MYOB Bi-Annual Business Monitor Insights

June 2025

myob everyone's business

Foreword

The latest MYOB Bi-Annual Business Monitor finds Australian small and mid-sized enterprises (SMEs) are focusing on stability as they build for the future.

Despite some external challenges, including the international landscape and local trade dynamics, the SMEs that drive our economy – from employment opportunities to innovation to regional growth – once again demonstrate their resilience.

The latest findings, from the 1087 Australian SME owners and operators surveyed, reveal the segment is driving strategies to diversify, increase efficiencies and develop a buffer against headwinds in global trade.

In terms of the headline numbers from the report, 52% of respondents believe the economy will improve or stay the same in the next 12 months, while almost two-thirds (64%) describe their own current financial position as 'good' or 'excellent'.

Exploring the details, we see brighter lights for key sectors. After a challenging year, the construction sector appears to have turned a corner, becoming the most optimistic about the economy in the latest survey. Confidence among start-ups has also shown improvement, with a solid uptick in optimism for businesses established within the last two years, backed by an improving revenue trend.

Across the board, financial pressures appear to be reducing, with a significant drop in how concerned businesses are about key pressures like fuel prices, utilities and interest rates. Looking to the next 12 months, businesses see long-term improvement on the cards with their sales pipeline, supported by positive consumer sentiment, falls in interest rates and measures to address the cost of living.

The SME sector has potential to make further gains through digitisation. A steady number of SMEs – around a fifth each year – are increasing the number of digital tools and solutions used in their business. As a result, they report a range of benefits, including greater productivity and increased team collaboration. Many businesses also highlight real opportunities from their online presence – from enhanced brand perception and increased customer engagement, to more sales and greater productivity.

Embracing digitisation – including the integration of AI into processes and products – will make a significant difference for businesses that seek to grow their margins, improve efficiencies or hone their competitive edge in a challenging market.

The latest MYOB Bi-Annual Business Monitor highlights the resilience and adaptability of Australian SMEs, that remain crucial to our economic progress. By embracing opportunities like digitisation, leveraging emerging technologies, and refining strategies to navigate challenges, they continue to position themselves as innovators and industry leaders.

Dean Chadwick
Chief Customer Officer, MYOB

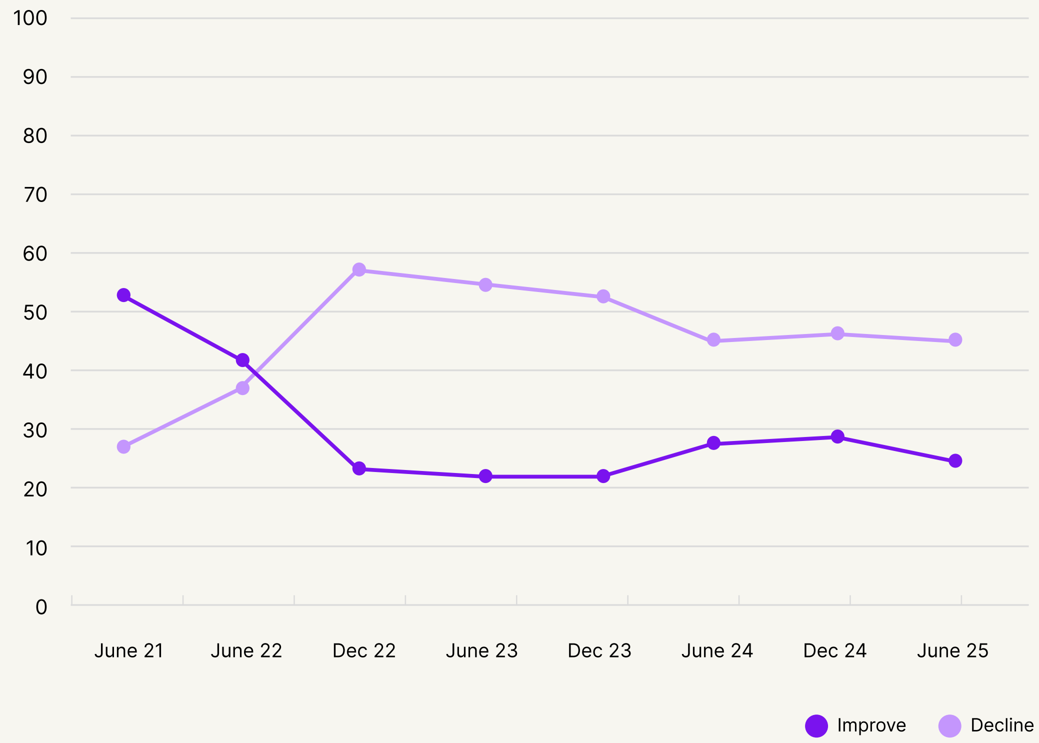
The Economy

While continuing to demonstrate the resilience they are renowned for, Australian small and mid-sized enterprise (SME) owners and operators are keeping a close eye on the current economic environment. After rising slightly in mid and late 2024, sentiment has marginally reduced for the June edition of the MYOB Bi-Annual Business Monitor, as businesses reflect on the effects of factors including global trade disruption.

According to the June Bi-Annual Business Monitor survey of 1087 SMEs, just a quarter (25%) of SME respondents expect the economy to improve in the next 12 months – down from 29% at the end of 2024. The proportion of those expecting to see a decline in the local economy has remained relatively stable over the last year, with 45% in the current survey predicting a downturn. This follows 46% saying they expected a decline in December 2024, and 45% saying the same in June 2024.

Five years on from the major disruptions caused by COVID, economic certainty has been hindered by a range of factors – from rising interest rates and increasing cost of living – that have weighed on business confidence. Despite concerns about their impact on the Australian economy, however, less than a fifth (19%) of SMEs expect to see a negative impact from changes to the US tariff regime.

Expectations for the economy in the next 12 months



The Economy

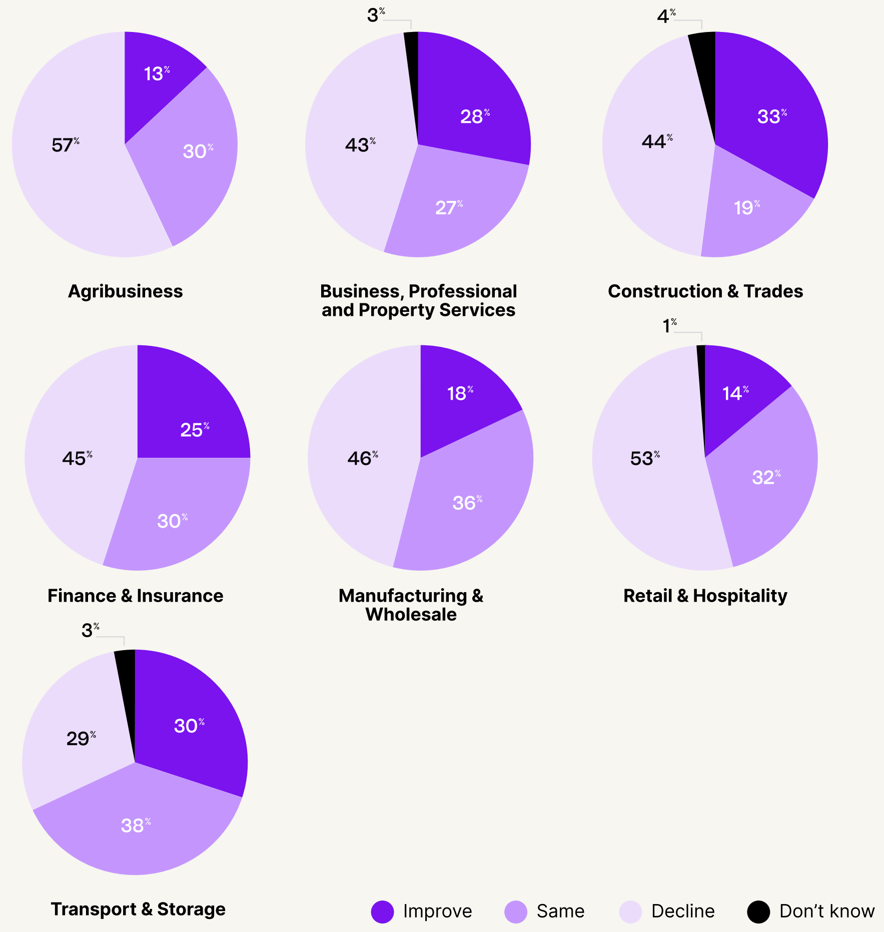
By industry

After a challenging 2024, this research suggests the construction sector has turned a corner. A third (33%) of those surveyed from the industry expect economic conditions to improve over the coming 12 months – making it the most optimistic sector in the current MYOB Bi-Annual Business Monitor.

