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# **Report 6 - Gendered Financial Challenges for Disadvantaged Women Entrepreneurs:**

## Insights from France and England

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# At a Glance

This report is a helpful resource for finance and banking institutions who want to understand the challenges that disadvantaged women entrepreneurs face and how it affects their access to finance. It can be used with awareness-raising training and resources to help bridge the financial lending gap between men and women entrepreneurs. The report provides insights into the experiences of disadvantaged women entrepreneurs and aims to create a more equitable and inclusive lending landscape through collaborations with these entrepreneurs.

The Accelerating Women's Enterprise (AWE) programme, funded by the European Regional Development Fund, was created to research and support women entrepreneurs facing further disadvantages in their early start-up or with their struggling businesses. Initially, the plan was to conduct Participatory Action Research with women entrepreneurs, but only one financial institution confirmed their participation, leading the AWE programme to pivot to create this awareness-raising resource.

The report is based on 159 interviews conducted with disadvantaged women entrepreneurs and entrepreneurial ecosystem stakeholders in France and England, as well as two focus groups in England. It highlights several challenges faced by these entrepreneurs, such as:

- **Implicit bias** e.g. lenders not taking them seriously as single parent, young or disabled, needing their husband to build their credibility;
- **Poor credit history** e.g. due to needing part time work, career breaks, child care costs, disadvantages of health and age;
- **Women's self-selected avoidance** e.g. due to perceived risks, lack of trust in lending decisions;
- **Lack of financial literacy and awareness of support** due to lack of professional networks;
- **Inflexible government support** where benefits can disincentivize business growth;
- **External economic shocks** e.g. challenges from COVID-19 and the cost of living crisis placing a greater burden and need on financing

Each challenge is addressed with solutions that include:

- **Staff training and development in Equality, Diversity and Inclusion (EDI)** for the finance and banking sector to better understand the needs of women entrepreneurs who experience disadvantage;
- **Alternative financing modes and awareness-raising** of those mechanisms from both traditional and alternative lenders;
- **Trust building** through greater transparency in lending decisions, loan decision rates and greater hiring of women in the industry;
- **Education, outreach and collaborations** with banks and lenders to enhance networks and financial literacy;
- **Recognition of the need for specific support for women's businesses** and those experiencing further disadvantage during times of economic crisis.

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Please note that all interviewees voluntarily participated in the study and were granted anonymity to ensure ethical compliance. Therefore, participants are not named.

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1.0

# Introduction to the Report

# 1.0 Introduction to the Report

## 1.1 Why read this?

The finance and banking sector widely acknowledge the gender-based finance gap in entrepreneurial finance and have done so for decades. However, the underlying reasons for this gap are not entirely clear as it is caused by a combination of supply and demand factors. We are beginning to understand that a range of additional factors such as age, ethnicity, employment status, location, disability, health, neurodiversity can make accessing finance for business growth even more challenging.

This report presents a brief review of existing research on access to finance. We draw on the experience of 159 women and entrepreneurial stakeholders and highlight additional barriers reported by disadvantaged women entrepreneurs on the AWE project. We also suggest actions that can be taken within the industry to build greater equity, build trust and support a broader range of entrepreneurs.

## 1.2 Our aims

### 1. Banks and lenders in the know

We offer this as a resource for finance and banking sector managers to begin to address the gender-based finance gap and provide better support for disadvantaged women entrepreneurs;

### 2. A platform for rarely heard women entrepreneurs

We provide insights into the struggles women face in seeking financial support and provide a platform for their voices to be heard;

### 3. The BIG discussion

We raise the questions “How can we make financing more inclusive? And how can we do this for women experiencing additional disadvantages and who could benefit from finance to grow their enterprise?”

### 4. More support for women entrepreneurs

The report includes perspectives from banks, financial agents, and ecosystem support providers to stimulate discussion and generate ideas for action. Through the report's findings and opinions, we aim to prompt action to further support women entrepreneurs faced with additional disadvantages in accessing finance.



### 1.3 About AWE and our Research

AWE is a European Regional Development Fund (ERDF) project that has advanced disadvantaged women's entrepreneurship through training, development, and research in the Channel region of France and England. In particular, we addressed the needs of women entrepreneurs who experience additional disadvantages so that we could better understand their struggles with their businesses and support them in early start-up and growth.

In the initial phase of our research, we conducted interviews with 75 disadvantaged women entrepreneurs in France and England. These revealed that access to finance was a significant obstacle for them in achieving business growth. This finding is consistent with existing academic literature and national reports, such as the Rose Review (Rose, 2019).

Whilst finance is usually considered an economic concept, it is also socially influenced by cultural biases and norms, which can impede women entrepreneurs from obtaining funding, even if their businesses are financially viable (Marlow and Patton, 2005). Our preliminary understanding from our interviews was that their intersecting disadvantages did indeed further affect their ability to access finance. This report begins to explore some of those findings, and we acknowledge that further research is needed to fully understand the challenges they face.

### 1.4 What does being disadvantaged mean?

In the AWE project, we define disadvantaged women entrepreneurs as:

"women that experience additional challenges in starting and running their enterprises over and above their gender and that relate to their health, caring responsibilities, location, skills and education, income and economic status, ethnicity, migrant status and age" (Danho, Dann, Doyle, and Johnston, 2021, p3).

The concept of intersections refers to various categories of an individual's identity that may lead to inequalities. When examining the intersectional nature of women, it becomes clear that each woman will experience their gender in a different way and as such women can not be considered a homogeneous group.

In this report, we explore some of these intersecting categories of disadvantage that can create further challenges for women entrepreneurs and can place them in a weaker social and economic position, making it more difficult for them to access finance. We highlight some of the policies that aim to address these issues and recommend additional actions to support this agenda. By acknowledging and addressing the multiple layers of disadvantages that some entrepreneurial women face, we are able to contribute to a more equitable and inclusive society.



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# Mind the Gap - what do we know about the gender gap in finance?

## 2.0 Mind the Gap - what do we know about the gender gap in finance?

Extensive research has been conducted on the resilience and disadvantages of women entrepreneurs, particularly in relation to finance (e.g. Mascia and Rossi, 2017; Wellalage and Locke, 2017). The gender gap in entrepreneurial finance has been extensively discussed (see Marlow and Patton, 2005; Carter et al., 2007), along with the reasons behind the gap and potential actions to address it<sup>1</sup>. These discussions examine both the supply and demand for finance and attempt to answer questions such as whether there is unequal demand for entrepreneurial finance between men and women, and if so, why, as well as whether banks and investors are providing fair access to finance for women entrepreneurs.

These questions have become even more crucial to address, given that women's businesses have been disproportionately affected during the pandemic and are now facing further challenges due to the cost of living crisis.

