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Advisory #7

Attached is a statewide survey conducted by the Montana Bankers Association regarding the impacts of a “second wave” of COVID-19 restrictions and the need for more targeted support for those businesses that are being impacted the most. 58 bankers responded.

This information was shared with the Montana Congressional delegation and the Montana Chamber of Commerce, Montana Retail, Restaurant, Lodging and Hospitality Associations.

Highlights include:

1. More than 80% of Montana bankers who serve business customers believe additional financial assistance from the Federal government is required in order to help Montana businesses cope with the recently imposed business restrictions due to the Covid-19 pandemic. Overall, there is a sense of urgency that this assistance come “sooner than later” or action be taken “now.”

More than 37% of the 58 Montana bankers surveyed, agreed that the U.S. Congress and President should “take action now” to put in place new government financial assistance programs that will help struggling Montana businesses. They agreed that “this is just as serious, possibly more so, than the March/April 2020 shut down.” More than 44% of the bankers survey indicated that the previously implemented financial assistance were “very useful.” They agreed that additional financial assistance is necessary for some of their business customers, help that they hope will come “sooner than later, but we are not at a crisis point.” Less than 18% of the Montana bankers surveyed agreed that their customers are “doing fine” and no additional financial assistance is required from the government (Q2).

2. A new round of financial assistance promises to help prevent many Montana businesses from going bankrupt in 2021. If a new round of financial assistance from the Federal government is made available, the number of Montana businesses who participate may decrease. More than 42% of the bankers surveyed believed that 20% or more of their business customers will go out of business if there is not a second round of financial assistance from the Federal government (Q5).

More than 44% of the Montana bankers surveyed indicated most of their business customers are “doing fine” and continue to recover from the Spring 2020 shut down. Thirty-three percent of the bankers surveyed indicated that many of their business customers who survived thanks, in part, to the first CARES Act (PPP) financial assistance, will go out of business in 2021 (Q4).

3. For the most part, employers in Montana who leveraged the CARES ACT (PPP) financial assistance continue to keep their employees on board at this point.

Eighty-six percent of the bankers surveyed reported that fewer than 25 percent of their business customers are now laying off or terminating employees, with only 13% reporting that layoffs or terminations are at a rate higher than 25% (Q3).