After leading positive sentiment in late 2024, the retail and hospitality sectors have experienced a strong fall in confidence, down from 34% expecting the economy to improve in December 2024, to just 14% anticipating improvement in the latest MYOB Bi-Annual Business Monitor. Those expecting to see a decline have also risen 10 percentage points over the same period.

Although production in the sector continues to grow, increasing by 34% over the past two decades[1], expectations around economic improvement among SME agribusinesses remains low. However, the proportion of those believing the economy will decline in the next 12 months has fallen from 65% in December 2024, to 57% in the current survey.

Expectations for the economy in the next 12 months



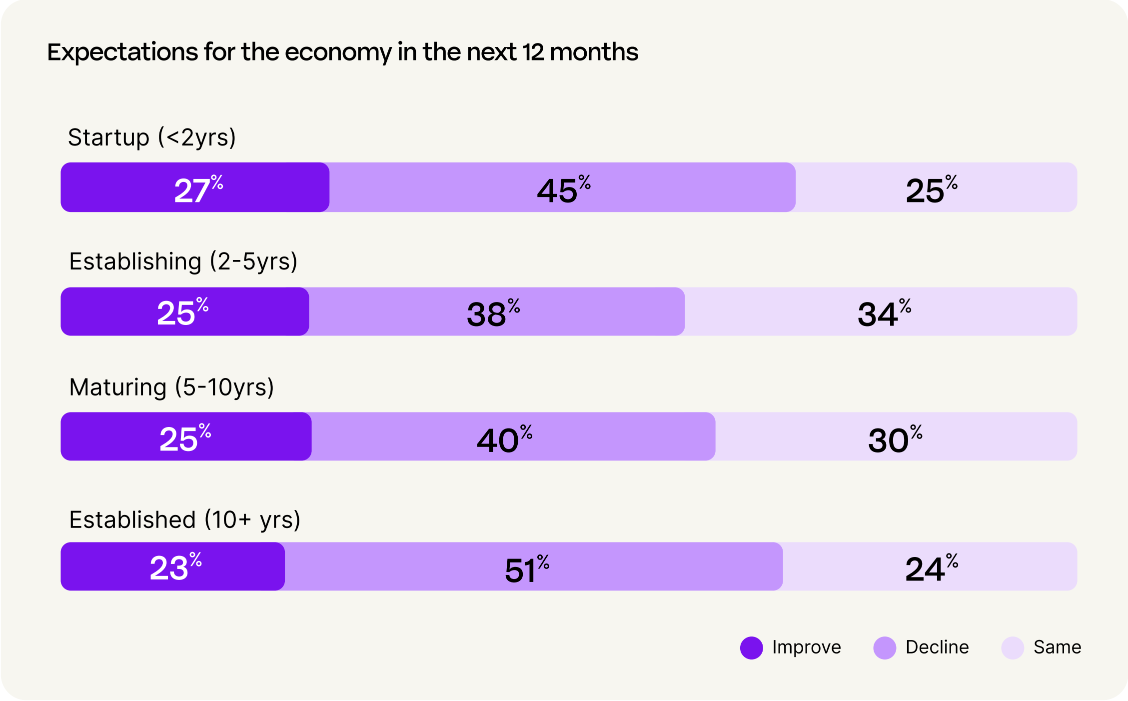
[1] Snapshot of Australian Agriculture

The Economy

By age of business

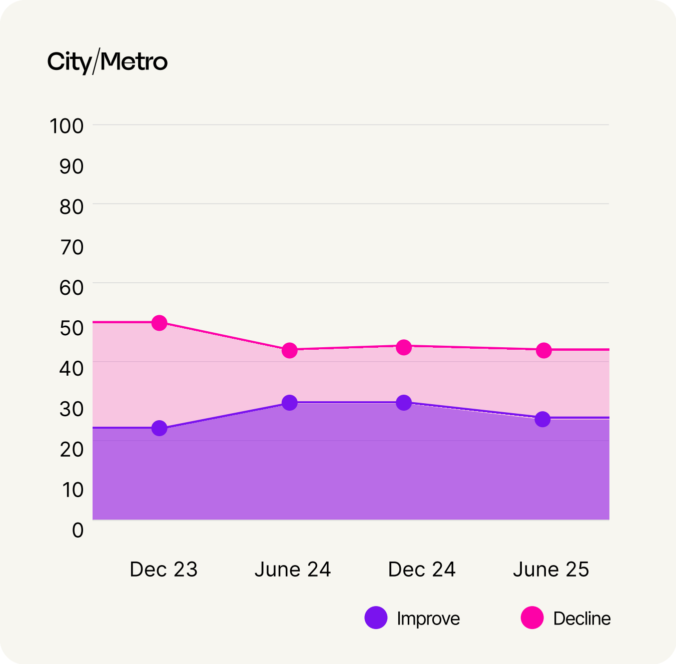
Expectations of economic improvement are most prevalent among the start-up sector (27%), while those expecting a decline has risen slightly from 41% in December 2024 to 45% in June 2025. Confidence has improved somewhat, however, over the last six months – from just over a fifth (21%) expecting to see the economy improve in December 2024.

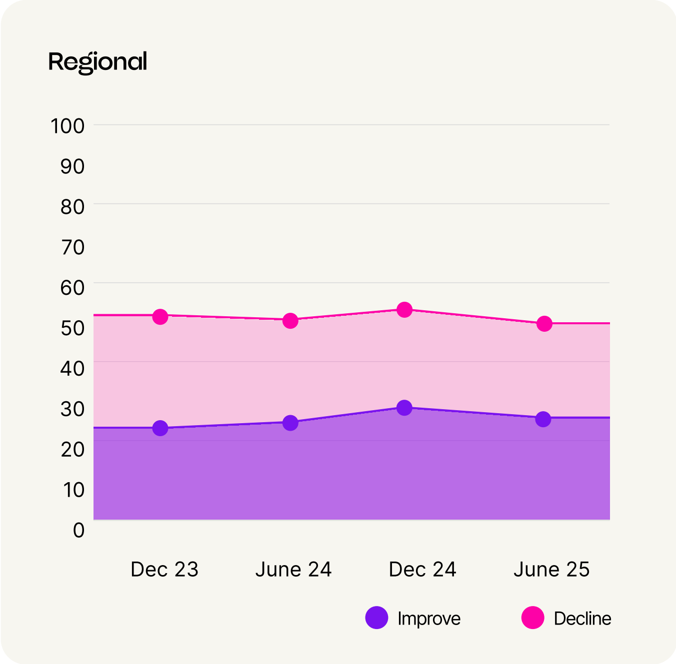
Businesses with more experience of the economic cycle – established organisations which have traded for more than a decade – are more concerned about the current environment. More than half (51%) of established SMEs surveyed believe the economy will decline in the coming year, while less than half of that number (23%) expect to see improvement.

