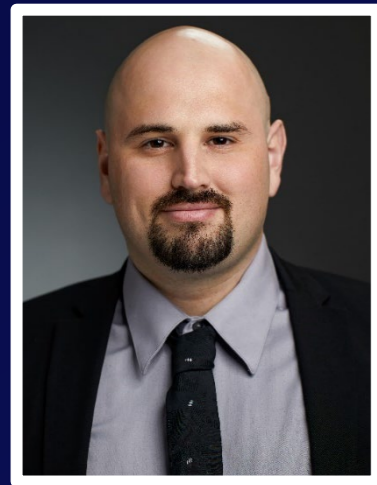




Small Business Recovery Monitor

June 2020
Business and Economic Insights

Visa's analysis of current economic data indicates that U.S. small business activity was slowly recovering in June.



"SBA-led federal aid programs and the lifting of stay-at-home restrictions are beginning to alleviate much of the burden small businesses have carried since March. However, small businesses are less optimistic about a return to normal this year due in part to fears that recent infection spikes could slow reopening."

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

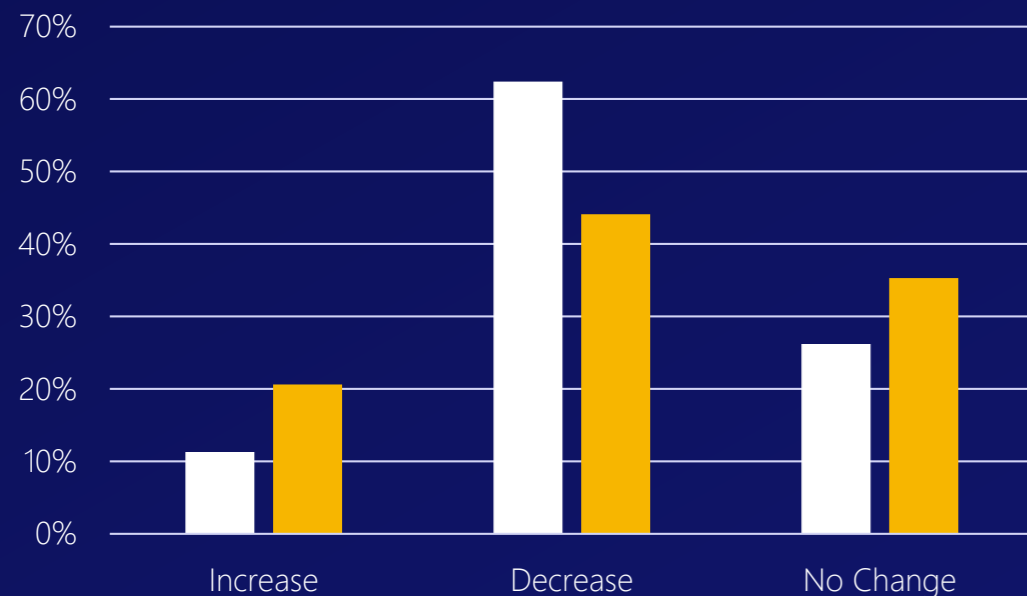
Less than half of firms report declining operating revenues

- According to the Small Business Pulse Survey, small businesses reporting a decrease in operating revenue since last month fell 18.3 percentage points from May to June. Those that reported an increase in operating revenue rose from one in 10 in May to just over one in five in June. As most states enter more advanced stages of reopening, gains in revenue should continue to grow.
- Small businesses that reported cash on hand that will cover three or more months of expenses increased nearly 8 percentage points from May to June. Those reporting enough cash on hand for at least one month has increased to 55.9 percent in June, up from 46.1 percent in May, due in large part to federal SBA-led aid programs for small businesses.
- More firms reported increased cash on hand and revenues, but they are also less optimistic than last month that they will be able to return to business as usual in six months or less. The pace of reopening for many states has been slow, which is causing more firms to anticipate a return to normal coming next year instead.

