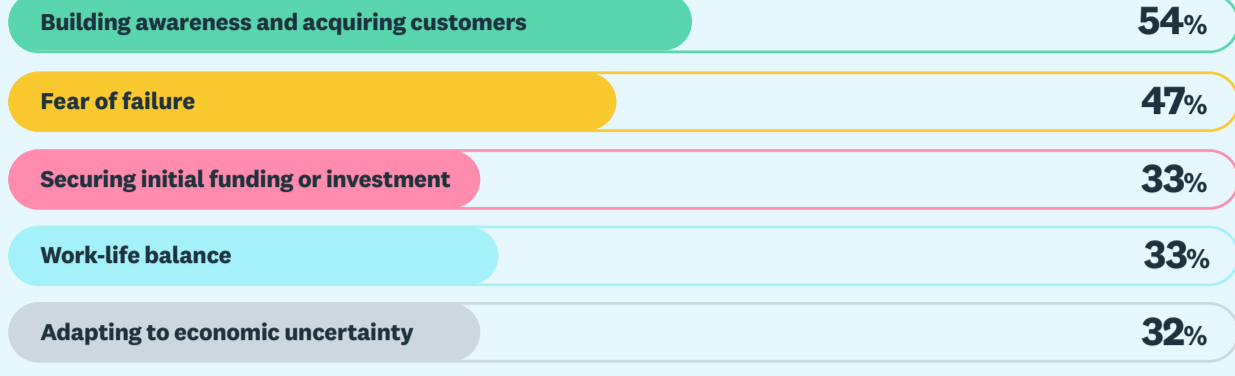




# Financial literacy in small biz owners

New research from global small business platform Xero reveals a notable gap in financial literacy among Canadian small business owners.

## TOP CHALLENGES CANADIAN BUSINESS OWNERS FACE WHEN STARTING OUT



## CASH FLOW CHALLENGES

**\* Only one third of Canadian small business owners reported having an emergency fund**



**\* 10% of small business owners have no plan in place for unexpected expenses**

**\* 16% of Canadian small businesses have yet to recover from financial issues**

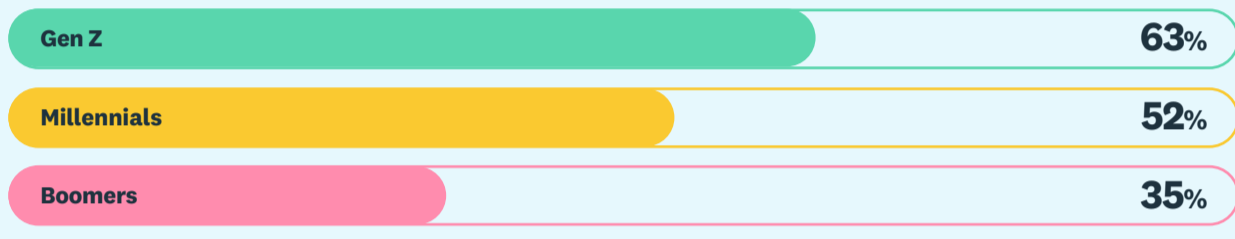


## FINANCIAL LITERACY CHALLENGES



**43% of Canadians have encountered financial challenges in their business due to a lack of financial literacy, despite 47% rating their financial literacy as high**

These numbers are more pronounced for younger generations:



## FROM SIDE GIG TO STARTUP

Many small businesses begin as side gigs, a trend that's increasing with younger generations



**53%** of Canadian small businesses were launched as side gigs

**58%** of Gen Z and 56% of Millennials started their businesses as side gigs vs. 48% of Boomers

## GENERATIONAL DIFFERENCES

**\* Gen Z (53%) and Millennials (50%) are more likely to start businesses driven by passion or desire to make a positive societal impact than older generations**

Gen X (39%), Boomers (29%)



**\* Younger generations were more likely to be driven by opportunities to make more money or achieve personal financial goals**

Gen Z (68%), Millennials (63%) vs. Gen X (50%), Boomers (55%)

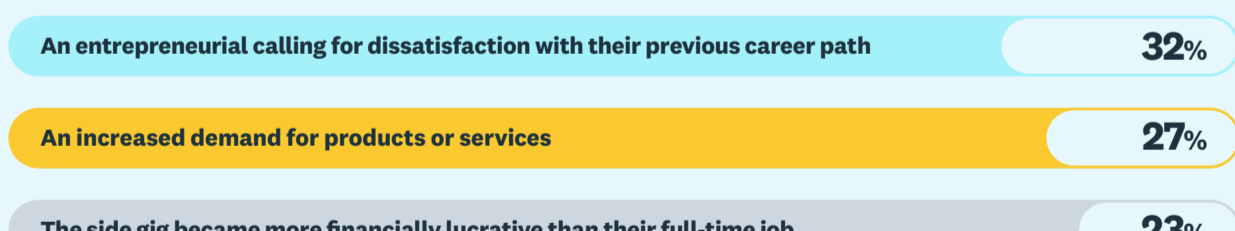
**\* 58% of Gen Z face more self-doubt and fear of failure than their older counterparts**

Boomers (31%)



## WHAT IT TAKES TO GET STARTED

The top reasons for moving to full time include:



## MAKING THE JUMP FROM A SIDE GIG TO FULL TIME CAN BE DAUNTING

**\* 71% cited pulling from their own funds and savings to start and noted emotional hurdles - including overcoming self-doubt - as some of the most crippling**

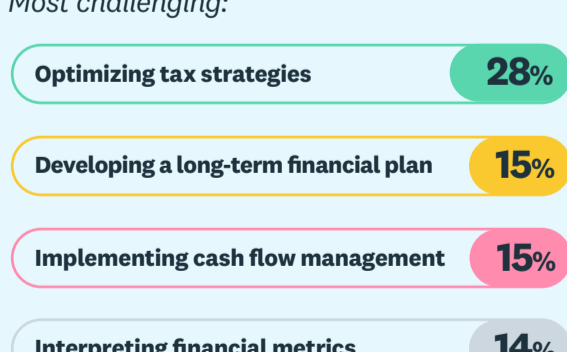


## NAVIGATING FINANCIAL CHALLENGES POST LAUNCH

While many business owners surveyed did not initially consider financial concerns a top priority, they found them to be an issue once the business had started



Most challenging:



## THE IMPORTANCE OF ADVISORY

**44%** of small business owners prefer to handle their finances independently



**Only 21%** of respondents are actively using an accountant or advisor

**Working with accountants and advisors improves financial decision-making, enabling small business owners to navigate challenges effectively and capitalize on opportunities in today's evolving business landscape**

Methodology: Xero's research, conducted by ResearchScape, surveyed more than 1,200 self-employed small business owners with 50 or fewer employees across North America, including more than 250 in Canada. ResearchScape is a market research consultancy specializing in customer surveys, and the topline results presented in the report were weighted to be representative of the overall population.