Sources of finance that are available for women entrepreneurs experiencing further disadvantages include informal finance (e.g. personal savings, friends and family), government support (e.g. benefits and government schemes), banks, private sector lenders, and to some extent equity investors. Our discussions focus predominantly on banks as a key vehicle for obtaining finance, recognising that other means of financing may be preferential alternatives to having their loan approved.

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### 2.1 Are women actively seeking business finance?

Previous studies have found that women entrepreneurs are less likely to seek loans, especially from traditional financial institutions such as banks. The gap in loan application rates is significant in the UK, where women are nearly twice as likely (46%) as men (25%) to NOT file a loan application due to anticipated issues with the loan process<sup>2</sup>. In France, only 10% of women entrepreneurs approach banks, which is a third lower than men entrepreneurs<sup>3</sup>.

The gap in loan applications has been attributed to several factors including the gender segregation of women's business, the tendency

for women to take career breaks for domestic duties, and accounts of discrimination that make loan applications more difficult for women (Marlow and Patton, 2005).

### 2.2 Are banks in the UK and France providing fair access to finance for women entrepreneurs?

The question of whether women face discrimination when seeking bank loans is complex and studies provide conflicting results. Some studies suggest that women entrepreneurs are less likely to have their loan approved than men, and if they are, they are more likely to face stricter loan terms such as higher interest rates and collateral requirements<sup>4</sup> (Cavalluzzo et al.,

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<sup>1</sup> Financial challenges prevent women's entrepreneurial talent from being fully realised, resulting in under-investment and missed opportunities in the entrepreneurial sector. For example, in the UK, female entrepreneurs' underrepresentation in business is estimated to result in a £250 billion economic shortfall each year (Rose, 2019).

<sup>2</sup> Leading high street bank business banking data, January 2018, BDRC SME Finance Monitor

<sup>3</sup> European Investment Bank, 8th March 2022. [Access here](#).

<sup>4</sup> However, despite only receiving less than half investment capital of their male counterparts', women entrepreneurs deliver twice as much revenue per dollar invested.

2002; Alesina et al., 2013; Mascia and Rossi, 2017; Wu and Chua, 2012). The gap in finance between genders can become even wider when combined with personal characteristics such as physical appearance (Ravina, 2008) and race (Blanchflower et al., 2003).

However, other research indicates that gender does not affect the likelihood of success when applying for bank finance. For instance, a recent study (Huang et al., 2023) found that women-led/owned small businesses in the UK are NOT less likely to be successful in their bank credit applications, compared with their male counterparts. Similar evidence has been reported in different contexts - Asiedu et al. (2012) and Blanchflower et al. (2003) (the US), Ongena and Popov (2016) (17 countries worldwide including France and the UK), and Moro et al. (2017) (13 European countries including France).

Researchers find it challenging to identify direct discrimination toward women entrepreneurs in part due to the unavailability of disaggregated-level lending data on gender. However, key influences in the supply of finance have been attributed to the discrepancies linked to characteristics of men and women-owned businesses. These may include, for example, business sector, size, and age, which put women at a disadvantage (Coleman, 2000).

### **2.3 What difference does women's representation in banks and the financial sector make?**

Women are significantly underrepresented in management positions within the finance and banking sector, which means that they are also underrepresented in lending decisions. For example, in the Euro areas, only 27.4% of executive directors of the banks are women<sup>5</sup>.

And in the UK, women hold 21.8% of senior leadership roles in financial service institutions, and in France the number is 23.7%<sup>6</sup>. This gender imbalance creates a situation where there are proportionally fewer lenders who can understand the gender-based obstacles experienced by women entrepreneurs, including social-cultural norms and stereotypes that affect them.

Previous studies have shown that the investment process is predominantly male-dominated and influenced by gender biases, which can lead to women entrepreneurs being systematically perceived as less investment-worthy than their male counterparts (Bigelow et al., 2014, Thébaud, 2015, Tinkler et al., 2015). This gender bias is particularly detrimental for nascent and disadvantaged women entrepreneurs (Bernstein et al., 2017, Gompers et al., 2020).

As a result, the gender-imbalance in investment decision-making creates a phenomenon called 'homophily', where male entrepreneurs receive the majority of investments from male investors<sup>7</sup>. This not only discourages and disadvantages women entrepreneurs, but it leads to inefficient capital allocation on the supply side and missed opportunities of women's entrepreneurial talent on the demand side (Huang et al., 2023).

## **2.4 What was the effect of COVID-19 and the cost of living crisis?**

### **2.4.1 COVID-19 effect on disadvantaged women entrepreneurs**

Recent studies have highlighted the urgent need to address access to funding for women entrepreneurs. The COVID-19 pandemic has disproportionately affected women entrepreneurs<sup>8</sup>, particularly those with additional disadvantages such as caring responsibilities, those that work part-time

<sup>5</sup>Gender balance on the boards of significant banks in the Banking Union. European Parliament. May 2021. [Access here](#).

<sup>6</sup>Advancing more women leaders in financial services: A global report. Deloitte. 16 June 2022. [Access here](#).

<sup>7</sup>Investment with a Gender Lens in Europe. UN Women. June, 2021. [Access here](#).

<sup>8</sup>See, for example: Women's Enterprise Policy Group: Framework of Policy Actions To Build Back Better For Women's Enterprise. [Access here](#).

juggling their businesses with domestic responsibilities, and those running businesses in stereo-typical feminine industries. For example: 600,000 entrepreneur mothers in the UK prioritised childcare over maintaining business resilience during lockdowns (ONS, 2020) and women running young and small businesses whilst managing family responsibilities were most affected (Manolova et al., 2020; Rouse, 2020). Entrepreneurial mothers were more likely to be excluded from UK government funding during the pandemic due to gaps in the available schemes (Rouse, 2020). Horizontal gender segregation where women are disproportionately represented in certain industries, e.g. childcare, food services and social assistance (Blundell, 2020) were more vulnerable during the pandemic (Henley and Reuschke, 2020).

During the COVID-19 pandemic, the UK government provided various support initiatives to assist businesses, including the Self-Employment Income Support Scheme (SEIS), Bounce Back Loan Scheme, and the Coronavirus Business Interruption Loan Scheme. These initiatives were not designed specifically to support women entrepreneurs. In contrast, the French government implemented measures aimed at helping women entrepreneurs, such as the Fonds de Soutien aux Entreprises de Femmes (FSEF), which offered eligible businesses a non-repayable grant of up to 8,000 euros. France Relance Femmes was also introduced as a component of the national recovery plan with a specific focus on supporting women entrepreneurs.

Despite the funding differences, the COVID-19 pandemic and the gendered distribution of domestic labour have motivated women

entrepreneurs to expand their businesses online and innovate their products and services e.g. studies have shown that women entrepreneurs in developed countries exhibited higher rates of product innovation compared to their male peers during the pandemic (Torres et al., 2020; Stephan et al., 2020).

