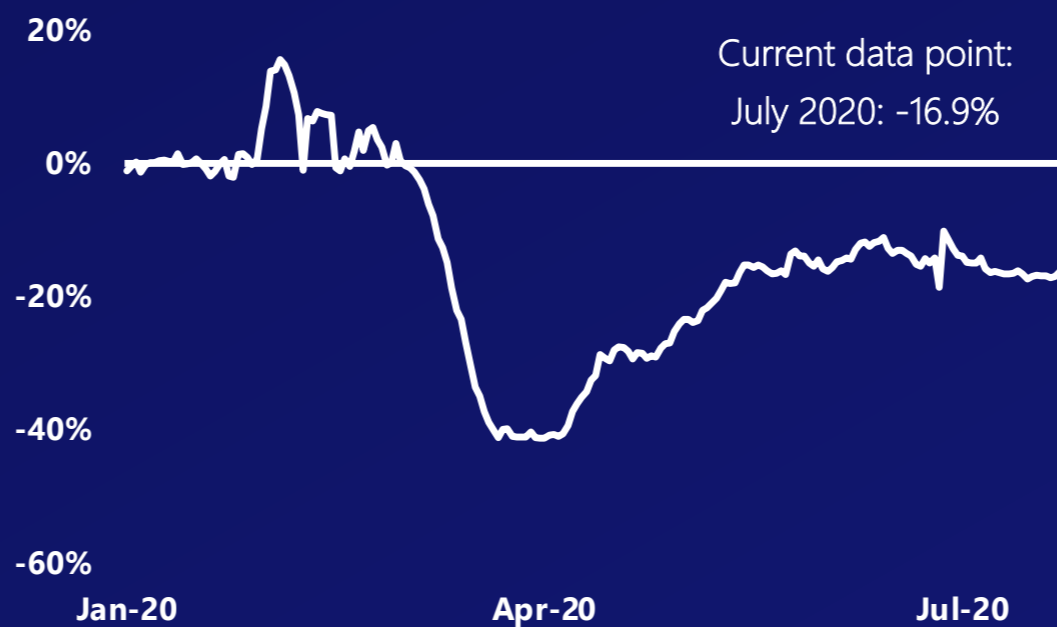
Small businesses Open

(Percent change since January)