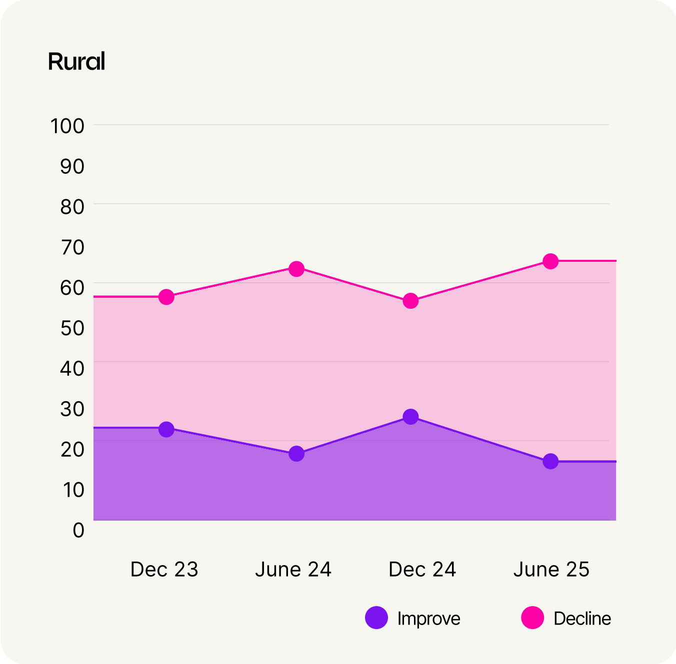


By region

Signs of economic growth are most likely to appear first in Australia's biggest centres, with over a quarter (26%) of the businesses surveyed in the cities expecting the economy to improve. Negativity still outweighs positive sentiment across all areas, but is being most strongly felt in Australia's rural heartland. Two-thirds (66%) of SMEs in rural areas expect economic conditions to decline in the coming 12 months – a 10 percentage-point increase in negative sentiment from December 2024.







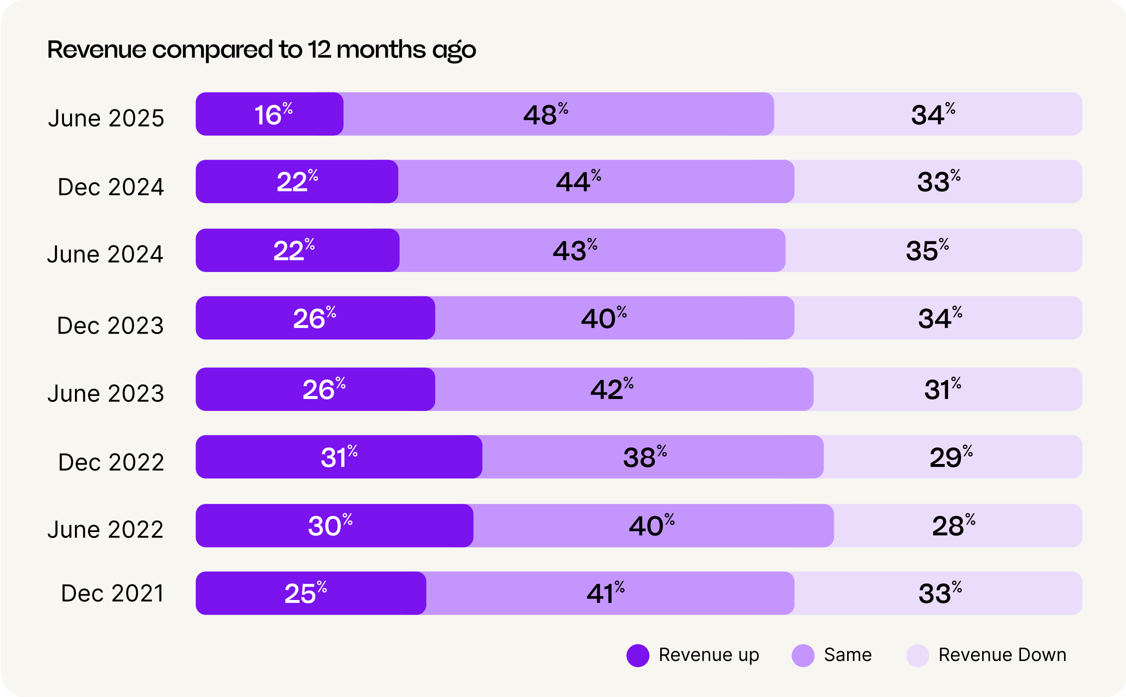
Revenue

SME earnings have remained stable in the latest MYOB Bi-Annual Business Monitor, with almost half (48%) reporting revenue has remained the same across the last 12 months. However, the proportion of those earning more has fallen to 16% – the lowest level in 5 years.

For the 34% of respondents who experienced a decline in revenue in the last 12 months, a third (33%) put it down to the current economic climate. Almost a fifth (18%) have seen a decrease in consumer demand and 10% say high interest rates have put pressure on their earnings.

Increased consumer demand is the key factor (28%) driving revenue increases for SMEs who have seen their earnings improve over the last year. Fifteen per cent of those reporting a revenue increase put it down to price increases on their products and services, while 12% have been able to develop a better relationship with customers.

The bottom lines of more established businesses have been hardest hit over the past 12 months. Forty per cent of businesses aged between 5 and 10 years report their revenue is down on a year ago, while 37% of those in business for more than a decade report the same. Start-ups were less likely to be affected by falling revenue over the last year, but the proportion of those reporting increased earnings among businesses less than 2 years old has fallen from 37% in December 2024, to 28% in June 2025.



Looking ahead

Local SMEs are expecting to see their fortunes improve in the next financial year, with almost a quarter (24%) saying their revenue will rise. A further 43% are forecasting stable revenue for the year ahead, while 29% say their revenue will be down.

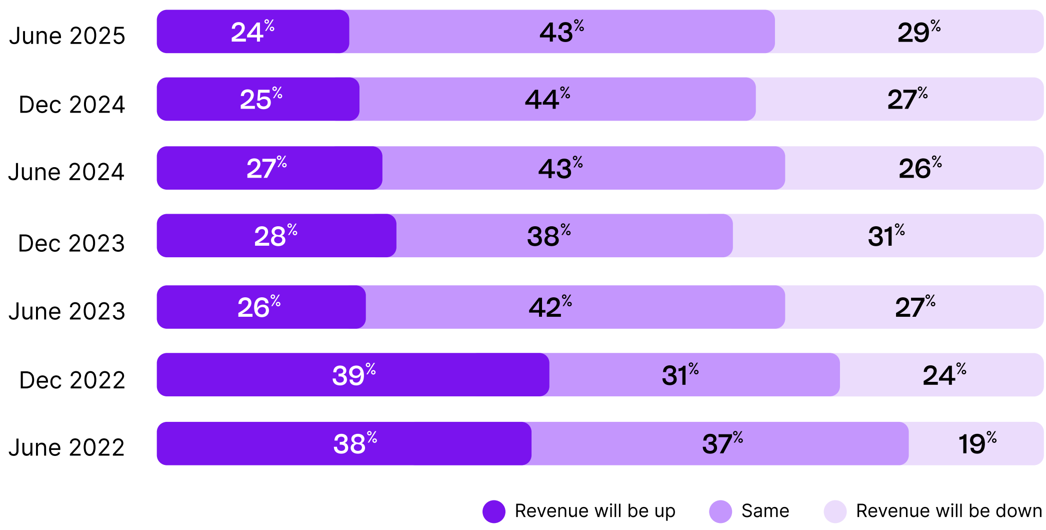
Over the next year, revenue growth is most likely to be seen among Australia's newest businesses. Over a third (35%) of the start-up community are forecasting improved revenue for their business in 2025/26, while less than a quarter (22%) are expecting a fall. Establishing businesses – aged between 2 and 5 years – are also expecting to see a positive revenue trend in the coming year, with 31% saying their revenue will be up, and 28% predicting a revenue fall.

Older businesses are more likely to see their revenue remain consistent over the coming 12 months, with 46% of maturing (aged 5–10 years) and 45% of established (10+ years) businesses expecting their earnings to remain about the same.