Key weekly small business indicators:

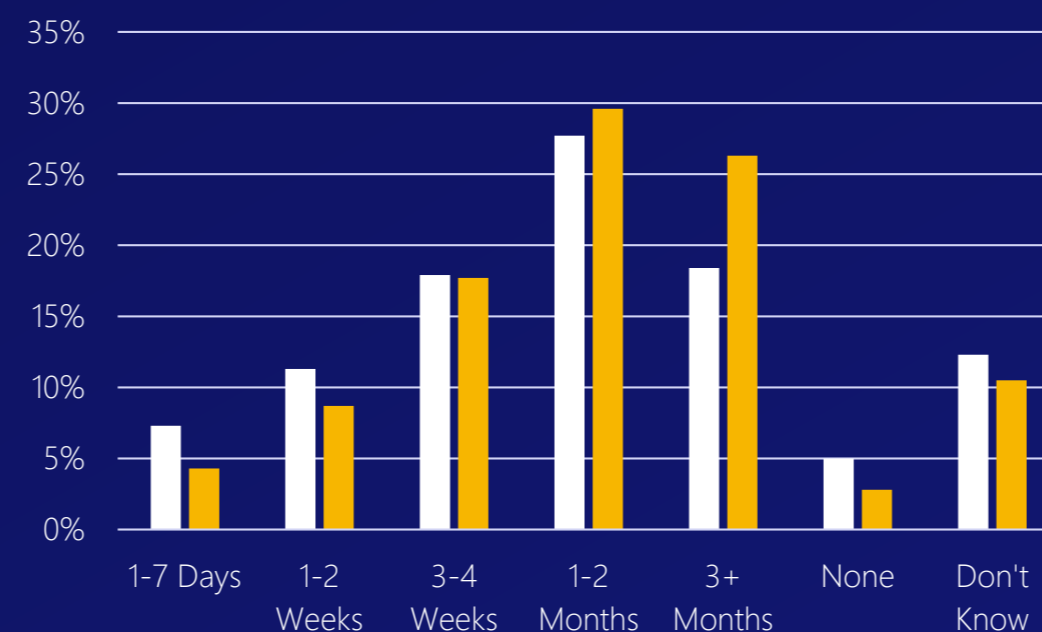
Change in operating revenues

(Share of respondents)



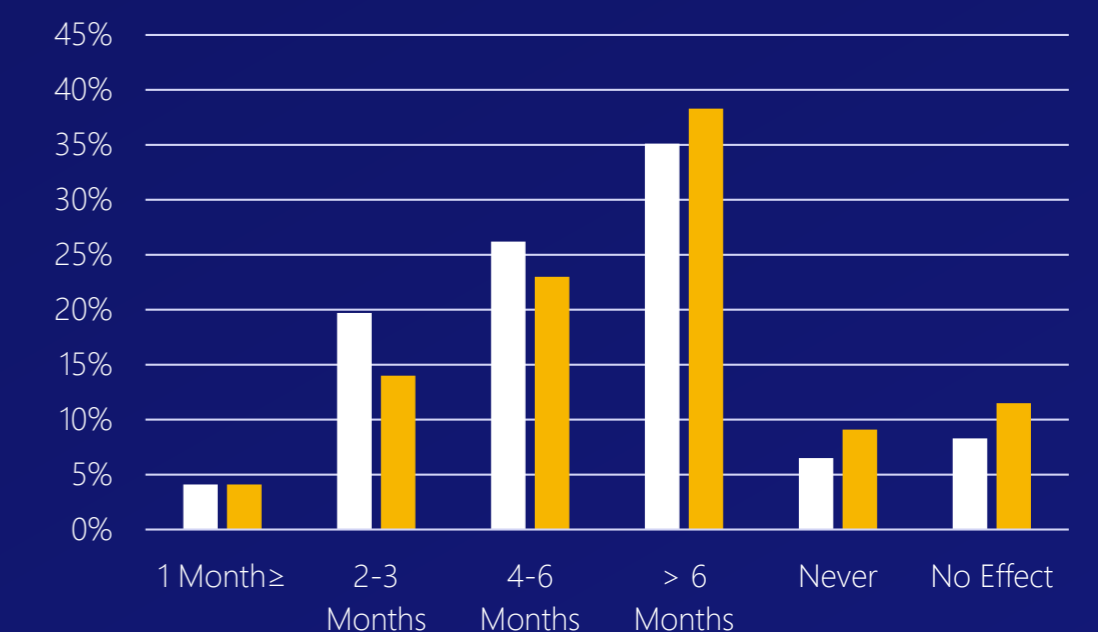
Current, cash on hand will cover

(Share of respondents)



Time before business returns to usual

(Share of respondents)





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"With businesses reporting more cash on hand, they are also increasingly more likely to report staying current on payments. SBA loans and support from financial institutions appear to be helping small businesses to avoid falling behind on payments and maintain business operations."

