

## Inaugural Report Highlights Optimism in 2017 for Hispanic Small Business Owners

Hispanic entrepreneurs are one of the fastest-growing segments of the small business sector, making contributions to the economy and job creation like never before. In order to more acutely understand the unique experiences and perspectives of this group, Bank of America surveyed approximately 300 Hispanic small business owners from across the country about issues ranging from their economic and business outlooks for 2017, to their views on lending and the role that their communities have in the success of their businesses.

The results, which are reported in this inaugural Bank of America Hispanic Small Business Spotlight, tell a story of optimism – in both the growth prospects of their business and the direction of the economy. Their expectations to hire and apply for a loan in the year ahead also greatly outpace those of non-Hispanic entrepreneurs, potentially indicating they are poised to continue driving local job creation and economic growth in a significant way.

Hispanic small business owners maintain this optimism even as they express concern over a number of economic factors – such as corporate tax rates, interest rates and credit availability – more significantly than their non-Hispanic counterparts. As we explored Hispanic entrepreneurs' views on lending, we uncovered a split among Hispanic small business owners about whether a lending disparity exists. Despite the division, the reported loan approval rate for both Hispanic and non-Hispanic respondents is near equal.

Finally, the findings show a strong connection between Hispanic small businesses and the support they receive from their family, friends and communities. In particular, they see their businesses as investments in their families' futures, with a high percentage reporting plans to eventually pass their business on to a family member – far greater than their non-Hispanic counterparts.

## Bank of America Hispanic Small Business Owner Spotlight Methodology

GfK Public Affairs and Corporate Communications conducted the Bank of America Hispanic Small Business Owner Spotlight survey between August 7 and October 4, 2016 using a pre-recruited online sample of Hispanic and non-Hispanic small business owners. GfK contacted a national sample of 1,000 small business owners in the United States with annual revenue between \$100,000 and \$4,999,999 and employing between 2 and 99 employees, as well as 348 interviews among Hispanic small business owners, 100 of whom were primary Spanish speakers. The final results were weighted to national benchmark standards for size, revenue and region, and, for the Hispanic augment, whether the respondents were primarily English-speaking or Spanish-speaking. Previous waves of the Small Business Owner Report survey were conducted by telephone. Best efforts were made to replicate processes in sample, weighting and method.

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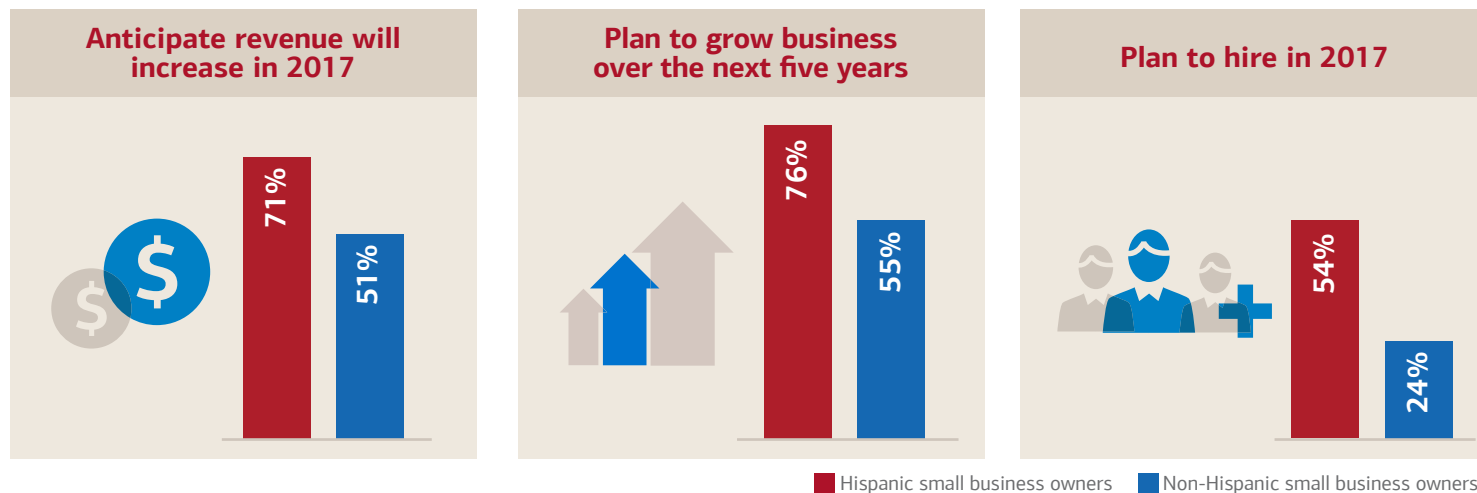
Hispanic entrepreneurs more likely to apply for a loan in 2017, but split on whether a lending disparity exists