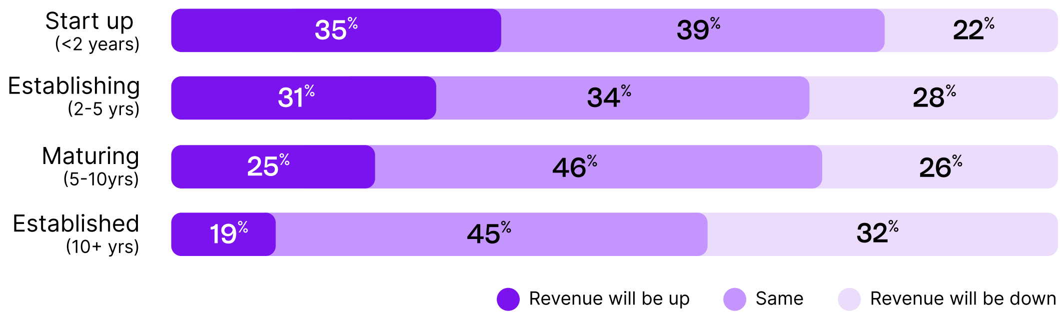
One of the key factors in revenue expectations is likely to be the amount of work businesses have booked over the coming year.

The short-term pipeline for local SMEs is relatively constrained, with a quarter (25%) saying they have less work booked for the next 3 months, while 21% say they have more. Looking ahead, the pipeline becomes slightly more positive over the next six and 12 months, with 24% of SMEs surveyed saying they have more work on in before the end of 2025 (22% less), and 26% before June 2026 (25% less).

Revenue expectations for next 12 months



How do you expect revenue to perform in 12 months' time compared to now?



Profitabilty

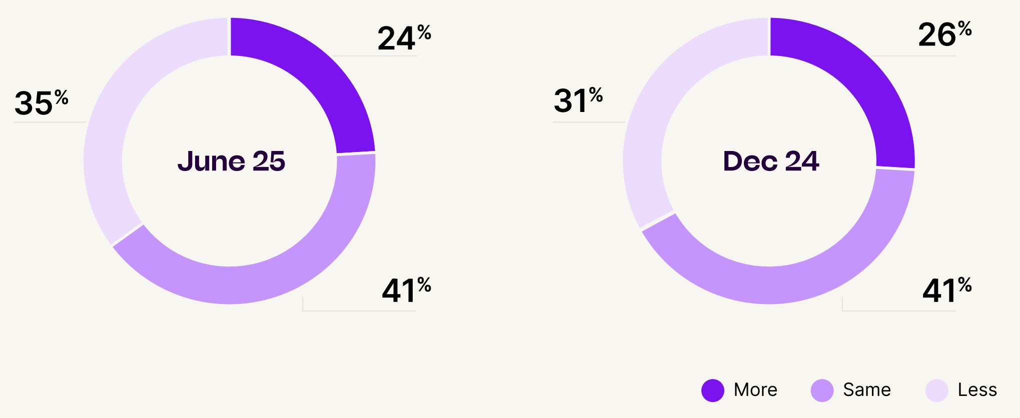
Once again profitability remains stable for the majority of SME respondents, with 41% stating their profit levels have remained the same in the last 12 months. However, fewer businesses are reporting an improvement – down from 26% in December 2024 to 24% in June 2025. At the same time, the proportion of businesses reporting they are less profitable has risen from 31% in December 2024 to 35% in the current survey.

Businesses aged between 2 and 5 years were a notable exception to the trend, with 44% of those in their establishing phase reporting their business was more profitable over the last year – perhaps reflecting the reduction in start-up costs and improvements in efficiencies experienced by businesses at this stage.

Profitability among start-ups over the last year was also more likely to be in positive territory. Just 15% of businesses under 2 years old said their operation was less profitable, while 22% saw profitability improve.

Manufacturing and wholesale businesses (47%), those in the retail and hospitality sector (45%) and agribusinesses (42%) were most likely to see less profitability over the last year. The finance and insurance sector broke even on this measure, with 32% reporting an increase in profitability, and 32% reporting a fall.

Profitability changes over the last 12 months



Profitability

Looking ahead

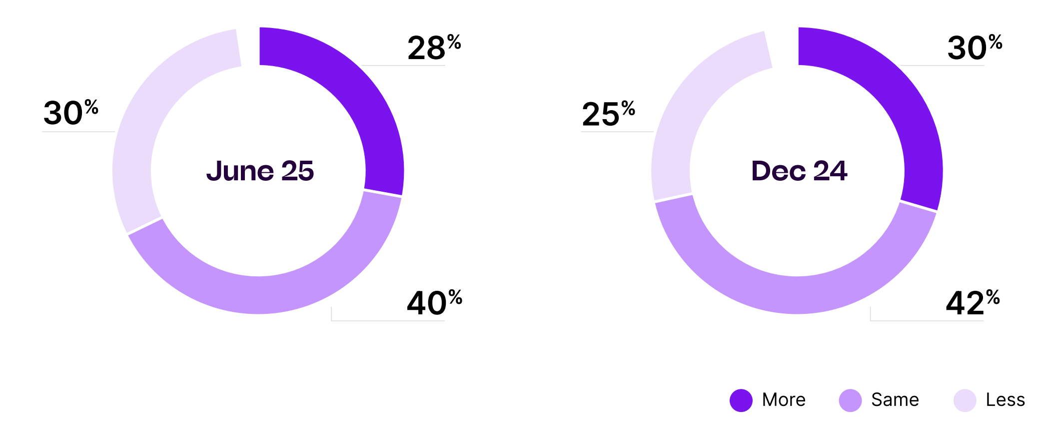
Profitability is expected to be more evenly distributed in the year ahead, with 28% of SMEs surveyed saying their business will be more profitable, while 30% expect profitability to decrease.

Reflecting this year's trend, establishing businesses (aged 2–5 years) are the most bullish on profitability improvements over the coming 12 months, with 47% of the SMEs at this stage saying their profitability will improve in the next 12 months.

Despite pressures on both revenue and profitability, local SMEs remain in sound financial shape, reflecting the ongoing resilience of the local SME community.

While 8% describe their current financial position as poor and 28% say it is fair, 37% say they are in a good financial position, 20% say it is very good and 7% say their financial position is excellent.

Profitability expectations for the next 12 months



Business Pressure Points

In encouraging news for local businesses, overall pressures have steadily fallen over the past year.

Fuel prices in particular, which were the leading issue faced by local SMEs in mid 2024, have almost halved as a cause of significant pressure on businesses.

Despite maintaining its position as the leading pressure since December 2024, utility prices have also dropped 10 percentage points as a cause of significant pressure over the last year, from 38% in June 2024, to 28% in June 2025. With the Energy Bill Relief Fund expected close out in December 2025, SMEs will be keeping tabs on the cost of utilities in the coming year.

Falling interest rates have also relieved some of the pressure on local SMEs, as the cost of borrowing fell to its lowest level in two years, following the Reserve Bank of Australia's decision to cut the official cash rate by 25 basis points in May to 3.85%.

Falling interest rates has also reduced the pressure on margins for local businesses, down 4 percentage points from December 2024 to 23% in June. Local businesses are also finding their environment slightly less competitive, with just over a fifth (22%) now rating this as a significant pressure, down from a quarter (25%) in June 2024.

Although also easing, cashflow remains an issue for over a fifth of local SMEs (21%). For a number of businesses, this will likely be exacerbated by late customer payments (18%), though this pressure has also fallen over the last 12 months – down from 22% in June and December 2024.

Also dropping notably are pressures from the cost of online technologies – down 5 percentage points since December 2024, and the time spent managing compliance obligations, from 22% in December 2024 to 17% in June 2025.