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

Most firms continue to report staying current on payments

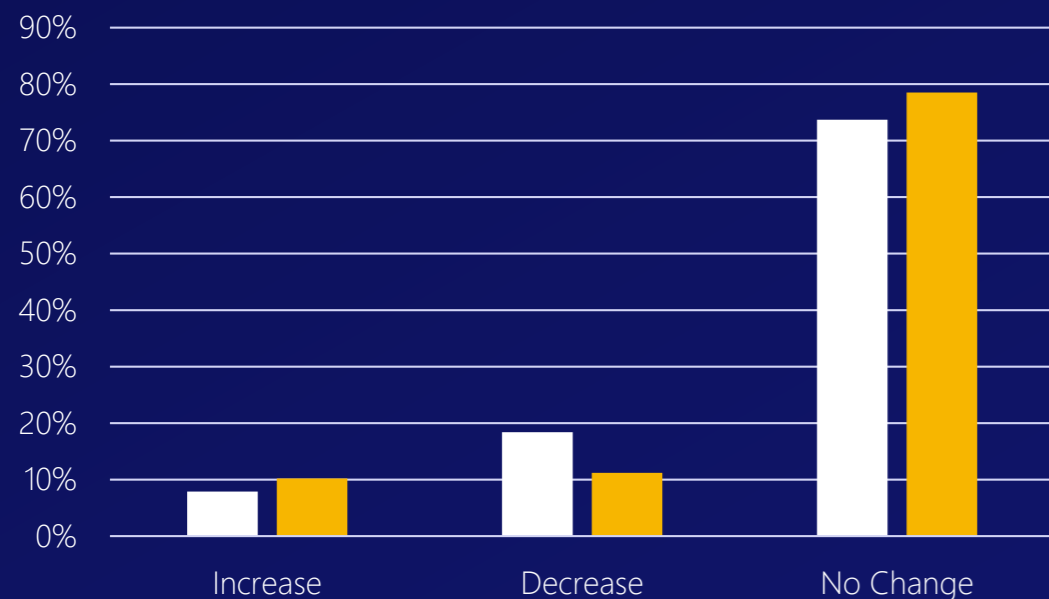
- One in 10 small businesses is now reporting an increase in paid employees working at their firm, up 2.3 percentage points since May. Firms reporting no change in paid employees increased 4.8 percentage points since May. Furthermore the number of small businesses reporting a cut in employment decreased 7.2 percentage points from last month and 16.3 percentage points since April. The steady payroll levels indicate that the Paycheck Protection Program is likely having the intended effect of leveling off small business job losses.
- The share of small businesses staying current on loan payments increased to 95.4 percent in June. Deferrals of loan payments and gradual reopenings have allowed many at-risk businesses to remain current on their loans.
- Small businesses reporting missed payments of other non-loan expenses fell 6.5 percentage points since May. As of June, 86 percent of firms have reported that they had not missed non-loan payments. SBA-led programs appear to be helping small businesses keep current on payments necessary to stay afloat.

Key weekly small business indicators:

May June

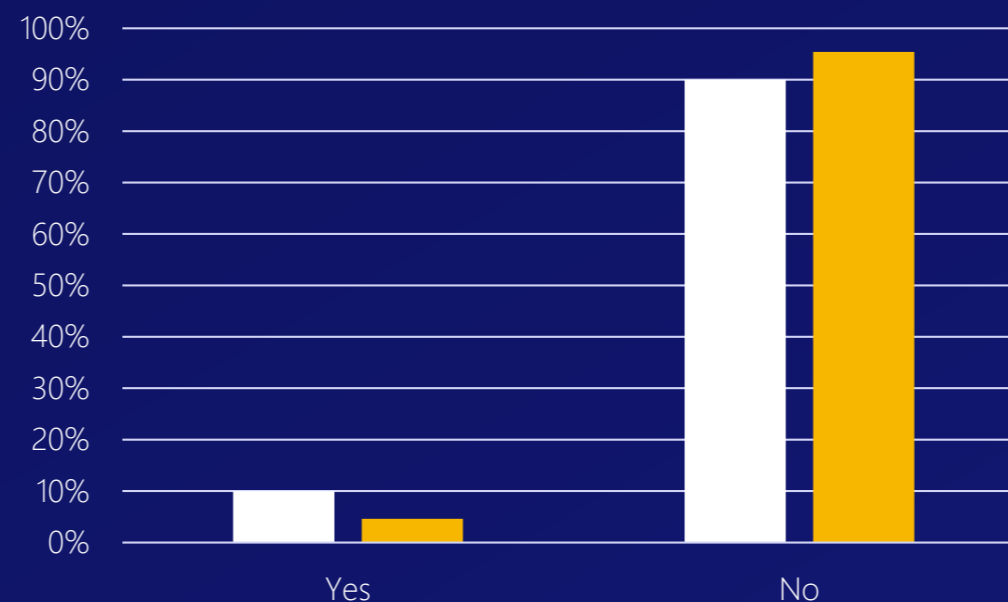
Change in paid employees

(Share of respondents)



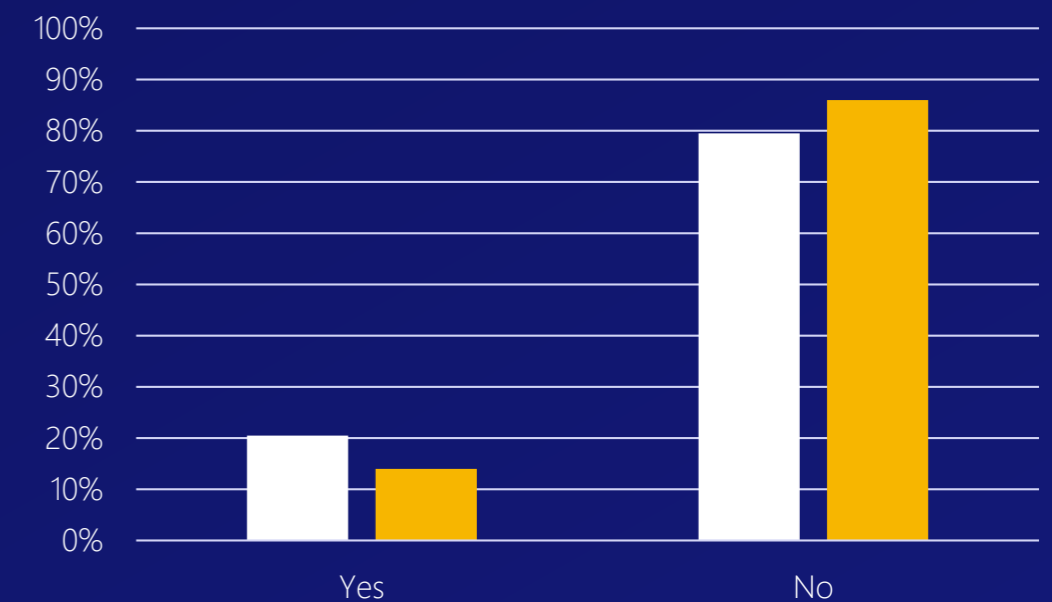
Missed loan payments

(Share of respondents)



Missed other payments

(Share of respondents)