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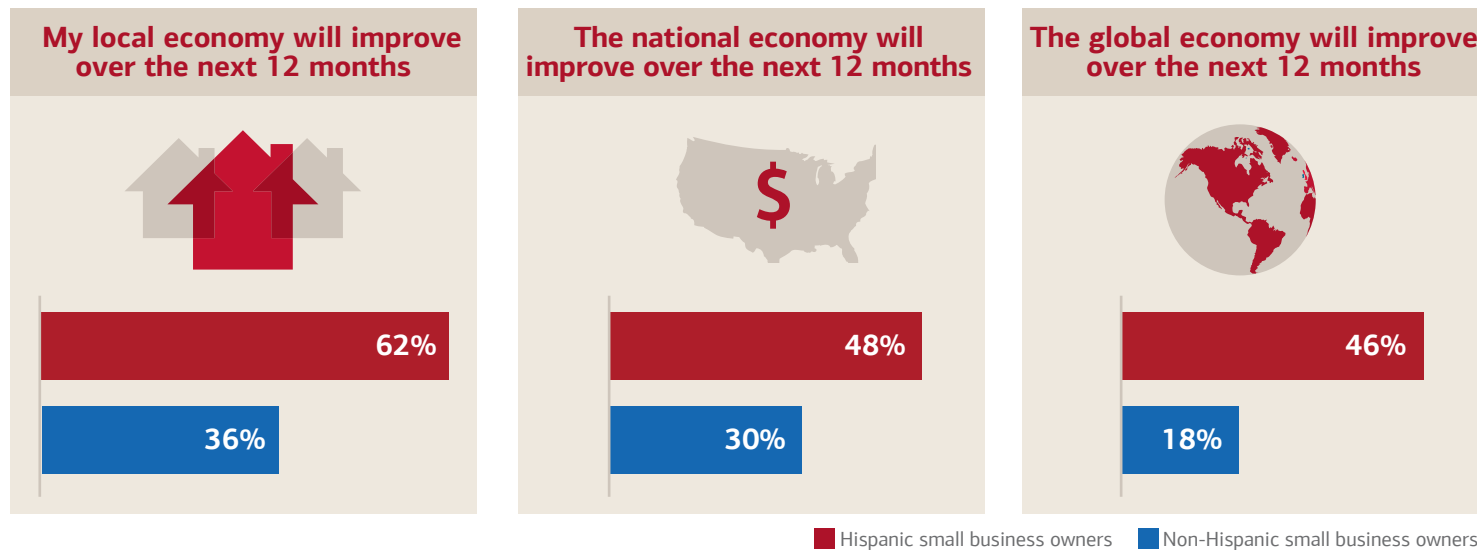
Hispanic entrepreneurs rely heavily on their family and communities for support

## Sunny outlook for the year ahead-Hispanic entrepreneurs confident about growth prospects

Hispanic small business owners are significantly more hopeful about revenue and hiring in 2017 than their non-Hispanic peers, further cementing their role as a critical driver of local economies and long-term growth.