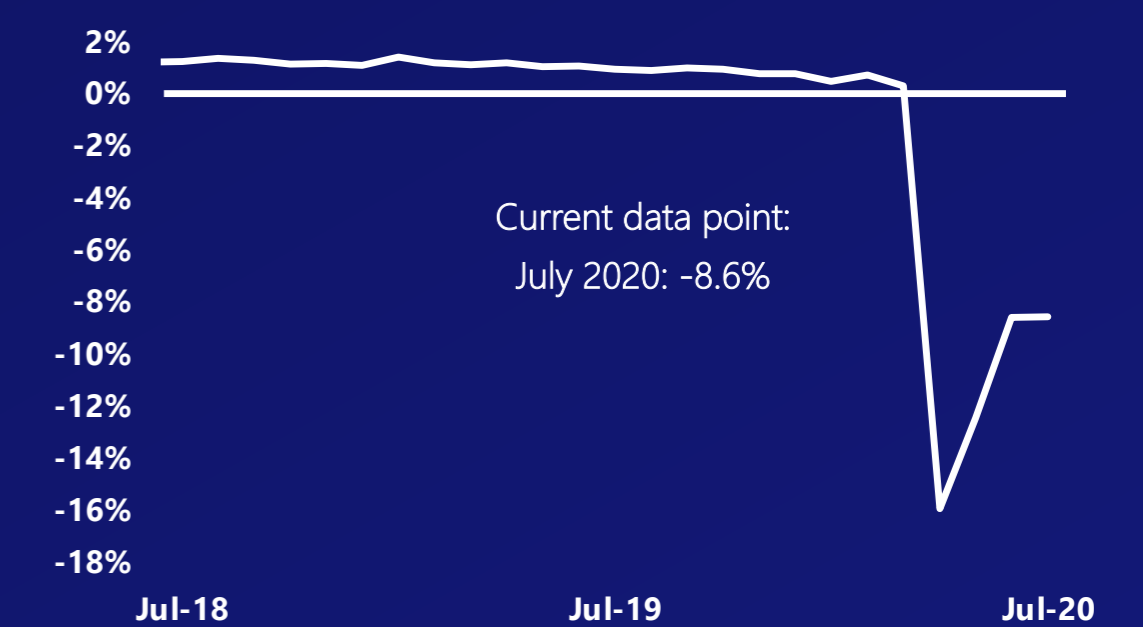
Small business revenues

(Percent change since January)



Small business employment

(YoY percent change)





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"Optimism among small businesses slid in July after new spikes in COVID-19 infections rolled back the reopening process. Small businesses have become far less certain about the future due to the ongoing pandemic and the economic disruptions it is causing."

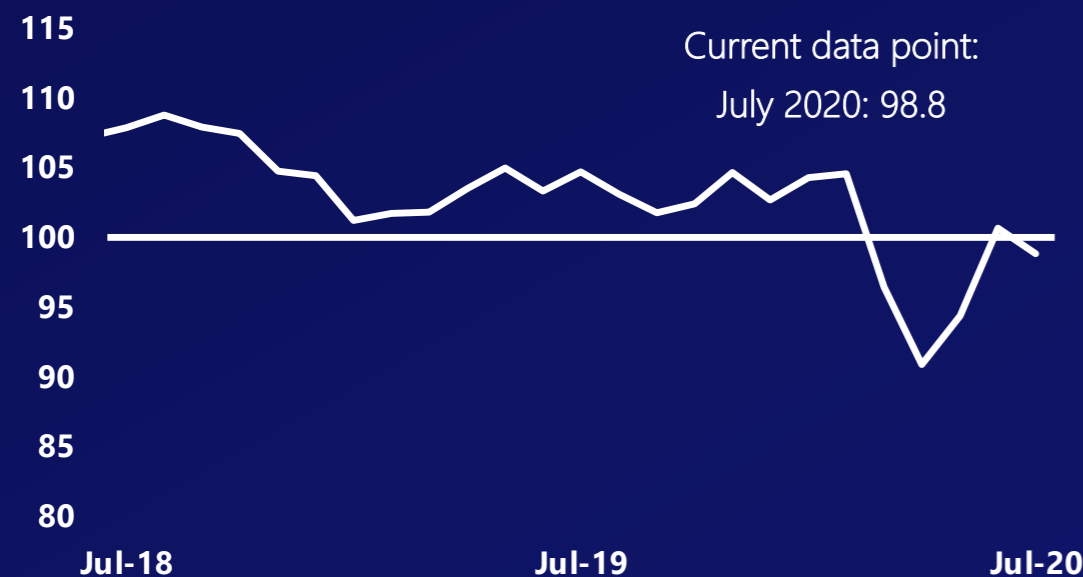
Michael Brown
Principal U.S. Economist, Visa Inc.

July saw a slight pull back in small business optimism

- The small business optimism index fell 1.8 points from June to July, mainly due to renewed restrictions related to an increase in COVID-19 cases. Businesses that indicated this is a good time to expand increased in May and June, but took a 2.3 percentage point step back in July. Additionally, the net percentage of firms expecting a better economy or higher sales volume in six months fell 14.4 and 8.8 percentage points, respectively. Conversely, firms are more likely to expand employment and raise worker compensation.
- The net percentage of small businesses borrowing at least once during the quarter inched backed down 1 percentage point in July, matching May's level. The share of firms that plan to increase capital spending returned to its pre-recession level reached in February, suggesting small business credit demand may be slowly recovering.
- On net, small businesses remain pessimistic about the easing of credit conditions indicating credit supply remains tight.