#### **2.4.2 Cost of living crisis**

Current soaring inflation<sup>9</sup> and interest rates are contributing to women's reluctance to seek finance. However, Cowling et al. (2020) found that women entrepreneurs were advantaged in loan application success rates in the aftermath of the previous major economic shock - the 2008 financial crisis. They argue that banks may perceive women entrepreneurs as 'safer bets' since women are more cautious and risk averse in responses to crises.

#### **2.5 Government responses**


Governments around the world have created initiatives to address gender inequality in finance such as the Women in Finance Charter and the Invest in Women Code (UK), the Strategy for the Promotion of Gender Equality 2016-2020 (European Bank for Reconstruction and Development), and Women entrepreneurship in SMEs (European Parliament). However, there is more the private sector can do, with initiatives such as Santander Bank's Generation 81 and NatWest Bank's Women in Business.

Our research team compared English and French Policy initiatives to support women entrepreneurs (See Johnston et al., 2022). However, a policy focus on gender differences and other forms of disadvantage faced by women entrepreneurs in obtaining finance for their businesses is relatively unexplored. This report aims to shed some light on these challenges.

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<sup>9</sup>As of 13th March 2023, the inflation rate in the UK is 10.1% and 6.5% in France. Sources: Bank of England ([Accessed here](#) on 13th March 2023) and Bank of France ([Access here](#), latest available data for Q4 2022).





3.0

# Methodology



## 3.0 Methodology

To better understand the financial experiences of disadvantaged women entrepreneurs, we conducted a comprehensive review of a large data set, including interviews with 75 entrepreneurs and 84 stakeholders in the entrepreneurial ecosystems, as well as two focus groups with women entrepreneurs, in France and England. Through this review, we were able to identify common barriers that these women face in accessing finance. It is worth noting that this was not our original chosen method, however a necessary path in order to engage with the finance and banking sector.

### 3.1 Engaging women and banks in conversation

We had intended to collaborate closely with banks and the financial sector in an action-based approach to support disadvantaged women entrepreneurs and drive positive change. To achieve this, we had planned to host four Participatory Action Research (PAR) meetings, in which 4-10 women entrepreneurs involved in the AWE projects would share their experiences, perceptions, and ideas with a group of 2-4 bank representatives affected by the issue. The meetings were scheduled to take place monthly over three months from 2022 to 2023, with facilitation from the AWE research team.

Despite successfully recruiting a sufficient number of disadvantaged women entrepreneurs, we were only able to secure the participation of one financial community stakeholder out of 42 contacts that we reached out to in England, including managers at commercial banks, start-up loan companies, Local Enterprise Partnerships (LEPs), public service departments, and development banks. Unfortunately, this experience is not unique and has been reported in previous studies<sup>10</sup>.


The reluctance of financial community stakeholders to engage in activities promoting gender inclusion in accessing finance highlights a complex issue that requires examination of biases, stereotypes, norms and practices.

### 3.2 Back to more conventional research

As a result of the lack of participation from the ecosystem, we had to pivot our methodology: we re-analysed data collected from interviews with disadvantaged women entrepreneurs and ecosystem stakeholders in the previous stage (2019 - 2021) of AWE. These were based on semi-structured interviews and included questions relevant to women entrepreneurs' perceptions and experiences of accessing funding, as well as how ecosystem stakeholders could help improve relevant services (Danho, Dann, Doyle, Ekinsmyth, et al., 2021 pp.72-77). In addition, two in-person focus groups of one - two hours (see Appendix 1) were carried out with three disadvantaged women entrepreneurs in December 2022, based on the themes and issues identified in our desk research of the academic literature. All data was recorded and transcribed.

We adopted a general inductive approach with detailed readings of raw data to derive themes. From the two data sets seven important barriers emerged: structural barriers, self-selection, financial literacy and knowledge of funding resources, government support, and Covid 19 and economic shock. These are discussed as follows.

<sup>10</sup> For example, as mentioned in the Burt Report (Burt, 2015): "when the author wrote to all 39 Local Enterprise Partnerships to ask them about their engagement with women entrepreneurs, just seven replied".

A smiling woman with long dark hair, wearing a grey sleeveless top and a watch, is holding a white mug. The image is overlaid with a blue tint. In the upper left, the number '4.0' is written in a large, yellow-outlined font.

4.0

# Multi-dimensional barriers faced by disadvantaged women entrepreneurs in accessing finance

## 4.0 Multi-dimensional barriers faced by disadvantaged women entrepreneurs in accessing finance

### 4.1 Structural barriers

These are a range of persistent socio-economic and political factors such as policies, practices and norms that limit access to resources and positive outcomes for certain groups. Here we determine the key structural barriers that concerned the women we interviewed.

#### 4.1.1 Unconscious bias and discrimination

During our focus groups and interviews, some women shared their personal experiences of unconscious bias when dealing with financial services. They reported that staff at banks and lending institutions had viewed them as less capable entrepreneurs than men, failed to take them seriously, and even humiliated them. These women also highlighted the additional challenges they faced due to factors such as being a single mother, ethnic minority, and/or physical appearance, which further compounded their risk perception and disadvantage.

In a number of cases, these women drew stark comparisons between their experiences describing significant differences in their interactions with the financial sector when accompanied by a male partner versus when they were alone. The language they used to describe these incidents was often emotive, indicating that encounters with banks were a significant source of stress and frustration. For instance, when asked about the challenges facing their businesses, participants in our study gave responses like:

**“So the biggest barrier I found is that – and it’s very, very noticeable for me – that when I would be going to the banks with my partner, I would have been treated differently. And as a single mum, woman, and with access barriers, I’m finding it’s a completely different ballgame and it’s quite frustrating because I’m the same person. It’s just before, they wouldn’t even want to question the viability of the businesses, it was always approved. Any loans we wanted, any things, any venture that we’ve endeavoured... And now I’m finding, because I’m doing all of it by myself, as a woman, I’m finding it quite challenging.”**

(Woman entrepreneur in England, UoP-ENT-048)

**“Because I think it’s objectively more difficult when you’re a woman to find the banker, to ask for money...um...I really saw the way the people looked at me when I was with my partner who was a man. And uh...well clearly I think there is a real prejudice on the image that decision-makers, bankers, have of women.”**

(Woman entrepreneur in France, UoE-ENT-043)

Several respondents from England’s financial institutions, in our study, acknowledged the persisting resistance in the system about investing in women entrepreneurs. One suggested that financial institutions should adopt a “softer”, flexible, and gender-sensitive

approach in supporting women entrepreneurs to access finance and support.