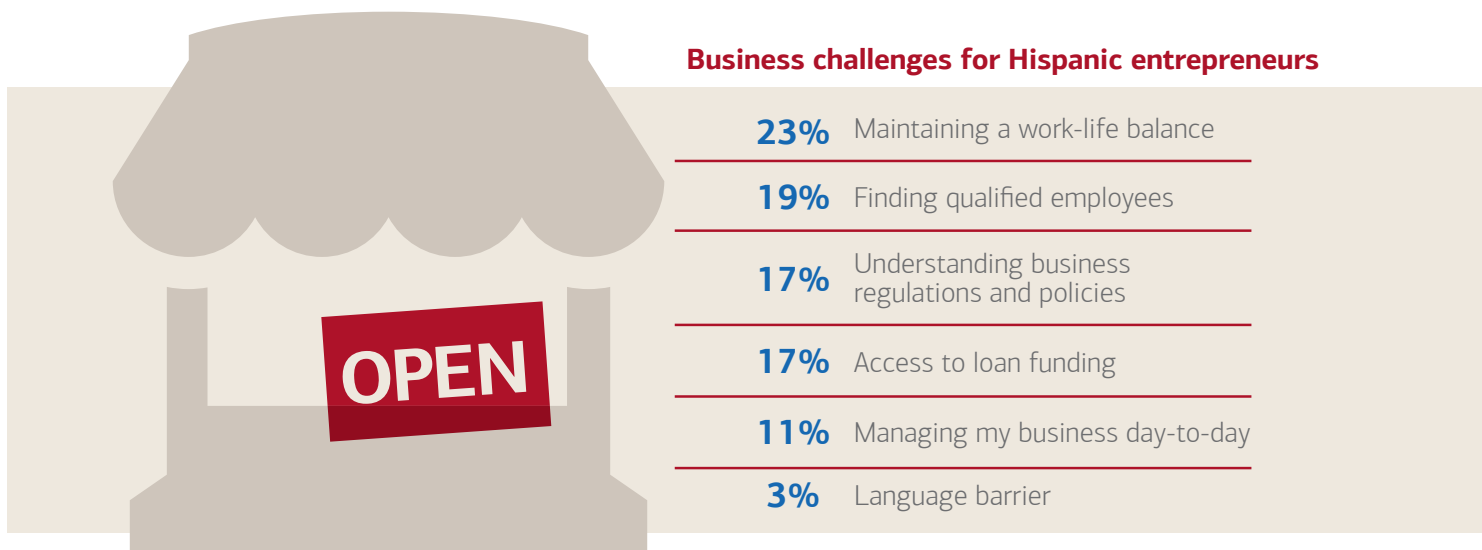


Across the board, Hispanic entrepreneurs are far more confident in economic improvement in the year ahead compared to their non-Hispanic counterparts.

