



Women in Business

An Experian Credit Study



Presented by
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Analytical Consulting Manager
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Presenter



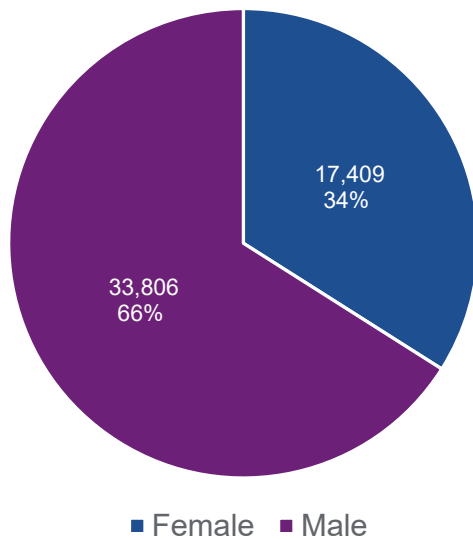
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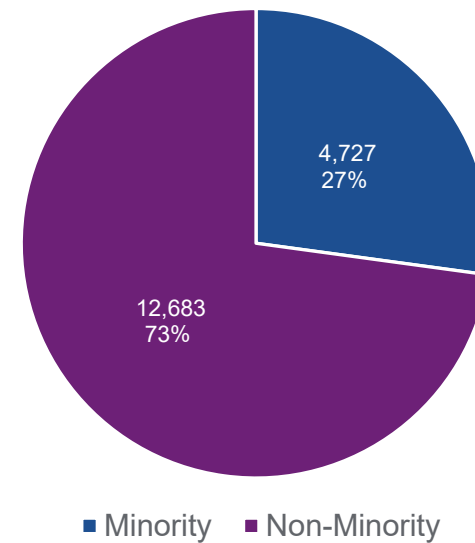
- Manages the Small Business Ascend Analytic Consulting team
- Passionate about bringing new innovations and insights to market using Ascend products for small business lenders and insurers
- Experience working in analytics within both the banking and health insurance sectors plus 4 years of experience with Experian
- MBA graduate from Carnegie Mellon University Tepper School of Business with a concentration in Quantitative Analysis

Women lag men in new business starts and minority women lag non-minority women

New Business Starts by Gender



New Woman Led Businesses by Minority Status



Source: US Census Bureau, Annual Business Survey

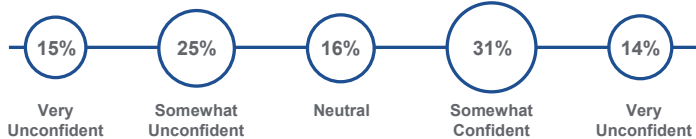


Women small business owners are optimistic about opportunities for small businesses post-Covid

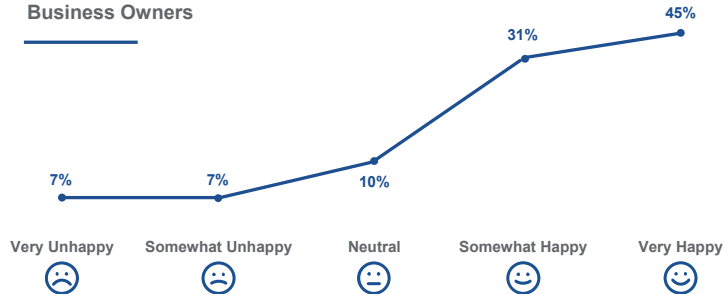
Motivations for opening a business



Confidence in Small Business Post-COVID



Happiness levels of Small Business Owners



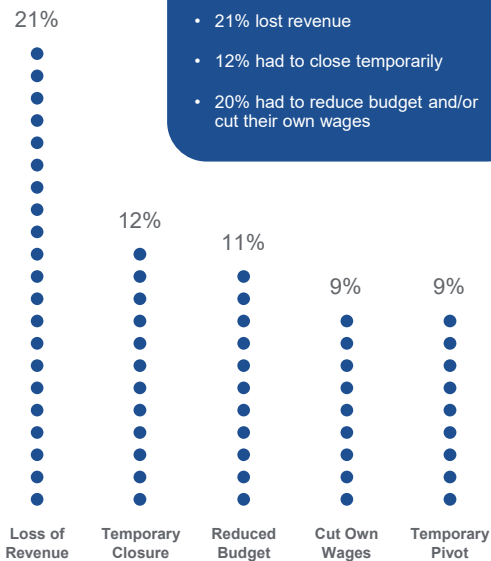
Good news from women business owners:

- 45% have confidence in small business post-Covid
- 76% are either somewhat happy or very happy
- 49% started businesses because they wanted to be their own boss or to pursue their passion

Source: <https://www.guidantfinancial.com/learning-center/infographics/2021-women-in-business/>

There have been real detrimental impacts due to Covid

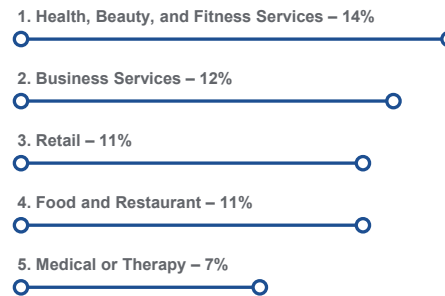
5 Most Common COVID Impacts



Women owned businesses have been negatively impacted by Covid

- 21% lost revenue
- 12% had to close temporarily
- 20% had to reduce budget and/or cut their own wages

Top Five Small Business Industries



Expecting to Survive COVID



The industries where women business owners are most concentrated tend to be those that were most affected by Covid leading 23% to worry whether their businesses will survive

- Health, Beauty, and Fitness
- Retail
- Food and Restaurant

Source: <https://www.guidantfinancial.com/learning-center/infographics/2021-women-in-business/>

Women led businesses face different types of challenges other than Covid with 17% citing lack of capital or cash flow

Top 5 Non-COVID Challenges Faced by Women Small Business Owners



24%

Marketing/
Advertising



17%

Lack of Capital/
Cash Flow



15%

Recruiting/
Retention of Employees



14%

Managing/
Providing Benefits



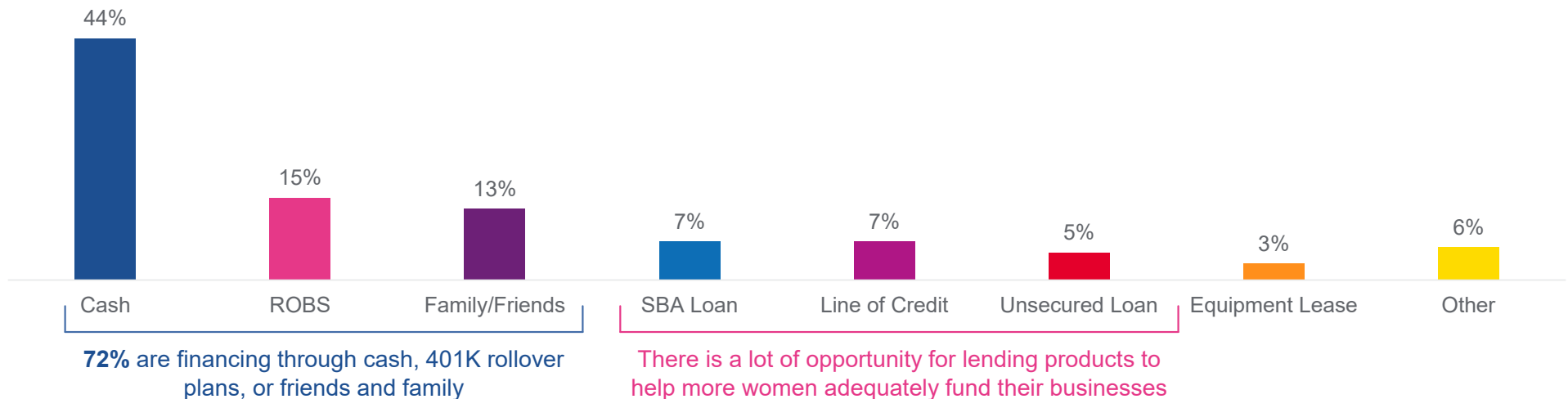
13%

Administrative Work
(Bookkeeping, payroll, etc.)