Profitability changes over the last 12 months

	June 25	Dec 24	June 24
Cost of utilities	28%	35%	38%
Price margins & profitability	23%	27%	27%
Fuel prices	22%	33%	41%
Competitive activity	22%	24%	25%
Interest rates	22%	25%	30%
Cashflow	21%	24%	24%
Attracting new customers	20%	24%	24%
Late payments from customers	18%	22%	22%
Cost of online technologies (e.g. cost of broadband, mobile phones, tablets, etc.)	17%	22%	20%
Time spent meeting your tax compliance obligations	17%	22%	20%
Retaining existing customers	16%	21%	20%
Exchange rates	14%	15%	15%
Upgrading/updating hardware or other equipment	13%	15%	17%
Upgrading/updating IT software, systems or processes	12%	14%	13%
Access to finance/funding/overdraft	11%	16%	14%
Retaining existing employees	10%	14%	12%
Attracting new employees	10%	13%	12%

Business Investment

While inflation is falling and pressure on margins has reduced, some local SMEs are recovering costs through goods and services sold. This is reflected in the 28% of SMEs who say they plan to increase their prices over the coming year. Over half (55%), however, plan to maintain their prices at current levels, while 14% expect their prices will decrease over the next 12 months, likely as a means of attracting more customers.

Given the contribution the sector makes to the local workforce, with small and mid-sized businesses combined employing two thirds (66%) of private sector employees[2], a significant number of Australians can expect a pay bump this year. A fifth (20%) of those surveyed say they plan to increase the amount they pay employees, while 66% say wage levels will remain the same.

More businesses are also expecting to diversify their current offerings to the market. Sixteen per cent say they will increase the number of products or services offered to the market. This trend likely forms part of businesses' customer acquisition and retention strategies – both of which are also targets for increased investment this year (15% each).

Possibly reflecting the more constrained revenue environment many local businesses find themselves in, 16% of SMEs surveyed say they plan to reduce their online marketing and sales (including social media) while the same proportion also expect to cut back on traditional media advertising.

[2] Contribution Australian Employment

Profitability changes over the last 12 months

	Will decrease	Will stay the same	Will increase
Your prices and margins on products/services sold	14%	55%	28%
The amount you pay the employees in your business	8%	66%	20%
The number or variety of products or services offered by your business	9%	73%	16%
Customer acquisition strategies	10%	66%	15%
Customer retention strategies	8%	72%	15%
The sale of products/services offline	12%	67%	15%
The sale of products/services online	11%	67%	13%
The $ value of spending on marketing and advertising your business on the Internet/online including on social media platforms	16%	67%	11%
Working with business advisers (e.g. accountant) to enhance your business	12%	71%	11%
Investment in IT systems & processes	15%	68%	11%
The $ value of spending on marketing and advertising your business offline (e.g. radio, newspapers, leaflets, catalogues, mail, posters)	16%	66%	10%
The number of full-time employees in your business	9%	77%	9%
The number of part time or casual employees in your business	12%	73%	9%
Business financing	14%	72%	8%

Current state of digital adoption

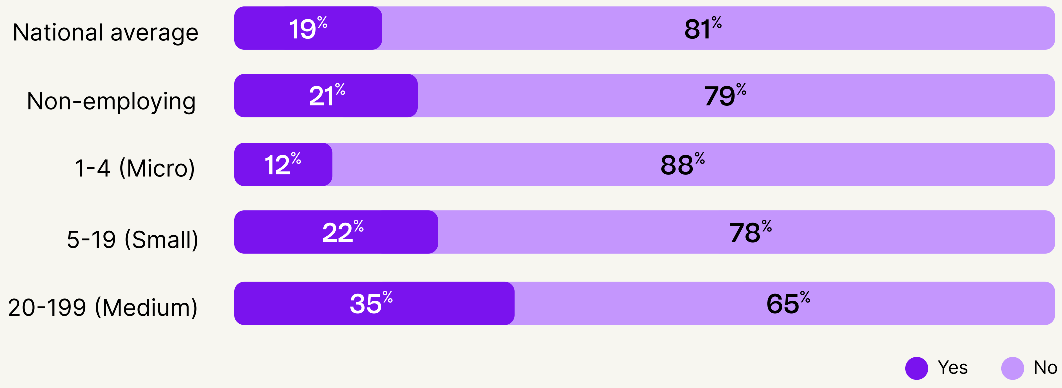
Digital adoption rates have remained relatively steady over the past year, with just under a fifth (19%) of businesses increasing the number of online tools they use since June 2024.

The primary benefit reported by those that have digitised more of their business was increased productivity (35%). Just under a third (32%) reported that increased digitisation helped the business work remotely and collaborate, and 28% said it helped their business get work. Other benefits included faster payment times (27%) and improvements in profitability (24%). Just 9% of businesses who had increased their digitisation reported no immediate benefits from doing so.

Mid-sized businesses – those with between 20 and 199 employees – have tended to embrace digitisation more readily, with over a third (35%) increasing their use of digital tools, mainly as part of a focus on improving productivity and team collaboration.

A digital divide between the generations continues to be evident in the adoption of digital tools by local SMEs. Gen Z business owners (aged 18–29) are nearly twice as likely to digitise their business than their Gen Y (aged 30–44) counterparts – at 60% versus 36%. The youngest generation of business owners is also four times more likely to digitise than Gen X (45–60) (15%) and have digitisation rates nearly six times that of the Baby Boomers (61–79) (11%).

Increase in the number of online tools used in the business in the last 12 months.



Digital Adoption

Current state of digital adoption

Cashflow and compliance management remains the fundamental focus of Australian SME digitisation, with almost half (48%) using cloud-based accounting software, and 37% using digital finance and money management tools. Around a quarter (24%) of local businesses also use cloud-based software for project management and a similar number (23%) have adopted employee management tools. Cloud-based software to support sales and marketing functions are used by over a fifth (22%) of SMEs.

Do you use digital cloud-based software in this business for any of the following?

Barriers to digital adoption

For almost a quarter (23%) of Australian businesses, the perceived expense of digital tools means they are missing out on the potential productivity and collaboration benefits of digitisation. Other barriers include the time it takes to set up the tools, when they are busy running their business (19%) and a lack of knowledge about the improvements they might enjoy (18%).

Improved awareness of the tools available and greater support to install them would also help increase local digitisation, with 15% saying they don't know which options to choose and 14% saying digital tools are too confusing to set up.

While almost a third (30%) are still waiting to be convinced that digitisation is worth their time and effort, a tax incentive could be the key to increasing adoption for more than a fifth (21%) of local SMEs. Greater availability of training could also help support increased digitisation of the SME sector, with 19% of SMEs surveyed saying they need help understanding how to use them.

Main barriers to digital tool adoption

- **23%** They are too expensive
- **19%** I don't have the time to set them up, I'm too busy running my business
- **18%** I don't understand how they will help my business
- **15%** I don't know which digital tools I should choose/which option is best for my business
- **14%** It's too confusing to set them up
- **10%** Internet reliability/speed is not good enough
- **10%** I don't know how to get them set up
- **5%** The digital tools I use don't work well together, they're too siloed
- **4%** I've never heard of digital tools before
- **30%** There are no barriers

What would help you to use more digital tools in the business?

- **30%** I need to be convinced it's worth my time to set them up
- **21%** An incentive to take them up, such as a tax deduction, would help me get started
- **19%** I need help understanding how to use them
- **19%** I just need the time to set them up
- **14%** Better internet reliability/speed
- **13%** Better integration between the different digital tools

Online presence

Although the modern economy is strongly dependent on digital tools and e-commerce, over two-fifths (41%) of Australian SMEs do not currently have an online presence.