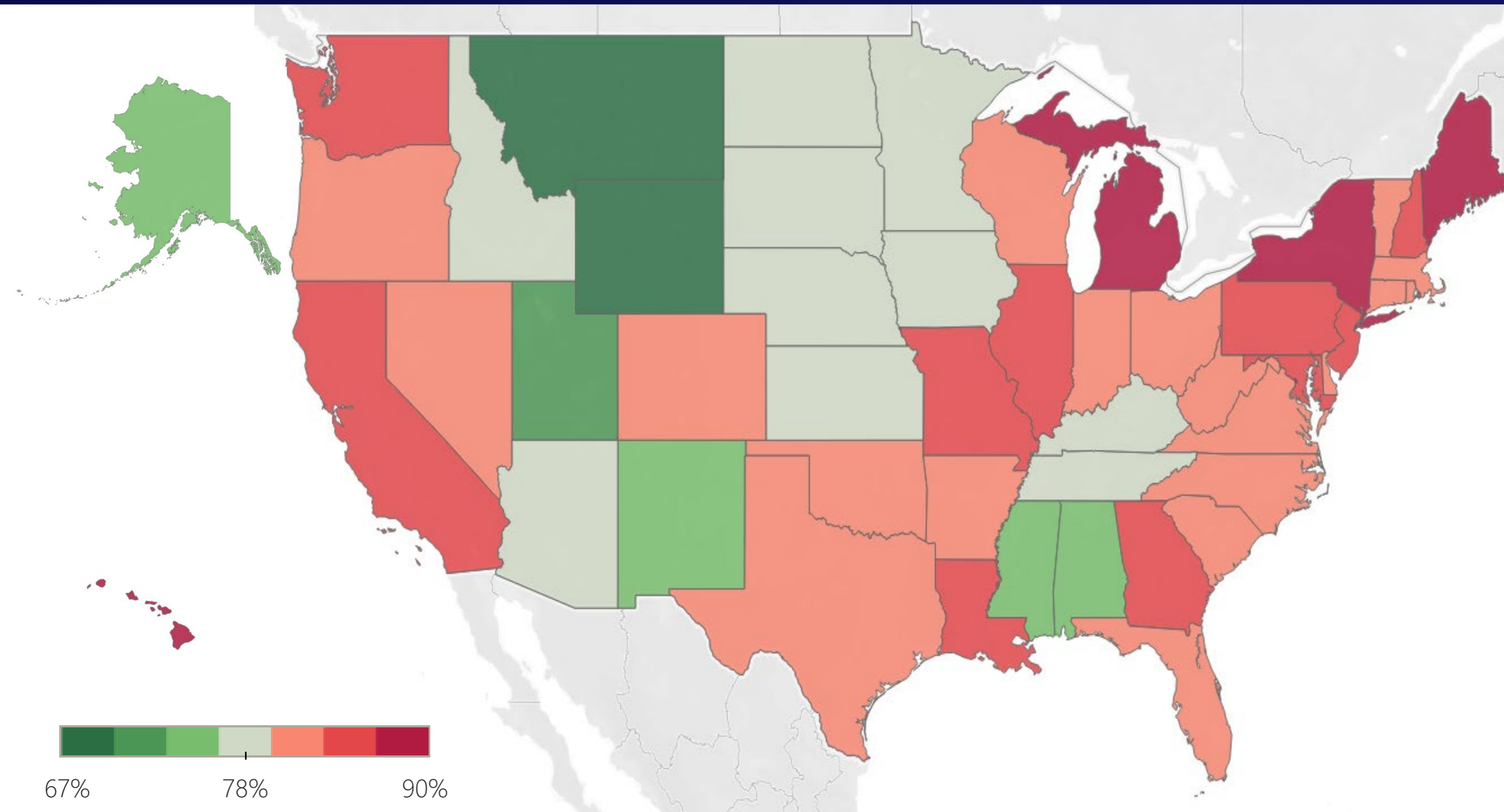


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Large or moderate negative effect on business due to COVID-19 (share of respondents):



- Firms responding that overall, the effect of COVID-19 on business has been largely or moderately negative fell from a median of 83 percent in May to 78 percent in June on a state-by-state basis.
- Firms in Michigan and New York were still the most likely to be negatively affected by COVID-19. These two states have also had very high infection rates and strict stay-at-home orders.
- Firms in Montana and Wyoming were the least likely to be negatively affected by COVID-19. Overall, states in the Midwest and Mountain West have been less effected by the virus than the Pacific and East coasts.