Source: <https://www.guidantfinancial.com/small-business-trends/women-in-business/>

Women are financing their businesses personally more than through traditional credit avenues

Most Popular Financing Methods



Source: <https://www.guidantfinancial.com/small-business-trends/women-in-business/>



State of Women in Business

Women-owned businesses are increasing in numbers, but women still face significant challenges

According to Forbes, despite increasing growth in new business start-ups by women, they still face barriers to success:

Limited funding

- Only about 2.3% of venture capital goes to women entrepreneurs
- Disparity in funding leads to male start-ups being 3.5 times more likely to generate \$1 million in revenue than start-ups by women

Lack of support

- 48% of women in business lack competent advisors to guide them

Covid-19

- A significant percentage of women-owned businesses are in hospitality, wholesale and retail businesses – all of which were disproportionately negatively affected by the pandemic

Source: <https://www.forbes.com/sites/forbesbusinesscouncil/2021/09/21/overcoming-some-of-the-barriers-to-women-entrepreneurship/?sh=292427f22780>



Challenges to women entrepreneurs are not only financial

Women face a greater burden from inconsistent childcare availability

Childcare centers are small businesses:

- About 90% of childcare small businesses are owned by women
- It was left out of the economic aid provided to other small businesses during the pandemic

Childcare is a business issue – and one that affects women more than men

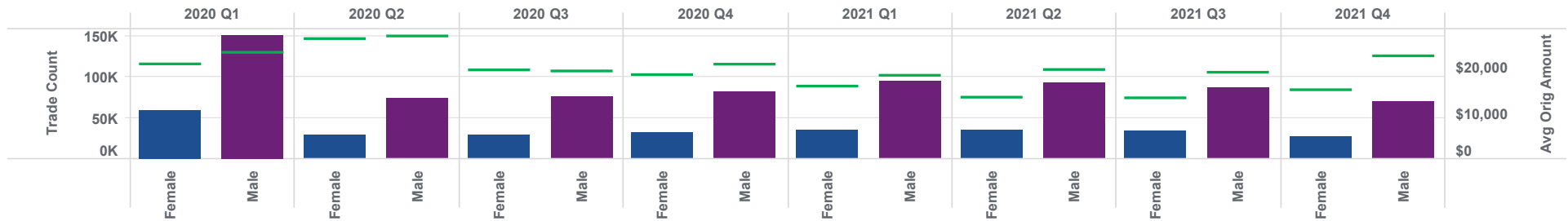
- 26% of women in an HBR survey who became unemployed said it was because of a lack of childcare
- Covid-19 exacerbated household inequities, especially for minority women and single mothers
- GDP could be 5% higher if women participated in the workforce at the same rate as men

Source: https://cdn.www.nwbc.gov/wp-content/uploads/2021/02/03200805/FY2020-Roundtable-Report-NWBC_Final.pdf, <https://hbr.org/2021/04/childcare-is-a-business-issue>

