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## PRESS RELEASE

# Bank of family and friends: Black entrepreneurs are more likely to rely on their community to grow their businesses

- Only 12% of Black business owners turn to banks when seeking advice and support.
- Black business owners and future entrepreneurs are far more likely to rely on their friends and family for support, hampering their chances of growth and productivity.

Black entrepreneurs and business owners are seeking support and advice from friends (31%), family (26%) or turning to Black community groups or social media groups (29%) with only 12% approaching banks.

The Black. British. In Business & Proud Report 2022, in its second year, highlights the trust gap between Black business communities and formal institutions, such as banks and government and focuses on the experiences of Black entrepreneurs as they look to grow their businesses.

The report, which surveyed nearly 1,000 participants from Black communities in Britain, found only three in ten Black business owners approach banks for finance, with two in ten taking a bank loan to support their businesses. Findings show that only 40% of Black business owners trust banks (compared to 43% last year) and the reliance on small, personal loans from family or self-financing is hampering growth and productivity.

In addition, Black business owners will face further headwinds due to the sectors their businesses sit within. The largest sector represented by Black business owners was leisure (30%): encompassing hospitality, the arts, fashion and beauty. Following a challenging few-years for the hospitality and leisure sectors, these sectors face being hit hard by inflationary pressures.

**Shari Leigh, Founder of Black Business Network and member of the Black Business Advisory Committee said:** *“There are several reasons that Black entrepreneurs choose to stay within their own community when it comes to seeking funding and advice for their businesses.*

*“This year’s report has shown a rise in experiences of discrimination from 51% to 67%; with 58% of those experiences having an impact on their mental health. Coupled with the fear of rejection from banks because of their socio-economic background; it is not hard to understand why Black entrepreneurs are choosing to self-fund; but as a community with limited generational wealth, using friends, family and personal collateral for fundraising means Black entrepreneurs are only raising on average £2,000 to finance their businesses.*

*“The impact means Black entrepreneurs cannot afford to work on their businesses full time, source staff with the correct expertise or create solid strategies for growth. Black families are already being hit hard by the cost of living and Black businesses are preparing for some challenging months*



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*ahead, with inflation and rising energy prices; so now more than ever, the work needs to be done by these institutions to repair trust and breakdown barriers on a systemic level.*

*“This research is a useful tool for our community to continue to monitor the trends, patterns and challenges Black communities are facing; helping us to create an ecosystem that directly supports our journey to improve growth and success levels. It also helps banks and other financial institutions to understand what support they need to provide for Black businesses, especially during tough times, and how they can work with Black entrepreneurs to close the trust gap.”*

Responding to recommendations from the 2021 report, Lloyds Bank have worked with partners to provide support and build trust. The Foundervine Immerse programme has provided over 400 Black-owned businesses with comprehensive educational content and networking opportunities and events such as the Black Investor 360 Finance Festival has strengthened relationships with grassroots organisations. Working with Mentor Black Business, the bank has established more than one hundred mentoring relationships with Black-owned businesses across the country and has committed to one hundred more. The bank’s new Supply Chain Diversity Programme will ensure its supply base represents the community it serves.

**Elyn Corfield, CEO, Business and Commercial Banking, Lloyds Banking Group said:**

*“Supporting businesses is part of our core purpose of helping Britain prosper and these findings are key for us to better understand the ways in which we can support the Black business community. At Lloyds Bank, we are doing this through our Race Action Plan, and by working with our partners including the Black Business Network, Foundervine and the Black Business Advisory Committee. While I’m proud to see the impact these initiatives are having, there’s still a long way to go.*

*“Britain can only truly prosper when there are equitable opportunities. We, our financial services peers, government and other institutions share a collective responsibility to do more to help Black businesses thrive. We’re committed to use our influence to make bigger and faster changes, working collaboratively to ensure lasting change”.*

**Ends**

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#### **Notes to Editors**

Research conducted by Savanta, a UK-based data, market research and advisory company. Savanta interviewed 993 Black current and future entrepreneurs (538 Black business owners and 258 Black employees, 197 Black students) in the UK, from mid-May to mid-June.

Findings show the average turnover for a Black owned business is 25% less than the UK average.

The research findings have been shared and discussed with the Lloyds Bank Black Business Advisory Committee, Black community leaders and business owners to inform the following calls to action:



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1. Continue to use the 10 recommendations from the 2021 report as our charter for action, ensuring they are visible for all actors in the system to use
2. Build stronger financial services, industry and government collaboration
3. Build a UK-wide Black business ecosystem approach to enable collaboration and promote unity
4. Develop a community of Changemakers and Ambassadors which financial institutions can work closely with to help ensure actions have impact
5. Create bespoke layers of support depending on business stage, ensuring the whole business lifecycle is addressed

The Black Business Advisory Committee was established by Lloyds Bank to provide guidance on understanding and overcoming barriers to success for Black entrepreneurs in Britain.

Foundervine aims to build opportunities in underserved communities that help tomorrow's leaders shape the future. By connecting today's leaders with mission-led organisations, they are transforming society by making innovation open to anyone, anywhere.

Lloyds Bank is committed to a multi-year plan of research and actions to move the dial for Black entrepreneurial success. The Lloyds Bank supporting [Black-owned business hub](#) is a central source of information and support available and will be kept live with new initiatives.

Lloyds Banking Group's Race Action Plan focuses on three key areas of Culture, Recruitment and Progression to drive change internally and externally to accelerate the aim of creating an inclusive environment for everyone in the bank.

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