

NEWS RELEASE

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National Survey Finds 67% of Small-to-Medium-Sized Business Owners and Executives Believe a Recession is Likely in 2023

However, 78% are optimistic their business will be in better shape

ISELIN, N.J. (January 3, 2023) [Provident Bank](#), a leading New Jersey-based financial institution, has released the results of its *2023 Economic Outlook Survey*. The survey polled 1,000 small- to medium-sized business owners and executives and explores predictions for 2023's economic outlook in addition to measuring respondents' thoughts on the likelihood of a looming recession and the effects inflation and rising interest rates have had on their organizations in 2022.

The results found that 67% believe the U.S. is likely to enter a recession in 2023. The COVID-19 pandemic (27%), inflation (23%) and the current administration (14%) were cited among the most widely believed causes of a recession.

Inflation (16%), supply chain related delays (13%), rising wages (12%), trouble attracting and retaining talent (11%), and economic fallout of the pandemic (9%) were noted as the most widely anticipated challenges for businesses in the upcoming year. Respondents felt the most challenging issues facing the nation's leaders and the incoming Congress are inflation (57%), climate change (37%), and crime (28%).

"As bankers, it's incumbent on us to help our customers prepare for a possible downturn in the economy," said Anthony Labozzetta, President and CEO, Provident Bank. "It's also essential for businesses to know that they can rely on their bank for trusted advice and solutions on how to best navigate a potentially challenging economy."

Despite anticipated challenges in the coming year, there was still a strong spirit of optimism when it came to their own businesses. When asked how they thought their business specifically would look like in a year, 78% reported they expected to be in "better" or "much better shape."

Adding to the optimism, 68% reported that they expect to increase their hiring in 2023. Projected sales growth (17%), reasonable labor costs (15%), and a need for skills not possessed by current staff (14%) were among their motivations for bringing on new employees.

**Additional Survey Findings:**

- *87% of professionals surveyed said rising interest rates have had a negative impact on their business.*
- 72% of respondents from the Midwest believe it is likely that the United States will be in a recession in 2023 while only 59% of respondents from the Northeast believe it is likely that the United States will be in a recession in 2023.
- 66% of executives across all regions of the United States (Midwest, Northeast, South, and West) believe housing prices in their local region will rise in 2023.
- 56% said projected sales growth was a crucial factor behind their decision to increase hiring in 2023.

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About Provident Bank

Provident Bank, a community-oriented financial institution offering “Commitment you can count on” since 1839, is the wholly owned subsidiary of Provident Financial Services, Inc. (NYSE:PFS), which reported assets of \$13.60 billion as of September 30, 2022. With \$10.69 billion in deposits, Provident Bank provides a comprehensive suite of financial products and services through its network of branches throughout northern and central New Jersey, as well as Bucks, Lehigh, and Northampton counties in Pennsylvania and Nassau and Queens Counties in New York. The Bank also provides fiduciary and wealth management services through its wholly owned subsidiary, Beacon Trust Company, and insurance services through its wholly owned subsidiary, Provident Protection Plus. For more information about Provident Bank, visit www.provident.bank or join the conversations on Facebook (ProvidentBank) and Twitter (@ProvidentBank).

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