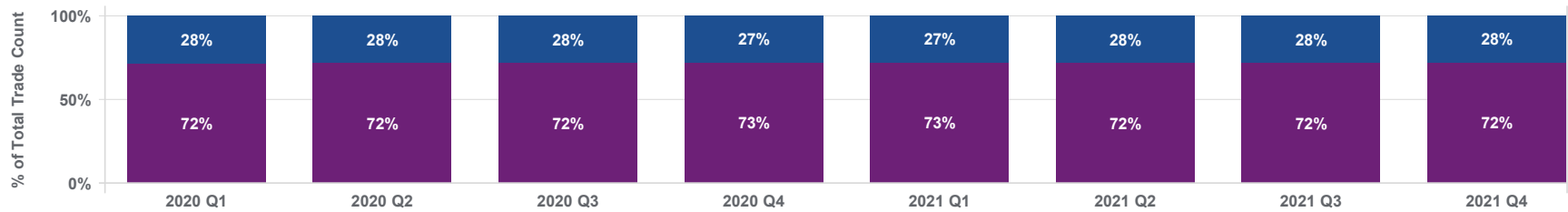


Women led businesses remain at ~29% of new originations*

New Originations by Gender



New Origination Proportions by Gender

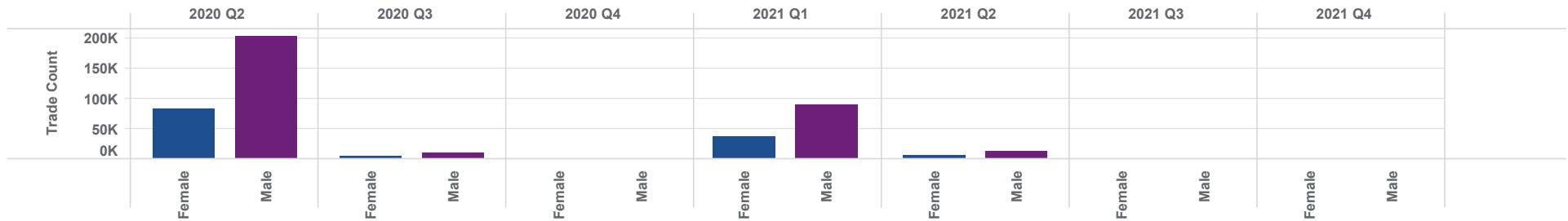


* All loan and line types included except the Payment Protection Program loans

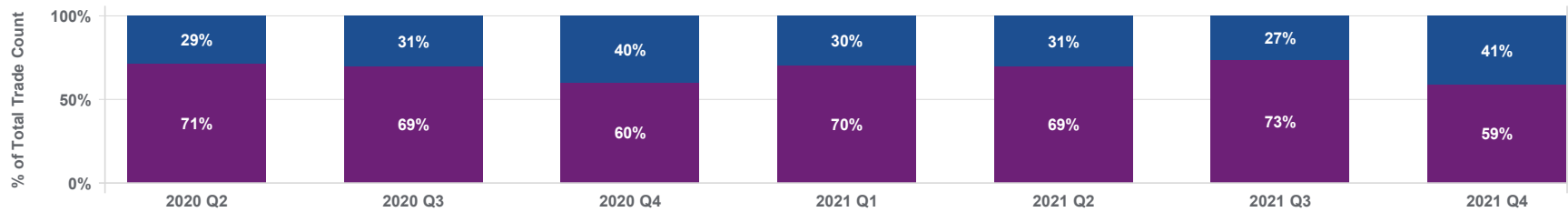


Women led businesses also took out fewer PPP loans

New Originations by Gender PPP

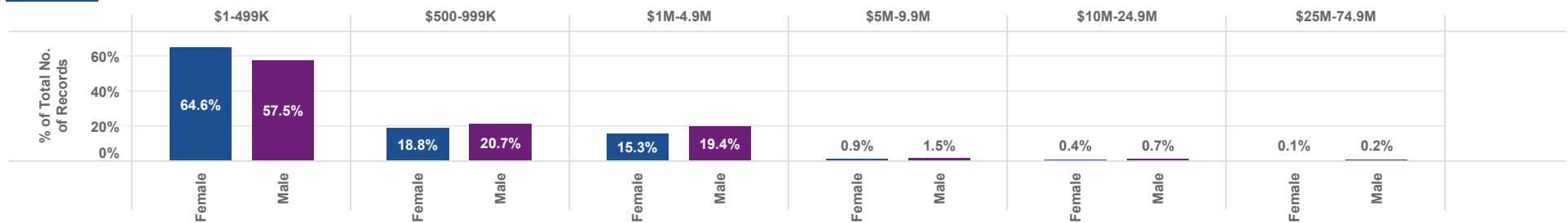


New Origination Proportions by Gender

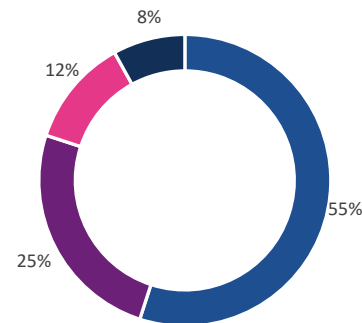


Women led businesses continue to be more concentrated in the lower revenue businesses