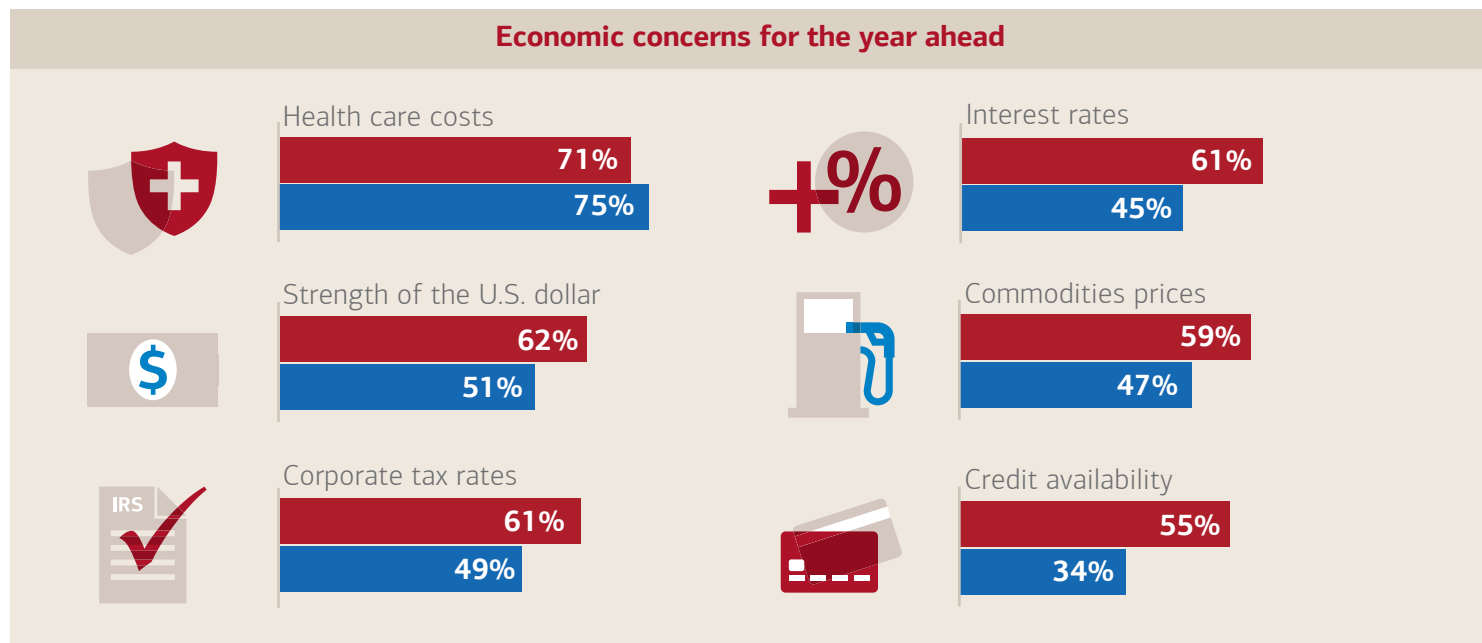


## Top business challenges and economic concerns

Hispanic small business owners' views vary on the single biggest business challenge they face.



Health care costs top the list of economic concerns for both Hispanic and non-Hispanic entrepreneurs. Hispanic small business owners are, however, more concerned about most other economic issues.



■ Hispanic small business owners ■ Non-Hispanic small business owners

## Hispanic entrepreneurs more likely to apply for a loan in 2017, but split on whether a lending disparity exists

More Hispanic small business owners have applied for a bank loan at some point during the lifetime of their business, compared with their non-Hispanic peers, and they are nearly four times as likely than their non-Hispanic counterparts to plan to apply for a loan in 2017.

### Business loan applications: Looking back and to the year ahead

#### Have applied for a loan in the past



#### Planning to apply for a loan in 2017



■ Hispanic small business owners ■ Non-Hispanic small business owners

While Hispanic entrepreneurs are split on whether a lending disparity exists, reported approval rates for both Hispanic and non-Hispanic small business owners are near equal.

