



Financial Resilience Survey

As we near the year-mark of the COVID-19 pandemic, Santander Bank embarked on a study of consumers and small businesses in the United States.

The survey identified two major trends among those demographics: U.S. consumers and small businesses have stayed resourceful and believe they've been able to withstand the economic punch of COVID-19, but the majority (61 percent of consumers and 80 percent of small businesses) say they still need social and/or financial support to successfully weather another lockdown.

We spoke to consumers and small businesses living this reality, and uncovered that Americans have worked tirelessly to stay afloat amid one of the most devastating financial—and emotional—events of the 21st century, establishing new approaches to spending and saving. But what do consumers and small businesses need in order to turn these healthy new money approaches into financial habits that stick around for the long term?

The bank's first survey on the state of financial resilience in the U.S., which aimed to determine consumer and small business' financial sentiments in the wake of the pandemic, surveyed more than 1,500 consumers, age 18+, nationally representative by gender, age, race, region, and educational sentiment; and 500 U.S. small business owners.

Americans Believe They Are Financially Resilient

As COVID-19 rates continue to spike, it's not a secret that the pandemic has taken a toll on many Americans' financial and personal well-being. More than one in three of consumers report their personal savings and home life have been negatively impacted, and one in five or more say the same about their health, investments and life plans.

These negative effects are even more pronounced for small business owners, a near majority (48 percent) of whom say their ability to pay their bills and recurring financial obligations has been compromised. One in 10 small businesses say they are currently considering closing their business, and this is primarily due to the pandemic's disruption. Pandemic-related damage has particularly hit hard on an SMB's ability to attract customers (61 percent), operating revenue (60 percent) and operating expenses (50 percent).

Despite this, Americans are landing on their feet. Those negatively impacted are finding new ways to make ends meet, with a substantial portion of respondents saying the pandemic has created new financial opportunities for them.

 **67%**

of consumers and 74% of small businesses say they personally **are financially resilient**, though just 1 in 5 report they are "very" resilient.

 **46%**

of consumers (near majority) and small business (48%), **say they are struggling financially**, but that jumps to 56% and 69% respectively, when respondents are asked about how "people like them" are faring.

There is a strong element of pride among consumers and small businesses – both rate themselves as doing much better financially than their peers ("people like you") or small businesses generally. Near majority of consumers (46%) and small businesses (48%) say they are struggling financially, but that jumps to 56% and 69% respectively, when respondents are asked about how "people like them" are faring.

Americans Feeling Optimistic Their Finances Will Bounce Back in 2021

The pandemic's impact has forced consumers and small businesses to adapt quickly – six in 10 or more say they have figured out new ways to get by during this time.

Common financial action items include increasing savings (44 percent), seeking out reliable sources of financial advice (26 percent) and delaying purchases (28 percent). Younger consumers are more likely to report increasing their savings with Gen Z at 61 percent and Millennials coming in at 53 percent.

Small businesses are also following suit – 59 percent have increased savings, 50 percent have delayed making a major purchase and 48 percent have sought reliable sources of financial advice. What's more, small businesses are also looking for increased access to capital — with 36 percent having applied for a new credit card.

While these changes were necessary for survival, they haven't been easy—but consumers and small businesses remain optimistic.

 **59%**

of consumers and 54 percent of small businesses **expect their finances to begin to recover within one year or less time**—with some pointing towards the election results as a spotlight for relief.

 **1 in 4**

consumers believe the presidential election result will **positively impact their personal finances** (26% shortterm; 27% long-term).

 **1/3**

or more of small businesses believe the presidential election result **will positively impact their business' finances** (33% short-term; 39% long-term).

 **32%**

of US consumers and 48 percent of small businesses say they **expect their personal finances to improve in 2021**—with most expecting a five - 20 percent change in their personal income.

However, They Know They Need Support to Get Through This Time

The past year sent a shocking jolt through society. As ways of life changed and limited personal freedoms, many Americans felt the physical and emotional toll almost immediately. This especially came to the forefront when dealing with one of the most emotional topics—money.

Sixty-one percent of consumers and 80 percent of small businesses say they need social or financial support to successfully weather a second lockdown, reinforcing the personal and financial struggles they are experiencing.

We also found that consumers and small businesses are open to upping their financial literacy to get their personal finances in order. One in four consumers and almost half of small businesses have recently sought out or plan to seek out financial advice. A majority of consumers (59 percent) and small businesses (66 percent) whose personal finances are not currently in order say they want to get them in order but do not know how to start.

 **3 in 10**

consumers say they have doubts about whether they will be able to financially get through this challenging time, **though most believe they have access to the resources they need—for now.**

 **8 in 10**

say **getting their finances in order** would relieve a significant amount of stress in their lives.

To help, consumers and small businesses believe banks should take concrete action to ease the financial struggles many are feeling by being flexible with loan repayment and showing support for the communities where they are located.

Even before COVID-19, financial institutions were in the midst of transformational change. As consumers behaviors and attitudes shifted, banks maneuvered quickly to meet their new needs—business models were revised, a focus on digital came to the forefront and customer experience became the heartbeat. With the entrance of the pandemic, however, it's clear the pace of these trends must be accelerated.

Now, more than ever, banks must work harder, faster and more creatively than ever to embrace transformation and create clear-cut solutions for the consumers and small businesses they serve.

For Small Businesses, Access to Capital is Key. Increased access to capital could have unexpected

Increased access to capital could have unexpected impact.

- Americans believe access to capital/financing is the most important thing needed to start a business today – even more important than the business idea itself.
- If given more access to capital, SMBs say they would be most likely to expand hiring (29%), increase production (28%), and purchase fixed assets (28%).
- 51% of SMBs of color and 35% of white SMBs believe there are racial disparities in capital access.



About the Survey: For this survey, Santander Bank surveyed more than 1,500 consumers, age 18+, nationally representative by gender, age, race, region, and educational sentiment; and 500 U.S. small business owners.