



You Could Become Part of the Boom in Women-Owned Businesses

business customers DEI

Summary: Women are launching businesses at a more aggressive rate than men, yet lending disparities continue to favor men as entrepreneurs. With women-owned businesses representing \$2.7T in revenue, CFIs should be actively targeting this group.

In the 2023 blockbuster movie “Barbie,” all of the Barbies and Kens live in Barbieland — a fictional land populated only by Mattel’s famed dolls. In Barbieland, the Barbies run the government and hold all of the jobs, while the Kens stay on the beach. However, when one Barbie and one Ken travel to the real world in California, they come to understand that the norms of Barbieland’s society don’t apply. Barbie is captured and taken to the board room at Mattel, where she assumes a woman will be in charge, but ironically, there are only men running Mattel. Ken ventures off on his own and visits a large office building, where he sees only men working and advertisements that project men as being powerful and in charge.

While the film depicts Barbieland and the real world as being places where one gender runs everything, these are satirical representations, used to make a point about how women are still trying to prove their value in the professional world. Although men continue to dominate the business world, women are making significant inroads. In fact, the number of women starting new businesses now outpaces the number of men.

Between 2012 and 2019, the number of [women who launched businesses rose by 16.7%](#), compared with a 5.2% increase in the number of men who launched businesses during the same period, according to the National Women’s Business Council. The trend has only continued to pick up speed.

Rocketing Ahead

Between 2019 and 2023, the number of businesses launched by women outpaced those launched by men at almost double the rate, with the rate [increasing to 4.5x](#) between 2022 and 2023, according to the 2024 Wells Fargo “Impact of Women-Owned Business Report.” Among millennials, the disparity is even higher, with women business owners outnumbering men by 36%, according to the findings of Guidant Financials’ 2023 Small Business Trends Study.

Ironically, while shutdowns that resulted from COVID-19 forced many women to leave the work world to care for children and family members, the pandemic was actually good for women entrepreneurs. Amid huge support for small businesses, women were able to readily access funding through programs like the Paycheck Protection Program. Women-owned businesses now represent 39.1% of all businesses, account for 12.2MM jobs, and are responsible for generating revenue of roughly \$2.7T.

Uneven Playing Field

Despite the rising number of women entrepreneurs, however, now that pandemic-related funding has dried up, lending disparities have returned. Much like the pervasive pay inequity between genders, women have a harder time securing loans than men. According to data from Pitchbook, though women-owned businesses represent roughly one-fifth of employers, they landed a mere [2% of venture capital investments in 2023](#).

As a result, when women do launch businesses, they typically do so with [53% less capital than men](#) who are starting similar businesses, according to the Tory Burch Foundation. According to Biz2Credit's 2023 "Annual Women-Owned Business Study," in 2022, the [average business loan to women was \\$55,898](#) compared to \$93,976 for men.

Missed Opportunities

As the number of women launching businesses continues to climb and those who have already launched seek to expand, women-owned businesses provide a major lending opportunity for community financial institutions (CFIs) — particularly given the difficulty many women entrepreneurs have had securing lending. Given the right support, Wells Fargo predicts that women-owned businesses have the potential to generate an additional [\\$7.9T in revenue](#), so CFIs would be well served by aggressively targeting this demographic.

When focusing on women-owned businesses and women entrepreneurs, there are a few things you may want to consider:

- **Breaking new ground.** Until now, women-owned businesses have primarily centered on four main industries: health care and social assistance, administrative and support services, professional and technical services, and personal care and beauty services. However, Wells Fargo found that women-owned businesses have been increasingly moving into additional areas, including the transportation and warehouse industry, real estate, employer finance and insurance, and education services. Forward-thinking CFIs may want to explore how to align service offerings to women in these nontraditional industries.
- **Equal representation.** Women have historically [felt underrepresented by financial institutions](#), so CFIs should target women-owned businesses with educational offerings tailored to this group. Though women are equally competent when it comes to running businesses as their male counterparts, there are differences that should not be ignored — such as the fact that women have longer life expectancies than men. CFIs should develop educational programs and financial services for retirement and succession planning that meet women's needs.
- **Customized services.** There is a difference in the way men and women view money and wealth, with women typically focused on longer-term goals centered around family and security. When marketing to women-owned businesses, CFIs should take these differences into account. Similarly, women business owners should not be treated as a homogenous customer segment. Instead, CFIs should take the time to look at differences between women-owned businesses — ethnicity, age, race, and educational level — and factor in how such differences may impact the needs of individual customers. This could take the form of revamping existing services or conducting market research to see what new offerings would best serve various demographics in women-owned businesses.

Women business owners represent an underserved business segment with a major growth prospect that should not be ignored by CFIs. Taking the time to serve this demographic in a way that shows an understanding of their needs could help CFIs attract new business customers who could ultimately be a major source of revenue.

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ECONOMY & RATES

Rates As Of: 03/25/2024 07:16AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.46	0.01	0.06
6M	5.34	0.04	0.08
1Y	4.98	-0.02	0.21
2Y	4.61	-0.01	0.36
5Y	4.23	-0.02	0.38
10Y	4.24	-0.01	0.36
30Y	4.41	0.04	0.38
FF Market	FF Disc	LOBB	
5.33	5.50	5.40	
SOFR	Prime	QBFR	
5.31	8.50	5.32	

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