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FEMALE ENTREPRENEURS IN THE US ARE SECURING 8% LESS CAPITAL THAN THEIR MALE COUNTERPARTS

HSBC 'She's the Business' report reveals challenges female entrepreneurs face when seeking investment

NEW YORK – New research published today by HSBC Private Banking reveals that almost half of female entrepreneurs in the US experience gender bias when raising capital for their business. The bias becomes apparent during the investment process, when female entrepreneurs are asked questions about their family circumstances, their credibility as business leaders and loss prevention. The research found significant differences across markets, with female entrepreneurs in the UK and US experiencing the highest levels of gender bias (54% and 46%, respectively) and those in mainland China experiencing the lowest levels of gender bias at 17%.

In addition, almost two thirds (61%) of female entrepreneurs pitch to all or predominantly male investors, with less than one in 10 pitching to all or mostly female investors.

HSBC Private Banking commissioned the *'She's the Business'* report to explore the challenges female entrepreneurs face when seeking investment. The research, conducted amongst more than 1,200 entrepreneurs in Europe, Asia, the Middle East and the US, will help inform HSBC Private Banking's ongoing work to overcome the barriers facing female entrepreneurs during the investment process.

"We're committed to taking an active role in understanding the barriers that are preventing female entrepreneurs from reaching their full potential and to providing these women with the opportunities and resources they need to help grow their business," said Heather Flanagan, Head of Private Wealth Solutions, HSBC Private Banking, Americas.

Confidence is Key

The research revealed that 68% of female entrepreneurs in the US are confident during the pitch process, but later, when they were asked about what they would do differently, the same women ranked confidence as their number one area for improvement.

Female respondents on the whole displayed a greater tendency toward introspection and self-criticism as they reflected on what they could have done better in the pitch. Unlike their male counterparts – who are more likely to wish that they had done more preparation – our findings reveal that women are more likely to wish they had managed to stay positive and maintain a more consistently optimistic approach throughout the investment process.

Key findings include:

- **Globally, half of female entrepreneurs' investment pitches are denied funding**
 - Female entrepreneurs are most likely to be denied funding in Hong Kong (68%) and Singapore (59%), and are most likely to be successful in the US (65%) and France (62%).

- **There are a number of factors that female entrepreneurs suggest need to change to help improve the investment process including:**

- *Access to networks:* Having a strong support network is essential for entrepreneurial success, however a lack of peers and mentors is limiting female entrepreneurs in terms of growth. Having access to business networks can help female entrepreneurs facilitate introductions and connections to help scale their business.
- *Overcoming bias:* Female entrepreneurs felt bias could be prevented with the help of investors, for example by regular reviews of their investment choices (73%) and by having mixed investor panels (46%).
- *Investment knowledge:* Female entrepreneurs would like greater clarity on the specific investment criteria needed to be included in pitch presentations and would like more transparency around the entire investment process.

“This research shows the importance of women supporting one another on a global scale. At AllBright, we are making networks available to female entrepreneurs to build connections with fellow entrepreneurs and investors alike,” said Debbie Woskwo OBE, co-founder of AllBright. “Our partnership with HSBC Private Banking is bringing expertise to female entrepreneurs as part of our shared ambition to help them grow.”

HSBC Private Banking is committed to supporting female entrepreneurs to overcome the challenges during the investment process in a number of ways, including:

- Supporting the AllBright Pitch Day series in the UK and the US by mentoring businesses, providing expertise and leveraging its extensive networks to provide female entrepreneurs with extra support.
- Partnering with AllBright to host a week long AllBright ‘pop-up’ in November including Pitch Days, pitch courses and investor workshops.
- Serving as a founding partner of The WealthiHer Network, alongside some of Britain’s biggest financial institutions, to champion the diversity of women’s wealth and support female investors and entrepreneurs. Other financial institutions involved include Barclays and JP Morgan.

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- For further findings from She’s the Business, visit: hsbcprivatebank.com and download the report.
- Bias includes social class, gender, age, educational background, sector and ethnicity.

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Notes to editors:

About the research: Commissioned by HSBC Private Banking, the research was conducted by Kantar and Savanta between June 2019 – July 2019 and includes the views of over 1,200 entrepreneurs in eight markets, as well as in-depth entrepreneur and investor interviews. The respondents were a) major shareholders and active decision makers in a privately owned business, and b) who had secured or are in the process of securing £100,000 capital, excluding self-funding or via friends and family. The research covered

mainland China, France, Hong Kong, Saudi Arabia, Singapore, UK, the United Arab Emirates, and the USA.

About HSBC Bank, USA

HSBC Bank USA, National Association (HSBC Bank USA, N.A.) serves customers through retail banking and wealth management, commercial banking, private banking, and global banking and markets segments. It operates bank branches in: California; Connecticut; Washington, D.C.; Florida; Maryland; New Jersey; New York; Pennsylvania; Virginia; and Washington. HSBC Bank USA, N.A. is the principal subsidiary of HSBC USA Inc., a wholly-owned subsidiary of HSBC North America Holdings Inc. HSBC Bank USA, N.A. is a Member of FDIC. Investment and brokerage services are provided through HSBC Securities (USA) Inc., (Member NYSE/FINRA/SIPC) and insurance products are provided through HSBC Insurance Agency (USA) Inc.

About HSBC Private Banking

As part of the HSBC Group, one of the world’s largest banking and financial services organisations, HSBC Private Banking seeks to be the leading international private bank for business owners and their families. It provides clients with wealth, business and family succession solutions in the largest and fastest growing markets around the world. HSBC Private Bank is the marketing name for the private banking business conducted by the principal private banking subsidiaries of the HSBC Group. For more information, visit www.hsbcprivatebank.com

About AllBright

AllBright celebrates and champions women to inspire change through members’ clubs, the AllBright digital Academy and a programme of live events. Designed to enable the necessary skills, connections and confidence smart women need to thrive, AllBright runs a monthly pitch day for female founders, as well as digital training and in-person workshops through its Academy.

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