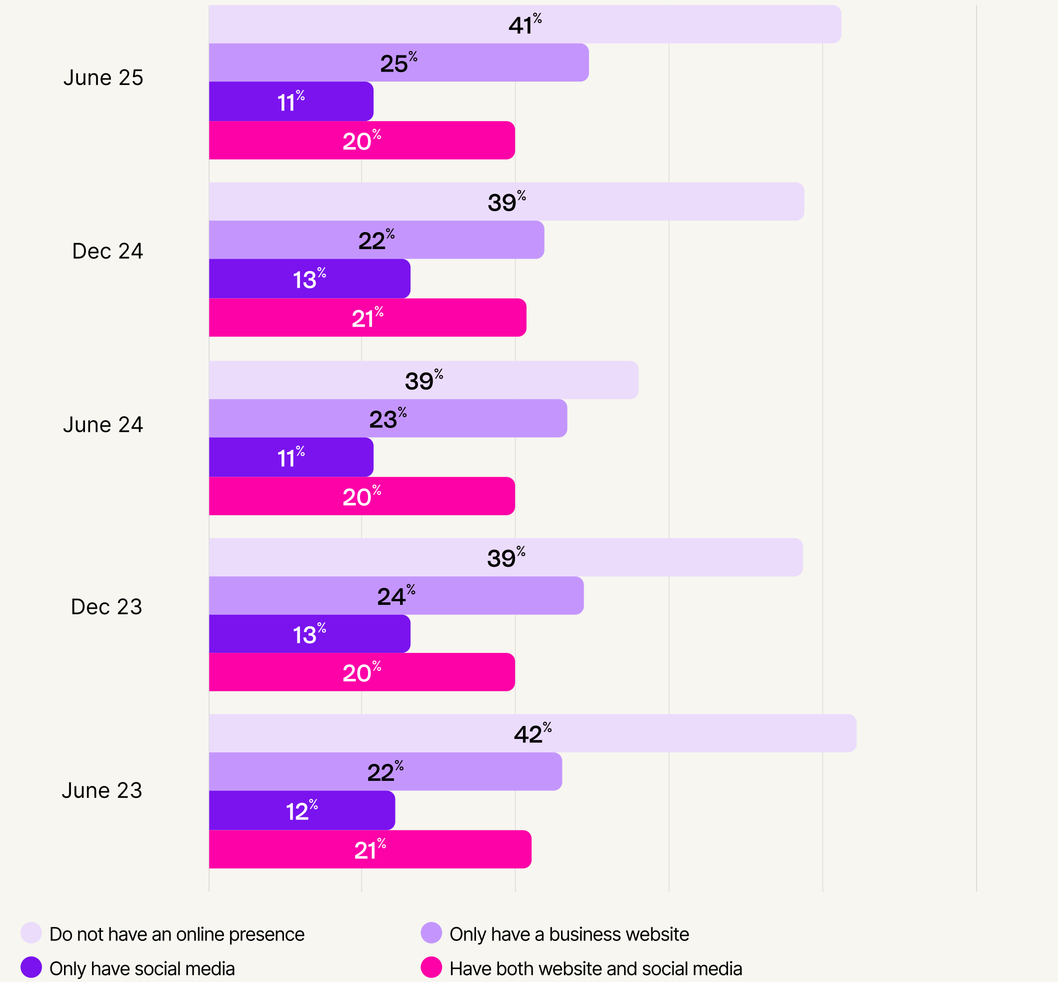
Of those that are online, a fifth (20%) are connecting with customers and partners through both a website and social media presence, while a quarter (25%) only have a business website and 11% only use social media.

Younger business owners are twice as likely to be online as their older peers, with just 14% of Gen Z (18–29) business owners and 21% of Gen Y (30–44) saying they don't have any online presence. These digital natives are also more likely to rely solely on social media, with 21% of Gen Z and 22% of Gen Y only using platforms like Facebook, Instagram and TikTok to promote their business and engage with customers.

The customer-facing benefits of an online presence are clear to those SME owners and operators who are using these platforms. Thirty-seven per cent report their business website has generated more customer enquiries, 35% believe their website has enhanced their brand, and 32% say their customer appeal has been improved by having a website. For those using social media, 38% say it has allowed more interaction with their customers, 35% have seen more customer enquiries generated, and 35% believe their social media presence has increased their customer appeal.

For social media using businesses, Facebook remains the primary choice, with almost three-quarters (74%) using the platform. Other platforms, in particular Instagram, YouTube and TikTok, are more popular amongst younger business owners, especially Gen Z.

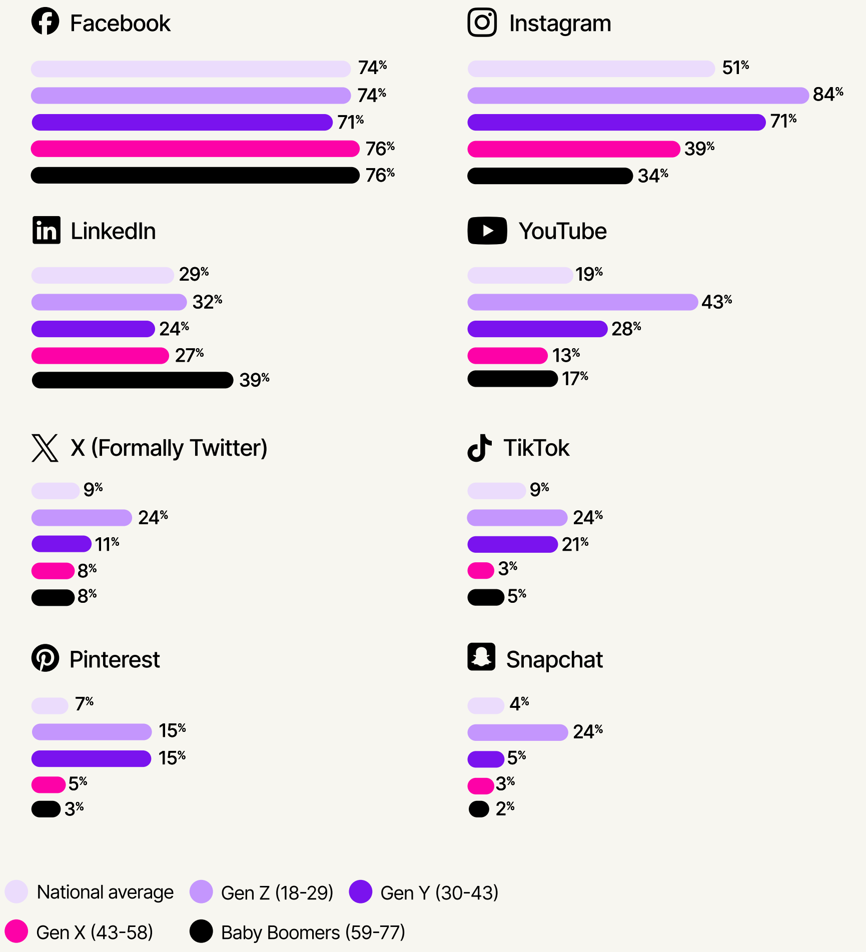
How would you describe your business' online presence?



Online presence

Which social media sites do you currently use to connect to your customers?

By age of business owner



Which social media sites do you currently use to connect to your customers?

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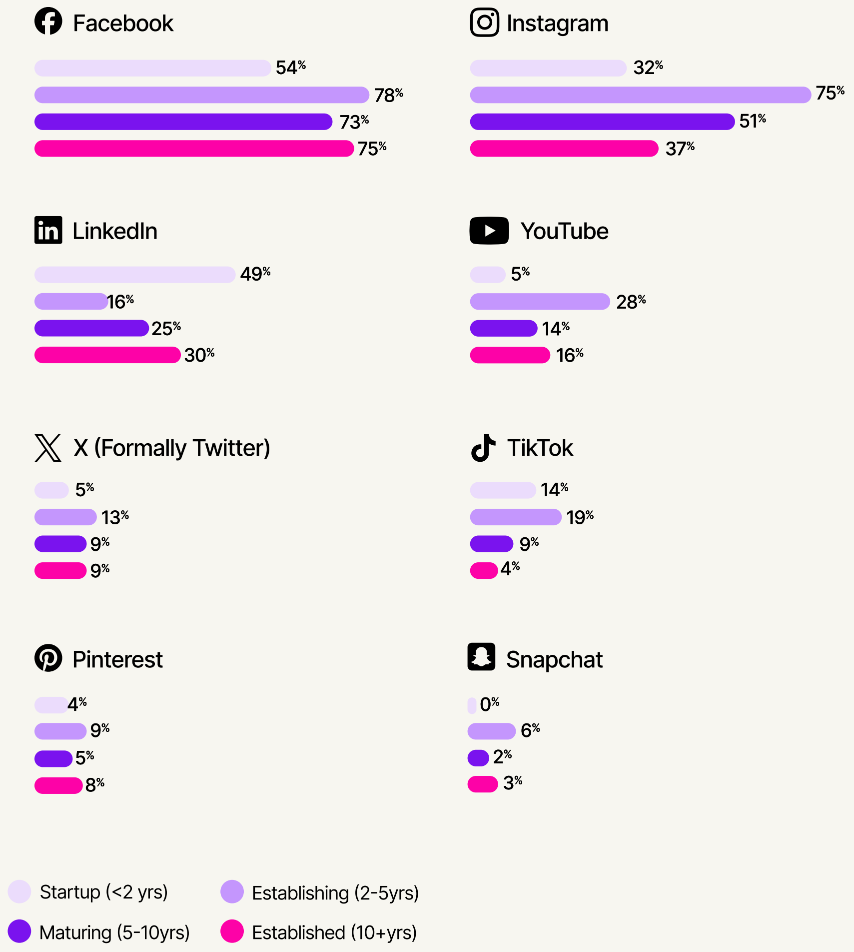