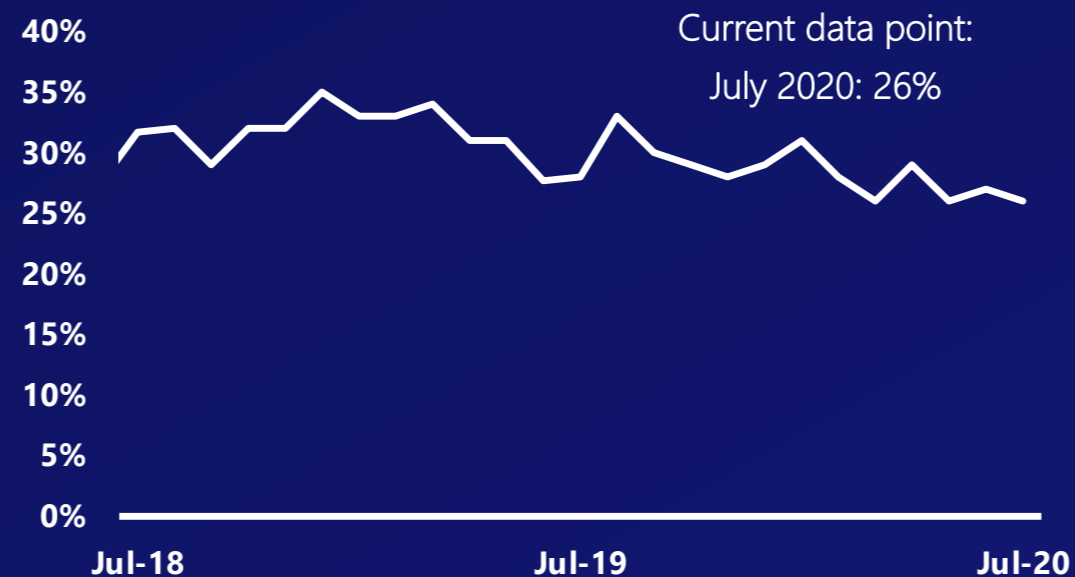
Small business optimism index

(Index, 1986 = 100)



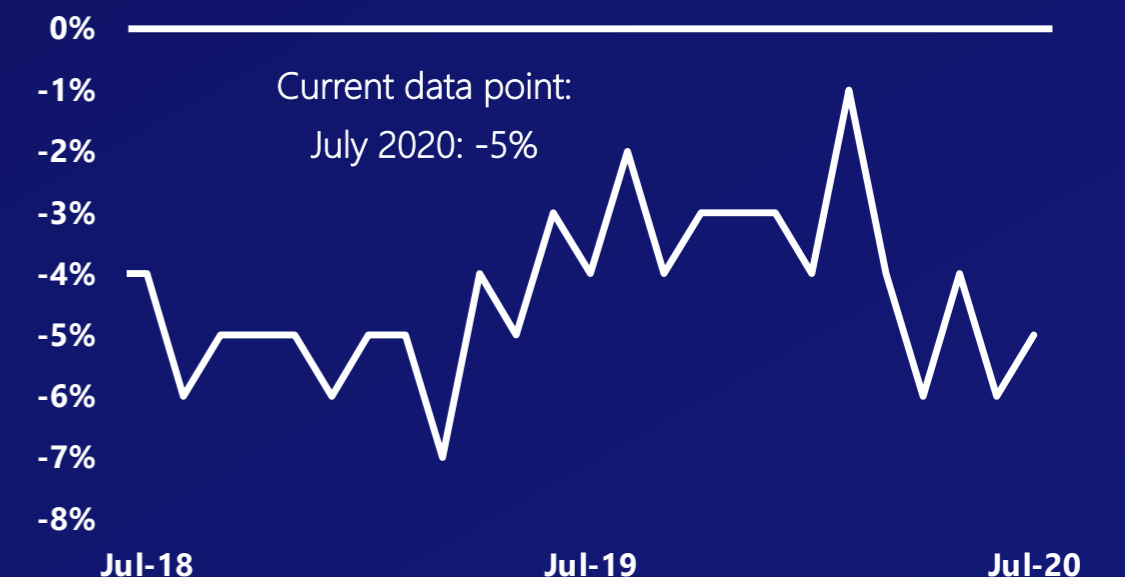
Borrowing at least once a quarter

(Percentage of firms)