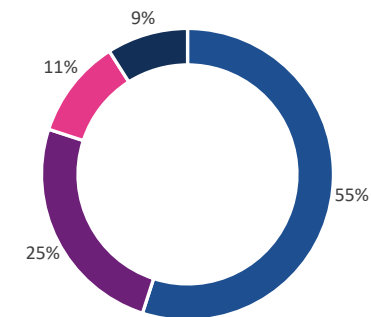
Company Size



Women Led Businesses # of Employees



Male Led Businesses # of Employees

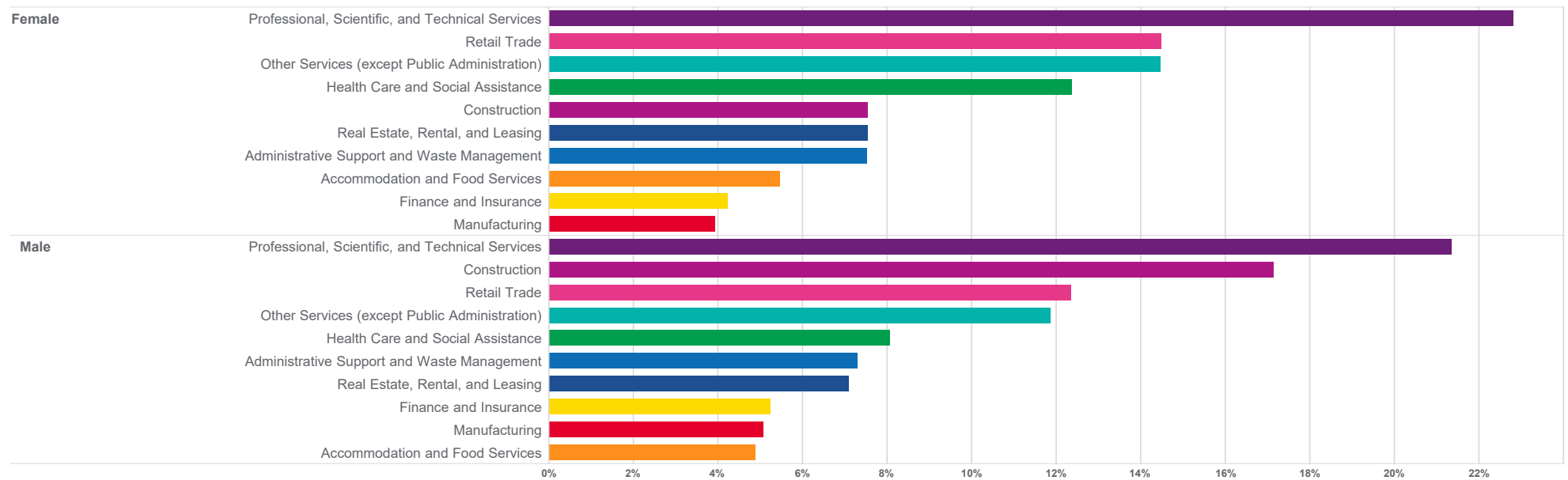


The size of businesses led by men and women is the same, but businesses led by men tend to be higher revenue



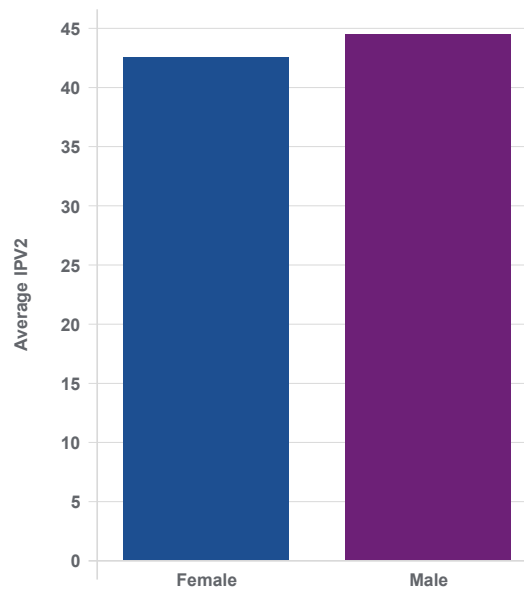
Top 5 industries are the same but in a different order by gender