#### Is there a lending gap for Hispanic vs. non-Hispanic entrepreneurs?

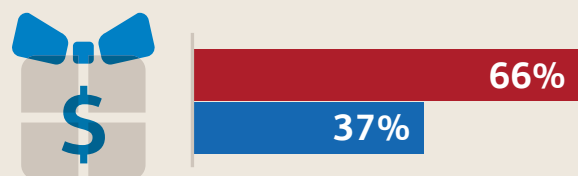


#### Were you approved for your loan application?



■ Hispanic small business owners ■ Non-Hispanic small business owners

#### Have you ever received a financial gift or loan from family and/or friends?

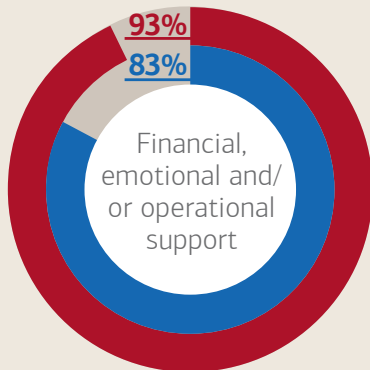


■ Hispanic small business owners ■ Non-Hispanic small business owners

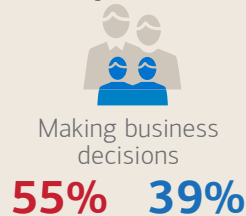
## Hispanic entrepreneurs rely heavily on their family and communities for support

### Family support

Hispanic entrepreneurs are much more likely to turn to family for business support, including...



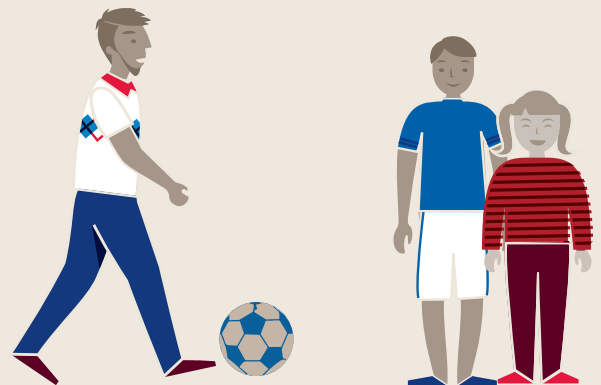
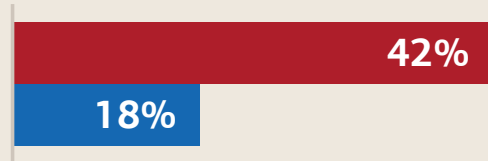
Hispanic entrepreneurs also turn to family for:



■ Hispanic small business owners ■ Non-Hispanic small business owners

### Planning for the future

When considering the future of their enterprise, Hispanic entrepreneurs are more than twice as likely to plan to pass their business on to a family member.



■ Hispanic small business owners ■ Non-Hispanic small business owners

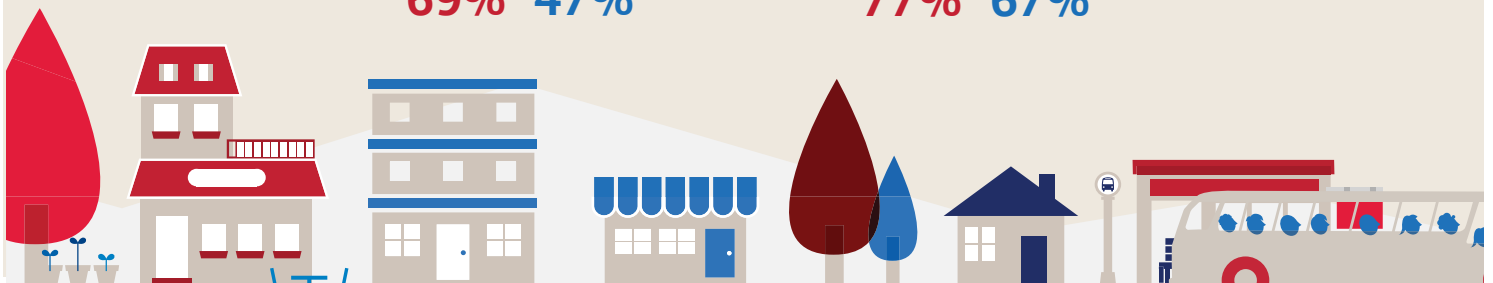
Community support is vital to the success of Hispanic small business owners. In return, Hispanic entrepreneurs are more likely to give back to their communities.

My community plays an important role in the success of my business

69% 47%

I support charitable or non-profits in my community

77% 67%



■ Hispanic small business owners ■ Non-Hispanic small business owners