Expecting better credit conditions

(Net percentage of firms)



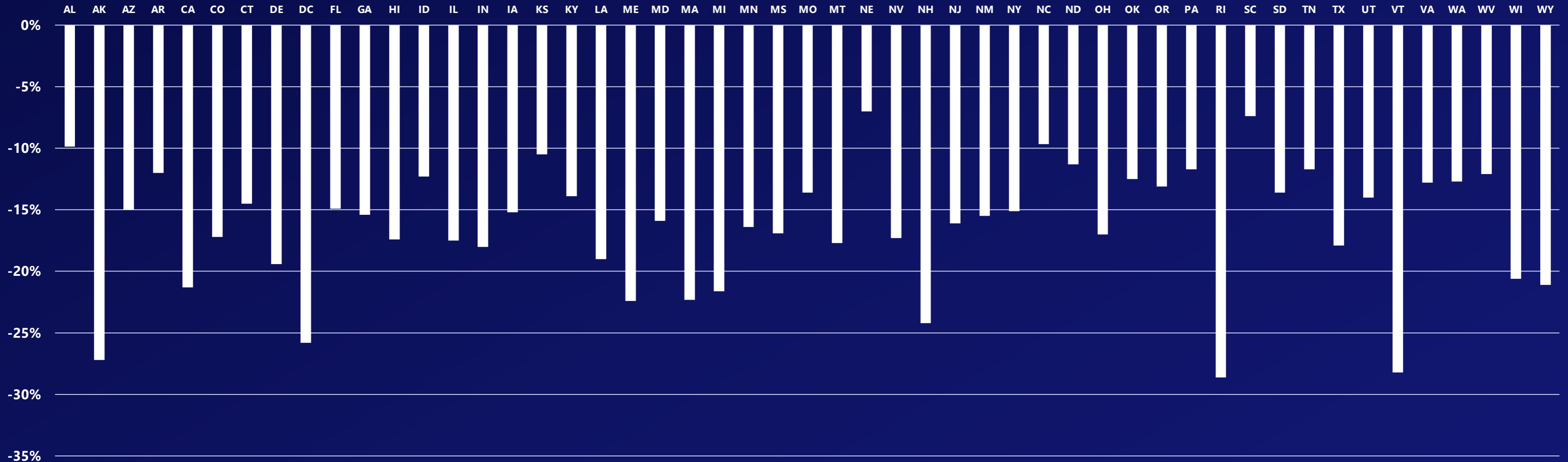


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Small businesses open in July relative to January (by state)



- Rhode Island and Vermont ended July with the lowest percentage of open small businesses, down 28.6 and 28.2 percent, respectively, compared with the start of this year. Alaska and the District of Columbia are next lowest in open businesses with 27.2% and 25.8% less small businesses open compared to January. Nationally, the share of closed small businesses in high-income areas is still higher than in low- and middle-income areas, but all income level areas experienced an increase in closures from June.
- Nebraska and South Carolina had the highest portion of open small businesses, with only 7% and 7.4% percent, respectively, of small businesses shuttered in July compared with the beginning of the year. Those two states along with Alabama and North Carolina are the only states with less than a 10% decline in open businesses since January. This is despite the fact these states are not among the lowest in active COVID cases.

Sources: Visa Business and Economic Insights and Opportunity Insights.

Forward Looking Statements

This report contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as “outlook,” “forecast,” “projected,” “could,” “expects,” “will” and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa’s business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise. Our forecast assumes the bulk of the negative effects of the COVID-19 outbreak will occur in the second quarter of this year with a gradual relaxing of social distancing guidelines over the second half of 2020.

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Studies, survey results, research, recommendations, opportunity assessments, claims, etc. (the ‘Statements’) should be considered directional only. The Statements should not be relied upon for marketing, legal, regulatory or other advice. The Statements should be independently evaluated in light of your specific business needs and any applicable laws and regulations. Visa is not responsible for your use of the Statements, including errors of any kind, or any assumptions or conclusions you might draw from their use.

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