**"I think what we need to do, and reflect on is, we want to ensure that we're not prejudicing against – subconsciously, against women entrepreneurs by the way we style those services."**

(Ecosystem stakeholder in England, UoP-ECO-001)

**"I think it's quite aggressive, it's down to the bottom line, it's about the financials, it is a hard-nose, more aggressive style. Whereas that doesn't tend to be – without over-generalising – how a woman operates. So I think that it has to be accessible to them and it has to be in tones that they want and understand, as in 'if you're looking to run your business and you need this, this is the kind of support that's available'. And do it in a softer way, I think there is a softer approach, and I think it's something in a non-threatening environment. So I don't think there's been enough looked into with that support."**

(Ecosystem stakeholder in England, UoP-ECO-002)

We note the notion of a 'softer' approach to supporting disadvantaged women entrepreneurs' access to finance can imply a gendered perspective that may reinforce stereotypical assumptions about women's perceived characteristics and their capacity to succeed in business. A gender-sensitive approach is not necessarily 'softer', rather, it acknowledges that structural barriers may hinder women's access to finance and resources, and aims to address these barriers through targeted interventions. Language is important and is a key consideration when empowering women to use services.

The extent to which banks and lenders should respond to challenges of setting up the right kind of support shows that some women may find it

'not for them' or unhelpful as this reminded them of their subjugated status. For example: one concern raised was that women-specific support (e.g. zero or low interest rate loans for women or women only events) was not considered sustainable and reduced the credibility of women and their competence.

**"I think it's more about making sure that women are accessing the services and products that they need. And I don't, particularly – I'm not that comfortable with saying, 'well, let's give them a different interest rate'. I have the same issue around things like female-only networking and business networking groups to be honest. I sometimes think that making them that specific doesn't actually help in the long run."**

(Ecosystem stakeholder in England, UoP-ECO-029)

This raises concerns around language used and possible responses making the space challenging for banks and financial services to strike the right tone in providing support without a closer rapport with a variety of different women entrepreneurs.

#### **4.1.2 Women's credit history and collateral constraints**

In our interviews, collateral constraints and lack of credit history were highlighted as major challenges discouraging some of the women entrepreneurs' borrowing and opting out of traditional financial services and excluding them from funding streams.

**"I haven't done the business account because I don't think I've got much of a track record..."**

(Woman entrepreneur in England, UoP-ENT-039)

This can leave women entrepreneurs faced with a paradoxical and vicious cycle where they will have to rely on personal savings or family support for



funding, the scale of which is often much smaller than bank loans, or they may avoid borrowing altogether which in itself prevents them from generating a reputational record necessary to borrow. Consequently, women-led/owned start-ups can miss their best growth opportunities in the early stage of the business cycle, making them more vulnerable to failure (Quadrini, 2009; Headd, 2003) weakening their credit profiles and creditworthiness, further restricting their access to finance. This challenge is highlighted by an ecosystem stakeholder in England:

**"A lot of the reluctance around finance is normally around track record, so it's often a bit of a Catch-22 – you need money to run a business, but you can't get the money to run a business because you haven't been running it for very long. So it's track record, books, etc. people want to see, sort of, one or two years' accounts, even ironically some grant systems. I mean, grants from the LEP are often looking for three years of audited accounts. Well, smallish companies, start-ups, are quite often not in that situation, so they can't access the financial assistance that they so desperately need. And you then, ironically, you then get to a situation, the companies that are getting financial assistance probably don't really need it, because if they're so financially sound that they're deemed to be OK to get the money, they probably don't need the money."**

(Ecosystem stakeholder in England, UoP-ECO-001)

Childcare costs are another important factor in women's lack of credit history. This is especially the case for women entrepreneurs in England, where childcare costs are some of the highest in the world (OECD, 2023). Women entrepreneurs may have been (and/or still are) staying at home to look after children, making it more difficult for them to build credit history. Our respondents commented often on the cost of childcare:

**"I was paying more for childcare than I was getting out of the business, so that was a major setback as well."**

(Woman entrepreneur in England, UoP-ENT-048)

**"[...] financially I couldn't afford a nanny and extras like that."**

(Woman entrepreneur in France, UoE-ENT-004)

**"It's a tough job, and financially I couldn't put the kids in the recreation centre because it's expensive. 25 euros per child when you multiply a day. It is especially at this level that it is exhausting, it is tiring because there is an economic profitability to be achieved, and for that we must free up time. And freeing up time means spending more money to put kids in the recreation centre, it's kind of the snake biting its tail. So, uh... I find that I have a fragility when the children are there, I can't find the balance."**

(Woman entrepreneur in France, UoE-ENT-002)

In our study, some disadvantaged women entrepreneurs responded that they were more fearful of being rejected by banks, being trapped in debt and unable to cover children's expenses, and had constrained collateral. The situation was particularly stressful for some of our participants in England who were single mothers starting their businesses, struggling to afford childcare, and losing confidence in banks.

**"And it's been a struggle to kind of start all over again on my own and I have stumbled with a lot of things, especially banks. It's been an issue as well as childcare has been a major setback. Because obviously when you are in partnership, there is a [unintelligible], solo, it's very different. I'm in the business so it's really difficult when I haven't got the time and the availability and childcare has become very, very expensive."**

(Woman entrepreneur in England, UoP-ENT-048)

This vicious cycle can be compounded by domestic coercive financial control<sup>11</sup>, another important issue less discussed in women entrepreneurs' lack of finance. A very small number of our participants reported how coercive financial control affects their financial independence and credit history, making it even more difficult for them to leave their abuser<sup>12</sup>, start their businesses, and access bank finance.

**"I allowed myself to be disempowered, financially. He opened new bank accounts, and I had no access to any of our money at all. [...] because of the marriage, I have no savings, I have nothing to fall back on. This is just an act of faith in myself."**

(Woman entrepreneur in England, UoP-ENT-021)

Ecosystem stakeholders reported on good practice, citing methods that had since lapsed and might now be welcomed in the market.

**"And when I worked for the Women's Economic Development Agency 15 years ago, we had exactly the same challenge. We had a fund that we created then specifically for women who were getting declined by the banks, and there's lots of reasons for that and sometimes it's because you have women going into**

**entrepreneurship who might have been stay-at-home mums for a while. They maybe don't have the credit history that others have..."**

(Woman entrepreneur in England, UoP-ECO-029)

Governments have implemented several initiatives to address this issue, including for example, the Invest in Women code and the Banking in Women action plan in the UK.

#### **4.1.3 Women's representation in banks and the financial sector**

The fact that women entrepreneurs, investors, and managers are underrepresented in the financial sector has been identified as a significant issue that discourages women from accessing borrowing. This lack of representation undermines the confidence of some women entrepreneurs and their trust in decision-makers, especially when interacting with banks or investors.

During our research, many of the women entrepreneurs in England we spoke to shared their reactions to the lack of representation of women in decision-making processes within banks and among investors, which affected their self-belief.

