



## Three Ways To Engage Minority-Owned Businesses

business customers customer experience

**Summary:** There are opportunities to reach out to diverse communities and cultivate new customer relationships. We give you three ways to do it.

According to [The Brookings Institution](#) based on the most recent Census Bureau data, almost 40% of Americans under the age of 16 are Black, Latino or Hispanic. While they may not be business owners yet, it may not be long before they think about their future and the opportunities of a business owner.

Even today, communities of diversity offer sources of new customers for many community financial institutions (CFIs), and many of these business owners are still struggling through this pandemic. Consider the PPP loan program, which has been a lifeline to many small businesses. But Black and Latino business owners have been underrepresented in this program, according to a survey done by Color of Change and UnidosUS, two equal-rights organizations. Only 12% of the Black and Latino business owners who participated in the survey received what they requested from the PPP program; 26% said that they'd gotten a small fraction of the help they requested. That contrasts with a Census Bureau survey that reported 38% of small businesses overall got the help they asked for from PPP. The difference often came down to how and where the business banked, according to several sources. Worse, about half of these minority business owners said they'd probably have to close their businesses.

There are opportunities to reach out to those communities and cultivate new customer relationships. We give you three ways to do this.

1. **Look within.** To begin the process, talk to your employees who are people of color. It may help to use a facilitator to know how to properly coordinate and direct the discussion. But, they will likely be happy to give you some thoughts on how to reach out to minority-owned businesses.
2. **Network.** Find ways to stand out in diverse neighborhoods. You may want to provide financial training to neighborhood businesses or simply let them know you are available to discuss any services they may need. Minorities are sometimes more tentative of financial institutions, so knowing that ahead of time, be patient and educational first and foremost. [Nearly a third of unbanked households \(25% of the unbanked](#) are Black or Hispanic) indicate distrust is a big factor in not having a bank account.
3. **Industry partnerships.** At the same time, the [FDIC can help you find partnerships](#) within the minority banking and finance culture. Financial institutions that operate within minority communities are a distinct group, and they are experts in understanding and working with minority business owners. Their shared expertise can help you better serve your own customers.

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