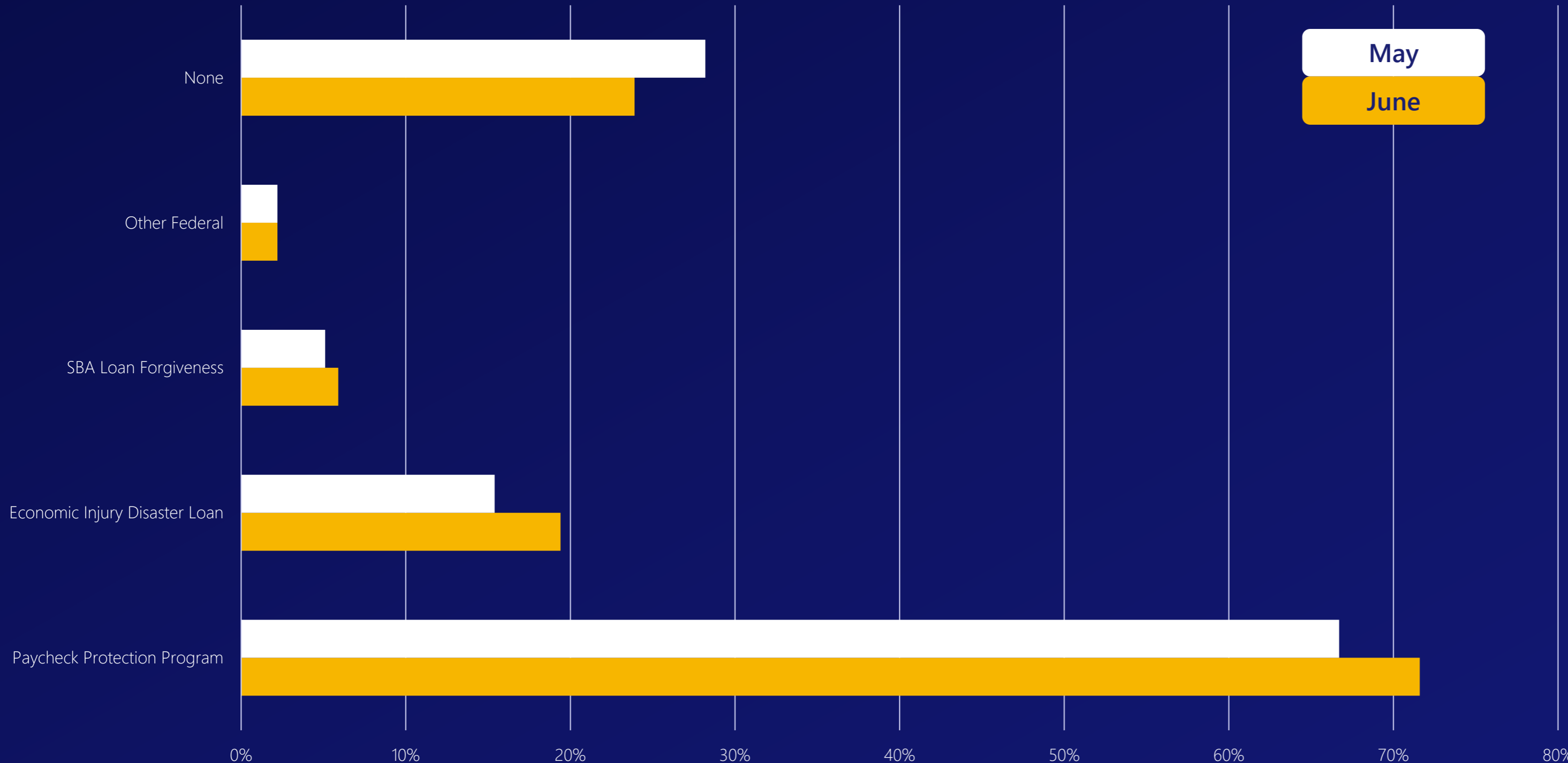


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Visa's analysis of current economic data indicates that U.S. small business activity was slowly recovering in June.

Financial assistance received from federal government programs (share of respondents)



- Firms responding that they have received some kind of federal aid increased to 76.1 percent. While 23.9 percent did not receive federal aid, 18.1 percent of respondents reported not requesting financial assistance. Thus, only 5.8 percent of firms that requested assistance did not receive it.
- Over 70 percent of responding firms have received aid from the Paycheck Protection Program through the SBA (up from just 38 percent in April and 67 percent in May).
- Nearly one in five responding firms has now received an Economic Injury Disaster Loan. This is up 5 percentage points since May.

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.

Disclaimer

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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