Spotlight

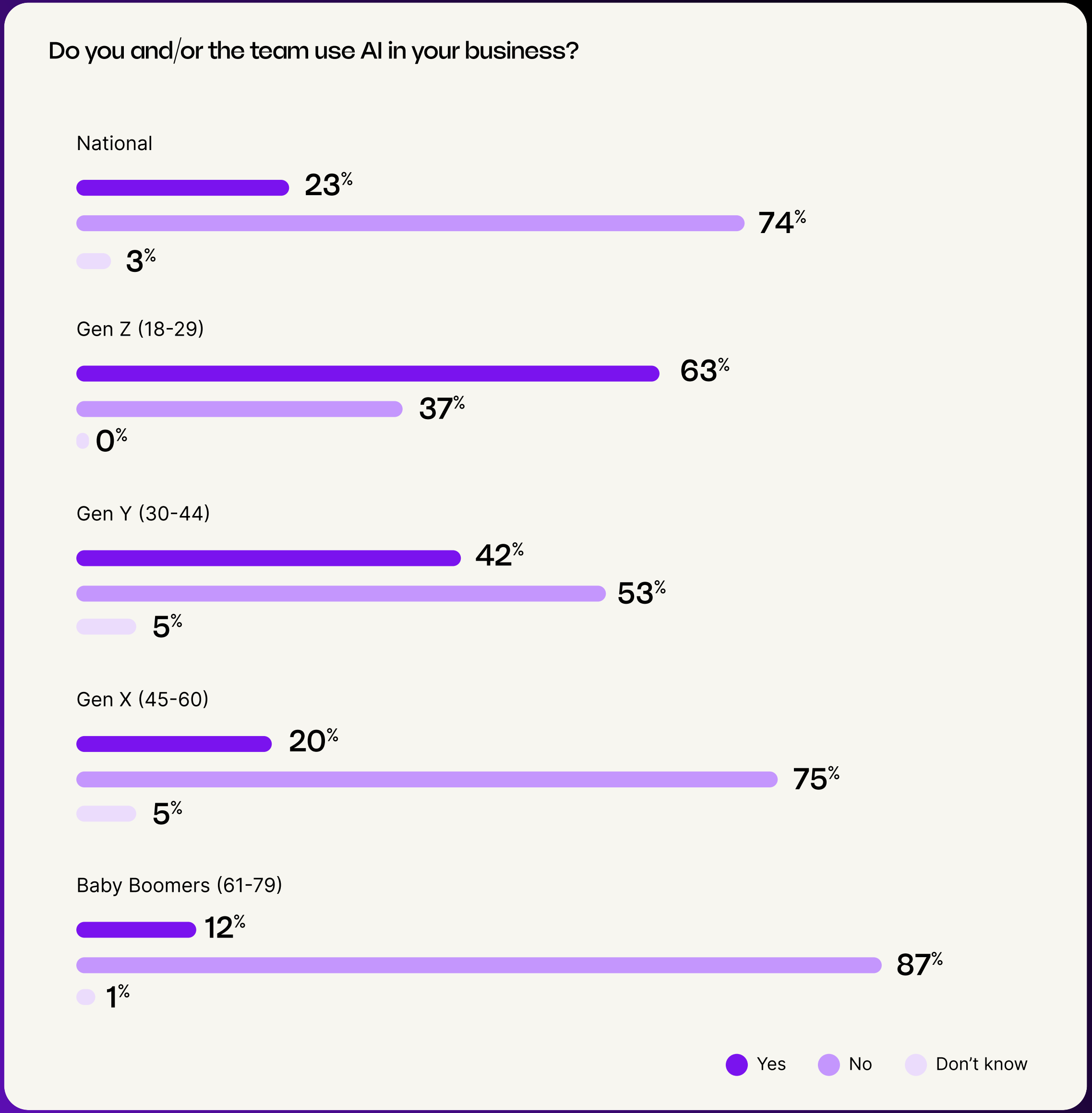
Spotlight

AI Adoption

As a newly emergent area of business technology for SMEs, AI has seen a reasonably rapid take-up amongst local SMEs. Almost a quarter (23%) of respondents said they or their team use AI in their business, with 63% of Gen Z (18–29) and 42% of Gen Y (30–44) owners adopting the technology. SMEs in the business, property and professional services sector were most likely to have embraced AI (32%), followed by manufacturing and wholesale (24%) and finance and insurance (22%).

Business policy is still catching up with the speed of AI adoption, however, with just 11% of SMEs saying they have introduced an AI policy so their team knows when and how they can use AI. Mid-sized businesses have been quickest off the mark in implementing AI policies, with almost a third (30%) now having them in place.

While a smaller percentage of local businesses (9%) have taken the next step of building AI into their products or service solutions, of those that have, 78% report it has had a positive impact.