**"I pitched to a room of angel investors. And out of about 30 people, there was only one other female looking back at me, so there is an element that it's still a very male environment. So I've always felt that it's just about having the confidence to step into that arena, irrelevant of the fact that I'm a woman in business."**

(Woman entrepreneur in England, UoP-ENT-005)

Some stakeholders in the ecosystem expressed that they expected banks to actively promote the representation of women in important and high-

<sup>11</sup> In the form of, for example, forbidding women from working, forcing women into debt, control access to the joint bank account or only provide a limited amount of money for household expenses.

<sup>12</sup> According to Women's Aid's survey in England, 61 percent of women respondents were in debt because of financial abuse and 37 per cent had a bad credit rating as a result. Access here for the report: [Unequal, trapped & controlled](#). Trades Union Congress, March 2015



level positions. This viewpoint aligns with the current policy discussion surrounding the matter. During our discussions, a number of participants from France shared their thoughts on the representation of women within their industry sector, but none of them raised any concerns about the representation of women within the banking sector specifically.

**“And likewise, with accessing finance, you’ve only got to look in banks and you’re going to see – if you go and see business managers and corporate managers, the higher percentage are still males. So the corporates and the banks have got a role to play as well by getting more females into those senior positions, which again, is something that the financial services institutions are working on.”**

(Ecosystem stakeholder in England, UoP-ECO-028)

**“Because if you looked at the boards and the investment committees of a lot of the investors, they were rich, white men. So, we were proposing steps and proposing ways in which that could be a bit more inclusive and representative of the UK as a whole.”**

(Ecosystem stakeholder in England, UoP-ECO-005)

## **4.2 Women’s self-selected financial avoidance**

Despite the persistence of gender-based financing barriers across the world causing women entrepreneurs to be less engaged in accessing finance, studies suggest that some of these are simply ‘perceived’ barriers (Kwong et al., 2009; Naegels et al., 2018). This view is reflected in comments of one of the ecosystem stakeholders who also raised the potential need for a more concrete evidence base.

**“...and I think sometimes the barrier is a perceived barrier, I don’t necessarily think it’s always an actual barrier, but I think they feel that they’re not going to get the financial support. ... What we need to look at – and it would be interesting to look at from a bank’s angle is – does that actually play out in reality? So, if we looked at the number of applications vs declines, would we see that being higher for women than for men? And I don’t know if we would, to be honest. It’s something that I think we would need to look at.”**

(Ecosystem stakeholder in England, UoP-ECO-029)

### **4.2.1 Risk perception**

Studies suggest that women exhibit a greater aversion to risk and debt, which hinders their pursuit of formal credit (Aristei and Gallo, 2016; Rose, 2019). Consequently, many women entrepreneurs may have to resort to informal sources of financing that limit their business prospects, leaving them at smaller scales and potentially causing them to exit the market altogether.

Comments from women who exhibited these risk perceptions, were typically bound up in their economic status and did not wish to take on debt. Women also highlighted that moderate growth and being more cautious with spending had its place in avoiding bankruptcy.

**“However, when you are alone and you want to get started, it is not necessarily easy to find the funding. If you don’t want to go into debt or whatever because you don’t necessarily want to risk your personal assets.”**

(Woman entrepreneur in France, UoE-ENT-018)

**"And yet, yet the figures show that businesses started by women start smaller, but are more sustainable, because they take fewer reckless risks. The reason I separated from my partner is that he really made some serious management mistakes in his previous business, and when he had to file for bankruptcy, we had to legally separate because of that. And I don't think I would have ever made the mistakes that he made. Not because I'm smarter, but because I...I accept more easily to be small, to start small, to go small, step by step and so on. I think there's a side sometimes of male entrepreneurs to take...I don't know if you're ever going to start your own company, but to take a big, expensive office to show that you exist. Whereas most women who start out, they start out on the table or in the kitchen, and they go slow. I think there's something more prudent."**

(Woman entrepreneur in France, UoE-ENT-043)

#### **4.2.2 Lack of confidence in bank decision making processes**

Lack of self-confidence in their own business and a lack of belief that banks would support them were reflected in many of the respondents' interviews, preventing them from engaging with banks. In the early stages of startup, entrepreneurs strive to establish themselves as credible and legitimate. Some of our interviewees avoided seeking bank finance because of their self-perceptions of their businesses and concern that they would be judged and rejected based on their backgrounds. For example, the following French entrepreneur was considering her credibility:

**"I think of all those who finance, who accompany, I don't approach them because I'm waiting to prove myself. Once I've proven myself and I have something substantial, maybe I'll go and see them. For the moment I don't ask their opinion, because I know it won't be positive and I don't want to be discouraged."**

(Woman entrepreneur in France, UoE-ENT-038)

Personal confidence may be over emphasised as a barrier, e.g. a French entrepreneur criticises the emphasis on women entrepreneurs' cognitive aspects in seeking finance and highlights external factors (See discussion on implicit bias).

**"To say that if you don't succeed it's because you don't have confidence in yourself or "you don't assume your project enough". Yes, she doesn't have confidence in herself because she was humiliated by three bankers, so at some point there's also a reason for that."**

(Woman entrepreneur in France, UoE-ENT-035)

Describing her journey to set up her social enterprise to support individuals like her autistic son, this interviewee describes how she avoids banks based on her own personal disadvantaged background.

**"I'd automatically avoid things like high street banks at the moment because I know that they wouldn't be so supportive, even though there are things like Lloyds and NatWest do like start-up business things and I know one of them is like really a social enterprise. But they're still going to look at me as a person, so therefore I won't even approach them in the first place, and that's the thing."**

(Woman entrepreneur in England, UoE-ENT-037)

Past experience can deter future applications. For example a respondent had encountered the bank's refusal of her loan without transparent grounds or constructive feedback. The bank's response was limited to a dismissive 'computer says no' approach, which caused frustration and confusion.

Whilst some women may feel discouraged or distrusting of banks due to their perceived experience of discrimination, whether intentional or unintentional, practical support is necessary to improve women entrepreneurs' interactions with banks. This highlights the need for banks to adopt a more supportive and transparent approach when dealing with women entrepreneurs to enhance disadvantaged women entrepreneurs' confidence and willingness to engage in bank finance and help build trust and partnerships between the two.

### **4.3 Lack of financial literacy and knowledge of funding resources**

#### **4.3.1 Financial literacy**

During our interviews, a significant barrier reported by many of the women entrepreneurs we spoke with was their lack of financial literacy and awareness of funding resources. This lack of knowledge was often linked to their socioeconomic status, and many women may not have been sufficiently exposed to monetary matters or had access to appropriate networks of expertise. As a result, they may resort to seeking finance from friends and family or may not seek funding at all. This lack of knowledge and awareness can hinder the growth of their businesses.

We observed that this challenge was sometimes related to the perceived age or disability of the entrepreneur, with younger and older women entrepreneurs and those with disability facing particular difficulties due to their perceived lack of experience or expertise.

