



Cleaning Up On Small Biz Opportunities

by [Steve Brown](#)

In mid-November, Adidas started selling shoes made from ocean waste. That doesn't mean your shoes will look like floating water bottles or plastic bags, but the upper part of the shoe will be made out of 95% recycled plastic found in the ocean. Adidas is partnering with Parley for the Oceans, which has a mission to reduce plastic waste in the ocean. The shoes will be appropriately called UltraBoost Uncaged Parley and Adidas plans to sell them for \$220. This shows opportunities can be found everywhere...which brings us to new opportunities for banks related to small businesses.

There's some new, rosy economic data that is certain to create more community banking opportunities. Some of your best clients--small businesses--appear to be in an economic sweet spot, and the outlook is the most positive in more than a decade.

Intuit, most widely known for Quicken and Quickbooks, reports that the number of small businesses in the US is expected to skyrocket to 42mm by 2026, up from about 30mm in 2014 - a 40% increase over this period. Meanwhile, annual growth for small businesses will increase 3.3% over the same time period, according to Intuit's QuickBooks Future of Small Business Report.

Several factors will fuel the growth of these companies, and as community banks, you will want to take notice. Karen Peacock, an SVP of small business at Intuit, calls these factors "industry-shifting trends" and "game changers." They include a world-class technology infrastructure, insightful data analysis, a growing pool of on-demand talented workers, new online marketplaces, and cost-effective online advertising venues. As you see your small business clients implementing one or more of these elements into their businesses, you may also see an opportunity to provide more capital for their growth.

Niche businesses seem to be especially boosted by customer trends for more specialized products such as craft beer, which made up close to 20% of the beer market in 2015 for example. As a community banker, you may find niche businesses in your own community specializing in everything from medical software to personalized crafts to pet products. Small niche companies that can be flexible and nimble have a good chance at successfully competing in their marketplace.

Interestingly, Intuit's report highlights one employment trend that allows small businesses to be more flexible. By 2020, the report says, 43% of the workforce will be so-called "contingent" or freelance workers. Such structures give businesses flexibility, but also come with challenges, so bankers should educate customers about this trend and see if you can help directly to keep your clients happy and healthy into 2017 and beyond.

You can see why small business owners are pretty cheerful lately. Indeed, small business owners have the most positive outlook since 2005. A PNC survey found 71% of owners surveyed say they are optimistic about the economy vs. 58% in 2014. The report's findings further show that 51% of owners surveyed expect sales to increase over the next 6 months, with 47% saying profits will rise too. This is obviously great news for community banks, which can provide loans, gain deposits, capture new customers and retain existing ones in the small business space for the foreseeable future. Who knows the opportunity you can find right under your feet as you walk around the beach of your community.

ECONOMY & RATES

Yesterday

Yields dip 5bp amid investor unease of possible over-exaggerated post-election exuberance.

Rates As Of: 11/29/2016 11:37AM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.47	0.00	0.00
6M	0.59	0.00	0.00
1Y	0.76	0.00	0.00
2Y	1.10	0.00	0.00
5Y	1.79	0.00	0.00
10Y	2.31	0.00	0.00
30Y	2.96	0.00	0.00
FF Market	FF Target	Fed Disc	
0.00	0.50	0.00	
Prime	Unemployment	Oil	
3.50	0.00	\$0	

[More Market Rates](#)

BANK NEWS

More Growth

The latest OECD report projects global growth will climb from 2.9% last projected to 3.3% next year. It is also projected to rise to 3.6% by 2018. A stronger US economy, driven by tax cuts and infrastructure spending under the new US president were cited as primary drivers for the upward shift.

Online vs. On Foot

The National Retail Federation estimates 109mm people shopped online over the Thanksgiving weekend and 99mm shopped in stores.

Board Practices

Research by PwC of board members from financial services companies finds 44% say their practices are excellent, however 55% say they would like to devote more time to risk management.

More Mobile

Adobe Systems research finds mobile phones accounted for 55% of website traffic on Black Friday and 36% of sales (vs. 33% of sales last year).

Cyber Regulation

The Financial Crimes Enforcement Network (FinCEN) issued a new Advisory to financial institutions indicating a SAR must be filed under BSA when a cyber event occurs and the institution "knows, suspects or has reason to suspect a cyber-event was intended, in whole or in part, to conduct, facilitate, or affect a transaction or a series of transactions...." Community bankers should be sure to update your policies and processes around this to avoid potential regulatory issues.

No Plan

Research by the Bureau of Labor Statistics finds 50% of US employees do not have access to a retirement savings plan at their job.

Crazy Projection

The IMF reports that after looking at data from past economic crises, the odds of a financial crisis are now at

67%. When asked about this by CNBC, Fed Minneapolis President Kaskari called the projection "ridiculous."

Digital Payments

Research by McKinsey finds 28% of payments are now made digitally.

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