Spotlight

End of Financial Year

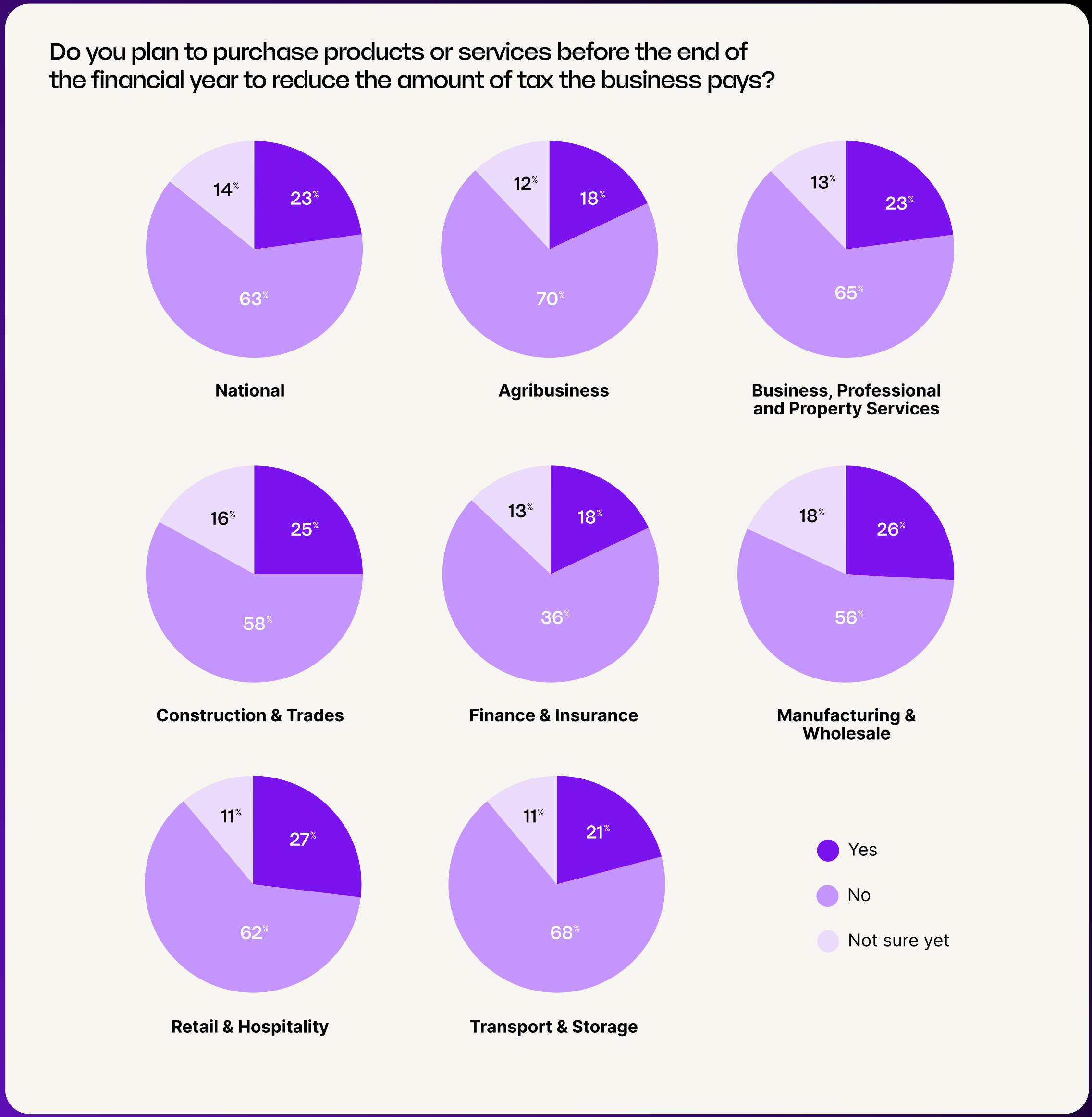
End of the Financial Year (EOFY) can provide a welcome injection to the local economy – which could also benefit the SME sector more broadly. According to the MYOB Bi-Annual Business Monitor, almost quarter (23%) of SMEs surveyed plan to increase their spending on products and services before June 30th to reduce the amount of tax they will pay.

Ten per cent of businesses are also planning an EOFY sale, with a further 4% considering the option. This is a popular promotional tactic amongst mid-sized businesses, with 27% of businesses employing between 20 and 199 employees planning an EOFY sale. Almost a fifth (19%) of local retailers also plan to make the most of the opportunity the EOFY period provides to attract more shoppers with a dedicated sale.

Heading into tax time, most respondents to the MYOB Bi-Annual Business Monitor report their stress levels in relation to EOFY reporting are hovering around a 5 out of 10. For almost a fifth (18%) of those surveyed, the EOFY is an extremely stressful period (7–10/10).

To help reduce that stress, two-thirds (66%) of SMEs take the sensible step of using a third party, such as an accountant, to lodge their tax returns. This practice is particularly commonplace amongst smaller businesses with 1–4 employees (77%) and 5–19 employees (72%) who often don't have a dedicated accounts team or tax expert within the business.

For the almost one third (29%) of Australian SMEs business owners and operators who file their own tax returns, especially the over half (53%) of Gen Z (18–29) business owners, harnessing digital tools could be the key to decreasing EOFY stress, reducing the risk of any errors and freeing up time to focus on running the business.



Key Takeaways

Stability maintains in economic uncertainty

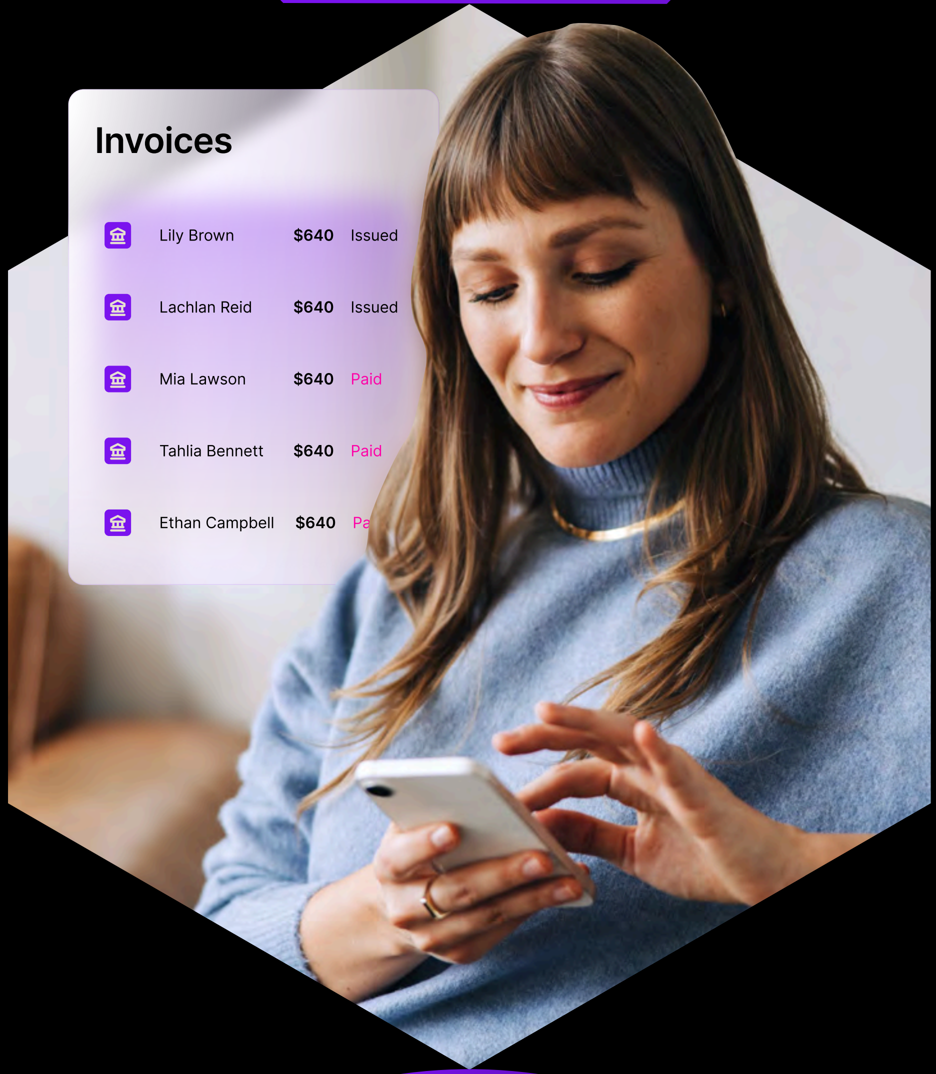
While revenue and profitability growth has been constrained, most responding SMEs have been able to stay the course in the last 12 months, maintaining stable cash levels in the face of a dynamic and uncertain global economic landscape. We expect this signature resiliency to remain intact for SMEs across the year if current conditions hold.

The EOFY opportunity

End of Financial Year is a stressful time for many business owners. But it can also offer some opportunities to engage with customers, generate more sales and reduce the business' tax liabilities by making productive capital investments.

Digitisation driving productivity

Given current economic constraints, small margins can make a major difference – especially when using tools that can improve productivity, increase customer engagement and generate more sales. With online tools – including emerging AI platforms and solutions – providing real and measurable improvements for local businesses, digitisation represents a significant opportunity for growth.



Thank you

About the MYOB Business Monitor

The MYOB Business Monitor researches business performance and attitudes regarding areas such as profitability, cash flow, pipeline work, technology usage and the government. This report presents the summary findings for key indicators from the MYOB Business Monitor comprising a national sample of 1,087 business owners, managers and directors (operators), conducted from April 10, 2025 to 14 May, 2025.

The businesses participating in the online survey were both non-employing and employing businesses. All data has been weighted by industry type, location and number of employees, which are in line with the Australian Bureau of Statistics (ABS - Counts of Australian businesses, including entries & exits - 8165.0).

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