**"[And why did you choose crowdfunding as the option?] So, because of my disability, I had to take out an IVA. That means I'm not eligible to apply for loans or anything like that and it's incredibly difficult to get grants. Because only a handful of grant funders will consider me for funding. So that's why I had to go down the crowdfunding route, so that's why, at the moment, if we have any shortfall, it comes out of my personal pocket, I don't do loans or anything like that."**

(Woman entrepreneur in England, UoP-ENT-004)

There were reports of more tailored support offered in France:

**"We have voluntary actions to develop access to business creation for young women under 26 years of age who have little personal contribution because they are the ones who have the most difficulty in accessing bank loans. [...] We are targeting above all women who are jobseekers or young people with little money or who are over 50 years old. It is rather these profiles that have difficulty accessing bank loans."**

(Ecosystem stakeholder in France, UoE-STA-010)

Strong networks are advantageous and prevalent with more advantaged individuals. For example, a woman with a strong network was able to finance using family resources:

**"[I borrowed from] My dad, just to borrow like interest-free, because I don't have any credit cards or anything and I wouldn't know, would I need a business one like through the business or personal? I don't know, I don't know enough about all that."**

(Woman entrepreneur in England, UoP-ENT-040)

Whereas women entrepreneurs who were more disadvantaged in this respect were likely to be trapped in financial constraints. For example, one participant who was an immigrant with little savings and employment and credit history in France, shared her struggle:

**"It's true that we saw some financiers, they explained that in order to be able to borrow, you have to have savings. And in my case, I don't have any. I've never worked here, I've worked in Africa. So, but here I have no income. I can't do my project on the basis of my husband's income, so that's a handicap. When they say a contribution, I'm going to bring, I don't know how. There is this side."**

(Woman entrepreneur in France, UoE-ENT-022)

The importance of networks was also relevant in the development of the loan application (e.g. preparing a business proposal). Some found the process challenging and convinced themselves as being "not good with numbers", despite having viable business ideas. Other women commented on the challenge because of the general lack of support and dyslexia. Women with professional networks were able to call on support, e.g. one of our participants sought help from their social networks through a finance professional. Such networks we found in our first phase of research ((Danho, Dann, Doyle, Ekinsmyth, et al., 2021) were the privileged to those with higher socio-economic status.

**"...initially, the bank weren't that keen on lending me money because I needed to purchase stock, so I was asking for quite large sums of money, which they weren't too keen on when we hadn't sold very much at that stage. So that was difficult, and having to be confident in my products and I also reached out to a finance director for help with forecasting and**

**with the figures. Figures are definitely not my strong point, so I knew that that was something I was going to need a little help with. So I found the right person that would be able to help me with the forecasting and the figures and the mathematics of it all. And then, obviously, that then helped me go to the bank and we've also taken on a few investors this year."**

(Woman entrepreneur in England, UoP-ENT-005)

In order to respond to this challenge, business service providers supported business planning and connect entrepreneurs to high street banks and lenders.

**"So what we do is, we will get that young lady ready to a point where she understands what a business plan is. And she understands who her customer is, she knows what she's going to charge and then we refer to those because they do the start-up loans which are something that we don't offer. So we do make sure that they have that and we also work with HSBC bank to make sure they understand what bank accounts are and the local manager supports us with that."**

(Ecosystem stakeholder in England, UoP-ECO-025)

**"We run support schemes. We also do banking intermediation, we help them prepare bank meetings, we help them prepare their pitch to the banker, we will work on their business plan, we also sometimes go once they have met the banker, we will call the banker with their agreement obviously, to go and debrief them, sometimes to go and sign their project."**

(Ecosystem stakeholder in France, UoE-STA-023)

### 4.3.2 Awareness of alternative funding sources

There was a need to raise awareness about alternative funding sources that could enable women entrepreneurs to access finance, e.g. government grants, start-up loans, crowdfunding.

**"I would love to praise the start-up loans company because they are going to provide funding to start-ups as a personal loan, and they do look at your business plan, so they do provide you with that sort of financial support."**

(Woman entrepreneur in England, UoP-ENT-029)

Public information hubs are important for women entrepreneurs to expand their understanding of funding sources:

**"...one of the places that has been quite helpful is the Hive in Portsmouth Library. They have access to a database of grant money, which has been very, very useful."**

(Woman entrepreneur in England, UoP-ENT-013)

Some of our English ecosystem interviewees believed that there were limited funding resources that are suitable for disadvantaged women entrepreneurs or not being published enough to reach communities of disadvantaged women entrepreneurs.

**"And so I think the real issue from a policy and structural perspective is about that visibility. I think there are opportunities there and there is funding coming through. I don't think it's well-publicised, I don't think we're getting to the right people who really want to know about how to start a business. Or if they're already in business and running a small business, I'm not sure they necessarily know where to get that support from. So I think, from a policy perspective, some of**

**that is about visibility more than anything else, because I do believe there is funding out there, I'm just not sure how accessible it is in so much as people just don't know where to look."**

(Ecosystem stakeholder in England, UoP ECO-038)

**"[...] generally speaking, the initiative must come from the entrepreneur. But it's true that it doesn't on its own. The entrepreneur has to be autonomous by himself or herself to get the information, and then, one thing leading to another, in the ecosystem, he or she will realise that several associations exist, and so on. But it's true that if he doesn't look, he won't necessarily know where to get the information. I know that the CCI tries to disseminate information as much as possible, but it is not always...then there are special forms of funding, for example, there is ADIE for people who don't have the means, etc. I know that there is the ICC, which communicates quite a bit on this."**

(Ecosystem stakeholder in France, UoE-STA-005)

Crowdfunding was another alternative funding source that women entrepreneurs could consider e.g. NatWest's women-only crowdfunding programme joint venture with Crowdfunder UK, named 'Back Her Business' or Crowdfunder. Women have found them egalitarian and some stakeholders recognise them as extremely valuable for micro-loans.

**"Hence the crowdfunding, because it is not the banks, but the people who decide what they are going to give you and there it is the goodwill and the project that is carrying in."**

(Woman entrepreneur in France, UoE-ENT-013)



**“And I think it’s really interesting because it’s not vast, vast, vast sums of money, you might be looking at the equivalent of \$1,000, for example, going into this micro-lending scheme. But the impact that that funding has – absolutely enormous. And it always gets paid back, we don’t have defaults on it, and that, for me, I think, is a really, really powerful message. Because there’s something there which is, you don’t need vast sums of money, you don’t need to chase huge amounts of equity investment, you don’t need to go into huge amounts of debt to set up a business.”**

(Ecosystem stakeholder in England, UoP-ECO-029)

#### 4.4 Flexibility of government support

A significant number of the women entrepreneurs we spoke with had to depend on government benefits and part-time jobs to support their families while gradually building their businesses. Despite facing financial challenges, these women remained determined and resilient in pursuing their entrepreneurial goals. It was crucial for them to slowly develop their businesses, as this establishes a track record of financial stability, which can improve their credit scores and success rates when they apply for bank loans. If they are unable to do so, many disadvantaged women entrepreneurs may be viewed as high-risk borrowers due to factors such as collateral constraints and lack of credit and employment history.