NAICS Industry by Gender

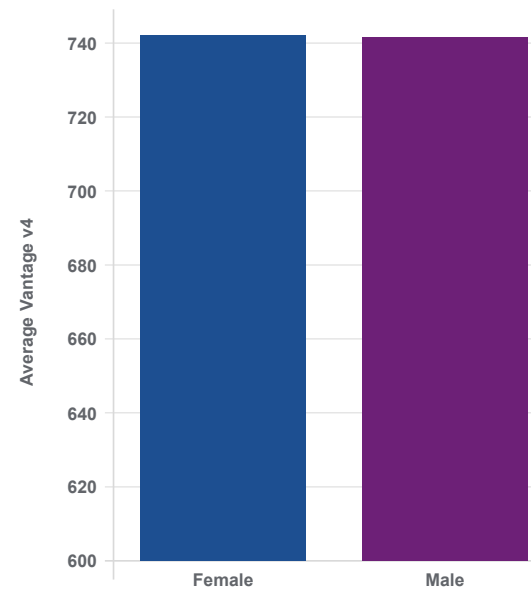


Women have lower business risk scores but equal consumer risk scores

Average IPV2

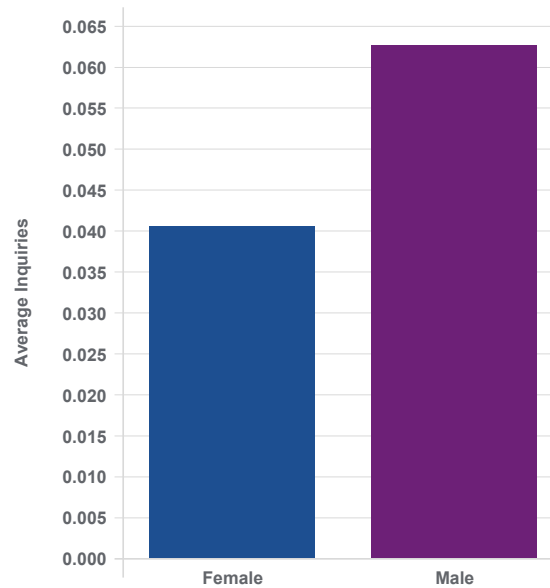


Average Vantage

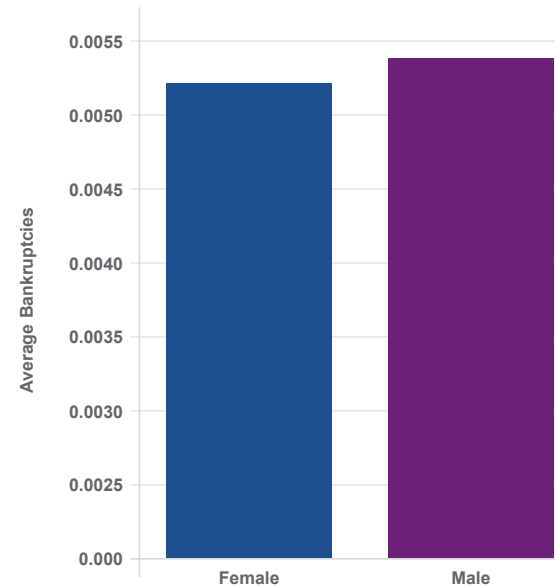


Women business owners are not seeking credit as often as their male counterparts, they also average fewer bankruptcies

