

WOMEN BUSINESS OWNERS

by [Steve Brown](#)

In the past 16Ys, the number of women-owned businesses grew at 1.5X the national average, according to a recent study by American Express OPEN. In fact, the study found that the growth in the number, employment and revenues of women-owned firms over this period exceeds the growth rates of all but the largest, publicly traded firms. It also handily beats the growth rates in number, employment and revenue of all privately held businesses over this period.

Given these high growth rates, women business owners represent a viable opportunity for community banks. At the same time, banks need to be mindful of specific challenges women business owners face, as well as a thing or two about the way women business owners view banks.

Access to capital is a major challenge for women business owners. Small businesses in general have had a hard time getting loans, but women-owned businesses have had an even tougher time, research shows. For example, according to a recent study by Biz2Credit, small business loan approval rates for women-owned companies are 15% to 20% lower than they are for male-owned companies.

Findings from the 2013 State of Women-Owned Businesses survey shows that most women owners finance their businesses through credit cards, earnings or private sources such as personal savings or assistance from family or friends. At the same time, the survey by the National Association of Women Business Owners, found that 78% of respondents did not seek a new or extended line of credit in the past year. Within that majority, a disturbing 32% of women business owners did not think they could get credit if they tried.

Banks who want to gain traction with women business owners need to provide them the funding they need to get started or to grow. Given such high success and growth rates, banks may want to consider making an extra effort on loans to women to boost revenue opportunities. Like most small businesses, women-owned firms are also in need of both business and financial services-related advice. Becoming a provider of choice, however, requires understanding the ways in which women-led businesses differ from male-owned firms.

CEB Commercial Banking, a membership organization for senior small business and mid-corporate business banking executives, did a study a while back comparing male and female small business owners. What they found was that women business owners emphasize bank reputation and ability to resolve problems, while men are more likely to value access to credit and ability to address financial needs. The study also found that while both men and women emphasize the banks' capabilities over those of the relationship manager, male business owners are slightly more likely to value the relationship manager than women.

Studies also show women-business owners are a loyal bunch. However, to gain their trust and subsequently their business, you first have to make the effort to understand the specific challenges they face and the way they prefer to do business. Given the growth rates, banks should think hard about whether current programs are doing enough to capture and support this important and growing demographic.

BANK NEWS

M&A

Bloomberg reports Google has purchased an interest in peer to peer online funding company LendingClub. LendingClub takes funds from retail and institutional investors and directs them to consumers and small businesses seeking loans of up to \$35,000 currently and has funded \$2B so far.

M&A: Sterling Financial (\$9.3B, WA) will buy Commerce National Bank (\$248mm, CA) for \$42.9mm.

M&A: Ameris Bancorp (\$3.0B, GA) will buy Prosperity Bank (\$737mm, FL) for \$15.7mm in cash and equity. M&A: Brokerage firm D.A. Davidson will buy money management firm Crowell, Weedon for an

undisclosed sum. M&A: Private ATM operator Cardtronics said it will buy the assets of Aptus Financial for an undisclosed sum. Cardtronics adds 3,300 ATMs to its existing 65,900.

Competition

Bank of America has begun rolling out new mobile banking features that will allow people to schedule a visit with a banker, replace lost debit cards, alert the bank when traveling to accept payments abroad, make person to person payments, click to reach a live person and view past statements as far back as 18 months.

Competition

US Bank has begun testing a mobile banking app that will allow customers to use voice activation to check balances, transfer money, pay bills, review transactions and do other things with their phone. If this works well, it could also eventually replace pins and passwords for mobile banking.

Record Low

FHLMC reports 15Y mortgage rates hit an all- time low this week and 30Y mortgage rates are 9bp above their all time low.

Small Biz

A survey by US Bank finds 45% of small business owners think the country is in economic recovery, but 43% do not and 10% are unsure (only 1% said it was expanding).

Lawsuit

The FDIC has sued the former directors of failed Champion Bank (\$114mm, MO) alleging they violated their own credit policies and recklessly invested in failing housing developments.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.