To support financially struggling women entrepreneurs who are determined to grow their businesses, flexible and practical government support is essential. This not only benefits the economy but also enhances social cohesion, as many of the entrepreneurs we interviewed were passionate about contributing to their communities through their businesses.

##### 4.4.1 Universal credit

In our study, Universal Credit<sup>13</sup> was repeatedly mentioned by disadvantaged women entrepreneurs in England as vital to their personal survival requiring significant levels of understanding to navigate. This respondent praised how the Job Centre support enabled her understanding and engagement with work.

**“That’s where [redacted] Job Centre were, again, way more helpful, because he literally went through it, because I’d automatically change onto Universal Credit, so just that. Everyone is talking about that in a negative light, but he showed me that I would be better off by working. So to be shown that is amazing because that’s what a lot of people are thinking ‘I’m not going to go back to work because I’m going to lose this, that and the other’. He showed me, even on a basic income, self-employed, I will be better off, so that’s another reason why I’m like ‘oh, I want to go and do it then and get off benefits’. We won’t lose all of them, you still get your child ones.”**

(Woman entrepreneur in England, UoP-ENT-040)

However, one of the common issues raised by some of our respondents was the conditionalities attached to credit which lacked consideration of women who build their businesses alongside a part-time job to make a living. As one of our participants discussed:

**“...but the point is that the government say ‘we will help you through Universal Credit to do this scheme and set up a business, but if you don’t hit that minimum income floor by month 12, we tell you it’s a lost cause’ basically. It’s a massive thing and it’s a government thing and I don’t agree with it.”**

(Woman entrepreneur in England, UoP-ENT-037)

<sup>13</sup> A social welfare programme in the UK. [Access here](#).



During the initial stage of their businesses, in fear of losing their benefits from Universal Credit, some disadvantaged women entrepreneurs claimed that they had decided to de-register themselves with HMRC<sup>14</sup> and give away their business ownership.

**“And my worry was that if I went down that route, then something would happen to my money, which would cripple me, just that one payment, if that one payment was missed, that would absolutely have crippled me. And so, between me and [interviewee’s business partner], we decided that we’d change the way that we were working and, essentially, she has employed me on a zero-hour contract.”**

(Woman entrepreneur in England, UoP-ENT-022)

In order to sustain their businesses, some other disadvantaged women entrepreneurs avoided using Universal Credit and perceived it as a daunting prospect, despite struggling financially.

**“We’re not looking, ourselves, to take an income initially, we’re looking at about 20 hours a week voluntary work. At this point, we can’t, we’re still on Income Support, Carer’s Allowance and we’re trying to stay off of Universal Credit because that is a scary prospect for our family. And until things are at a point where we can take an actual wage, we can’t let that disappear.”**

(Woman entrepreneur in England, UoP-ENT-038)

In summary, Universal credit can disincentivise disadvantaged women in the UK from entrepreneurship (Johnston et al., 2022), which may in turn, limit their potential opportunities for financial independence and perpetuate gender inequality.

#### 4.4.2 NACRE, ACRE and RSA

In contrast, there seems to be more financial support for the employed to start businesses in France. For example, ACRE (aid for the creation or takeover of companies), NACRE (new support for the creation or takeover of businesses), and RSA (active solidarity income).

Some of the benefits, however, exclude those same women from bank loans and other financing sources.

**“[Interviewer: And you didn’t consider using a bank?] No, because I am not entitled to anything due to the fact I am at RSA (welfare benefit) and people at RSA aren’t entitled to anything.”**

(Woman entrepreneur in France, UoE-ENT-019)

There are French associations such as France Active Bretagne that are bridging these government support gaps by guaranteeing women entrepreneurs’ bank loans up to 80%.

**“But a woman who wants to create her own business, and therefore who comes to see us, we can tell her if she is registered with Pôle Emploi, if she is a job seeker, we can cover her loan up to 80%. So there is no risk for the bank to lend money because if there are problems, we will pay back 80% of the loan instead of the woman.”**

(Ecosystem Stakeholder in France, UoE-STA-031)

Another example is Adie (Association pour le Droit à l’Initiative Economique) that particularly support disadvantaged individuals who face barriers to accessing traditional forms of financing (especially bank finance).

<sup>14</sup> His Majesty’s Revenue and Customs of the UK Government.

**"I couldn't apply to the banks for loans because I was unemployed and I didn't have any money and they wouldn't have wanted me to. But I applied for a loan from Adie, it's an association that allows you to lend to people who are unemployed that the banks don't want to lend to. [...] So here I am, I took a loan that I am paying back from elsewhere, but most of the loan has been paid back. There I had a loan with an interest rate I don't remember which one and a zero interest rate loan, and then they helped me to get a subsidy of 300 euros as well."**

(Woman entrepreneur in France, UoE-ENT-041)

There is space for considerable innovation within the sector. A French woman entrepreneur faced exclusion from bank loans due to her health record after having a stroke at the age of 22. Based on this experience, she started her own business to assist other women facing similar health issues and struggling to obtain bank loans.

**"[...] this history of stroke came back to me in a very violent way... That's it! I found myself completely excluded from the loan, even though I had financial access. [...] So I found myself in the position of a lot of people being excluded from bank borrowing in France."**

(Woman entrepreneur in France, UoE-ENT-012)

#### **4.5 External economic shocks**

We found that some start-ups run by disadvantaged women entrepreneurs could not access much of the government financial support during COVID-19, due to lack of account history. As reported by one of our English respondents in the ecosystem:

**"But I would suggest that that disproportionately affected female entrepreneurs, as main carers often. We know that 90%+ of single parent families are headed by a female and so trying to home-school and work was a real challenge. I think there was equity in things like furlough schemes, but what we found at [the interviewee's organisation] was that a lot of entrepreneurs - particularly start-up entrepreneurs - were excluded from a lot of the government statutory funding because they didn't have more than a year or two's accounts. And therefore, they were disproportionately affected by that, and our focus is on start-ups, so we've seen that very clearly."**

(Ecosystem stakeholder in England, UoP-ECO-010)

One ecosystem stakeholder in France reported that they had dealt with disadvantaged women entrepreneurs who were asked by banks for more documentation and stricter loan terms, compared to their male counterparts. The unequal and discriminatory standards on disadvantaged women entrepreneurs can make their businesses more vulnerable and less likely to recover from the economic downturn.