Average Inquiries

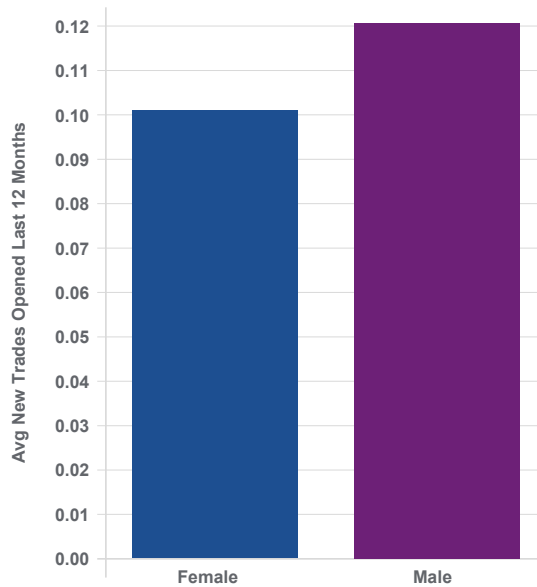


Average Bankruptcies

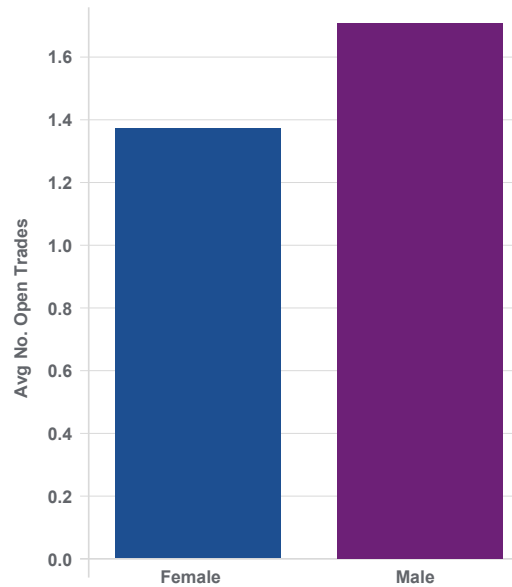


Women business owners have fewer new trades, fewer open trades, and lower average balances and limits

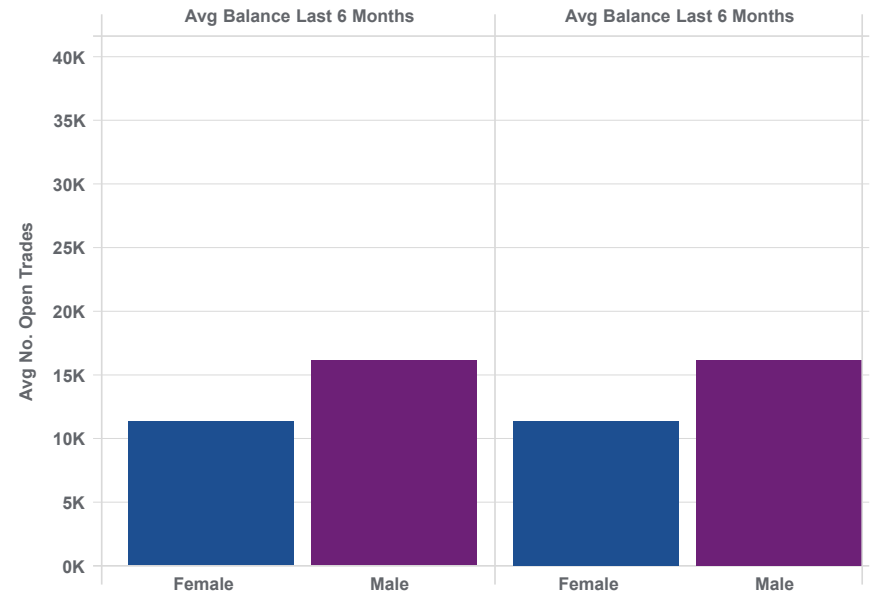
Average No. New Trades



Average No. Open Trades



Average Balance and Loan/Line Amount



There are areas of opportunity to improve accessibility by government, the financial industry, and Experian

Governmental

- Consider Covid a natural disaster so relief funds can be used for operating expenses
- Childcare – availability, subsidies

Financial Industry

- Programs focused on acquiring women and minority business owner customers
- Look to see if origination policies/score cards are neutral

Experian

- Business Ambassador Program – address women/minority business owner groups
- Partnerships with CDFI's
- Credit education programs
- Alternative data for decisioning (DDA)
- Credit Match