**"And also to find themselves at the same time confronted with the guaranteed loans that have been put in place by the government through COVID, but I've had women on the phone who told me that they were once again confronted with banks who were asking much more of them than their male counterparts to motivate the file to obtain a state guaranteed loan. It's crazy, but it's true."**

(Ecosystem Stakeholder in France, UoE-STA-031)

The rise in interest rates in 2022 has made accessing bank finance even more difficult for disadvantaged women entrepreneurs.

**"[...] I'm spending on my own, without having finances available to me. And it's quite worrying, especially with the current climate of uncertainty and the banks aren't willing to lend money because interest rates are just crazy and they have narrowed all the borrowings to something that is secure and they know that they're going to maximise their profit."**


(Woman entrepreneur in England, UoP-ENT-048)

A response in the sector to this type of concern is to consider seeking equity rather than offering debt financing to address the concern of rising debt.

**"I think the other thing is that the amount of debt finance – which is one of the things that [the interviewee's organisation] focus on – is just huge. It's very freely available and so I believe that the debt that people are now in as opposed to 20 months ago is huge. Really significant. And for that reason, one of the major changes we've made at [the interviewee's organisation] is, we've stopped offering debt finance and we have taken another form of kind of a quasi-equity stance through revenue share agreements, rather than through debt. And that's a really significant change that we've made because of COVID."**

(Ecosystem stakeholder in England, UoP-ECO-010)





5.0

# Conclusions and Recommendations



## 5.0 Conclusions and Recommendations

There is a need for post-COVID 'gender-sensitive' and 'disadvantage-sensitive' financial support. Women's businesses have been adversely affected particularly for those who have caring responsibilities, in service sectors, and were in the early stages of start-up. Whilst our research findings reflect the research that is available on women's entrepreneurship, extra layers of disadvantage made a more precarious situation for women entrepreneurs to be able to change their circumstances and start their businesses.

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### 5.1 Tackling implicit bias

'Implicit bias' refers to a range of subconscious reactions and decisions that are based on societal norms and unhelpful stereotypes. For example, viewing women as a greater business risk than men, or using language that disempowers women can present a considerable barrier to engagement with banks. However, these practices can be identified and addressed by surfacing and exploring the implicit biases that underlie them. By doing so, potentially more inclusive attitudes and language can be adopted in order to promote greater access to financial services for all women entrepreneurs.

Ways to address this could include:

- Implicit bias awareness training in broader EDI initiatives within the finance and banking sector, e.g. understanding data on lending gaps; structural and perceived challenges of those experiencing disadvantage; examples of women's experience and intersections of disadvantage; potential responses to these challenges.
- A greater interface with women entrepreneurs and those experiencing disadvantage in understanding their financing needs, so that products are tailored around empowering language and their specific needs.

### 5.2 Addressing women's credit history

Our interviews revealed that credit history is difficult to establish for individuals who are young, in poor health, immigrants, or have taken career breaks. Women entrepreneurs may face additional challenges that negatively impact their credit scores and financial independence, such as high childcare costs and domestic coercive financial control. Those who receive government benefits may struggle to transition from welfare to running a business.

Unfortunately, these issues can disproportionately affect disadvantaged women entrepreneurs who lack social connections and a strong support network. Cultural and societal barriers can further exacerbate these challenges, and ecosystem stakeholders may not fully appreciate the unique difficulties these women face.

To address these issues, it may be helpful to:

- Offer loan and financial products that support women entrepreneurs over the long term, particularly for those involved in slower-growing enterprises, part-time work, social enterprise, and social solidarity businesses.
- Offer women entrepreneurs who experience disadvantage training and development in alternative financing methods that are more accessible to them than traditional routes. It may also be necessary to provide resources such as digital access and WiFi to those who face additional disadvantage.

### 5.3 Managing self-selection and perception concerns

Our respondents expressed various reasons for not engaging with the loan process, such as believing they were ineligible, citing previous negative experiences, and feeling their businesses were not ready or did not fit the profile that would warrant funding. External factors such as the lack of visible women in financial decision-making, lack of transparency of decisions made, and implicit bias can also erode trust in lending decisions. Therefore, to address this, lenders must take action to monitor data and evaluate their practices to ensure fairness, commit to codes of conduct promoting inclusion, and increase the number of women decision-makers in the banking sector.

Developing trusting relationships is crucial, including recognising the different forms of businesses that women may develop and supporting social enterprises to address inequalities in society. The Rose Review (Rose, 2019) recommends expanding entrepreneur and banker-in-residence programs. Incubator programs, and free events run by banks to address perceptual issues faced by women entrepreneurs were praised by our respondents.

**We could address this by:**

- Collection and sharing of gender-disaggregated lending data is necessary to provide policymakers and researchers with insight into gender-based finance disparities. Women also need this data to establish whether their implicit concerns about the fairness of lending decisions are borne out in practice. This includes publication of any lending gaps to enhance women's trust accompanied by action plans to alleviate the disparity.
- There is also a need to seek gender parity in the hiring of women to deliver services and outreach and positive recruitment of

disadvantaged women into banks and their related support networks.

- Funding and partnering with researchers for more gender-based impact analysis of both government or private sector financial and business support initiatives is essential.

### 5.4 Addressing Women's financial literacy

Women entrepreneurs have appreciated financial literacy programs offered in business development workshops. However, they do not always feel confident in their own capabilities. Additionally, some women entrepreneurs value informal networks of professional support to assist them in navigating the financial aspects of their businesses. However, these connections may be less available to those who experience disadvantages in terms of their socioeconomic status.

**The lack of financial literacy among disadvantaged women can be addressed through:**

- Education and training programs such as AWE's workshops, bootcamps, online learning and mentoring. Local authorities and organizations such as Local Enterprise Partnerships (LEPs) could deliver tailored support for women entrepreneurs that incorporates local circumstances and focuses on financial literacy and alternative forms of finance. There is a need for more gender-sensitive programs that specifically address the challenges faced by disadvantaged women entrepreneurs.
- Financial literacy education at an early age. The UK government has started programs to improve children and young people's money skills, and private sector initiatives have also contributed to financial education. However, financial education delivery across the UK is inconsistent, and France has already included financial education in its national curriculum.



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## Appendix 1.

### Semi-structured questions for the focus groups

1. What sectors are your businesses currently operating in? How are your businesses currently funded? And what are the desirable funding resources/opportunities for your businesses? Are you optimistic about these resources?
2. What are your views about approaching banks for access to finance for starting/growing business (i.e., the positive and negative experience when approaching a bank for finance)?
3. What do you consider to be the most useful information resources in regard to seeking funding?
4. What are the obstacles or concerns that discourage you from accessing financial resources and in what ways do they expect to be supported?
5. What is your knowledge and level of control in making financial decisions for sustaining and growing your business?
6. Are you aware of domestic coercive financial control?
7. What aspects of your business and entrepreneurship have been most affected by the COVID-19?

