Letter from Sharon Miller, President, Small Business, Head of Specialty Banking and Lending

I am pleased to present the 2022 Women & Minority Business Owner Spotlight, our newest report exploring the perspectives, aspirations and concerns of small business owners across the country, with a focus on women, Black, Hispanic-Latino and Asian American and Pacific Islander (AAPI) business owners. Nationwide, small business owners are confident in their business prospects for the year ahead. Two-thirds anticipate revenue increases, and more than half are preparing to expand their business. As business confidence continues to trend upward, entrepreneurs’ economic outlook is more optimistic than in the spring.

Inflation and commodities prices are still top worries for business owners, though concern has decreased slightly over the past few months. Business owners continue to monitor the impact of inflation, supply chain issues and labor shortages, and are taking actions, such as raising prices, to address these impacts.

As women and minority business owners reflect on their business prospects and challenges, obtaining equal access to capital and securing additional educational resources are priority focus areas. When looking at day-to-day operations, Black business owners are continuing to commit to social change through their businesses, and Hispanic-Latino business owners say family and community support is a two-way street – complimentary factors that are leading to business success.

I am consistently inspired by the resilience and determination of business owners throughout the country. Whether you’ve been in business for decades or are just starting out, Bank of America is committed to helping provide you with the resources necessary to manage, sustain and grow your business.

Methodology

Ipsos Public Affairs conducted the Bank of America 2022 Women & Minority Business Owner Spotlight survey online between July 26 and August 17, 2022 using a pre-recruited online sample of small business owners. Ipsos contacted a national sample of 1,308 small business owners in the United States with annual revenue between $100,000 and $4,999,999 and employing between two and 99 employees, as well as 357 interviews of Hispanic small business owners, 369 interviews of Black small business owners and 150 interviews of Asian American small business owners. The final results for the national and demographic segments were weighted to national benchmark standards for size, revenue and region, while the final results for the Hispanic segment were weighted for size, revenue, region, and whether the respondents were primarily English-speaking or Spanish-speaking.
National Business & Economic Outlook
Small business owners have a positive outlook for their business, as revenue expectations continue to rise and expansion plans have sharply increased.

Over the next 12 months...

I expect my revenue to increase

![Graph showing expected revenue increase over 5 years](image)

52% of business owners plan to expand their business, up from 37% in the spring.

Over the next 12 months, 83% of business owners plan to obtain funding for their business, up from 70% in the spring. Of those, the top funding choices are:

- Business credit cards: 48%
- Personal savings: 44%
- Personal credit cards: 33%
- Traditional bank loans: 31%
- Family/friends: 22%

Despite the threat of inflation, supply chain and labor shortages, economic confidence has brightened since the spring, with confidence in the national economy increasing significantly.
Economic Concerns

Inflation and commodities prices remain the top two concerns for business owners, but concern has decreased since the spring. Ripple effects from inflation have increased concerns around interest rates, consumer spending and credit availability. As the threat of a potential recession looms, business owners are confident in their ability to weather economic challenges.

While 67% of business owners are concerned a recession will impact their business over the next 12 months, 77% say their business is equipped to survive a recession.
Inflation, Supply Chain & Labor Impacts

Business owners continue to monitor the impact of inflation and supply chain issues.

88% say inflation is currently impacting their business, steady from the spring. Impacted business owners are:

- Raising prices 57%
- Reevaluating cash flow and spending 41%
- Reducing business costs 33%

80% say supply chain issues are currently impacting their business, up from 76% in the spring. Impacted business owners are:

- Raising prices 53%
- Having difficulties sourcing products/supplies 38%
- Delaying delivery of goods and services 38%

To combat the impact of inflation and supply chain issues, business owners have raised prices on average by over 9%.

Hiring plans are up significantly amidst labor shortages, reaching their highest levels in seven years.

I plan to hire over the next 12 months

61% of business owners say labor shortages are currently impacting their business, up from 41% in the spring. Impacted business owners are:

- Working more hours 49%
- Raising wages to attract competitive talent 31%
- Having difficulty filling job openings 30%
Women Business Owners: Outlook & Perspectives

Women business owners have a positive overall business outlook, with most expecting revenue growth over the next 12 months and a majority feeling equipped to weather a downturn. At the same time, confidence levels around their business and their broader economic outlook are more tempered than their male peers.

Over the next 12 months...

- Anticipate increased revenue: 63% (Women) vs 68% (Men)
- Plan to expand their business: 47% (Women) vs 57% (Men)
- Plan to hire: 33% (Women) vs 44% (Men)
- Plan to obtain funding: 79% (Women) vs 87% (Men)
- Are confident the national economy will improve: 38% (Women) vs 50% (Men)
- Feel equipped to survive a recession: 71% (Women) vs 84% (Men)

29% of women business owners say they do not think women business owners will ever have equal access to capital. 48% think women business owners currently have equal access to capital. 59% of women business owners say they have to work harder for the same level of success as men.

Women entrepreneurs are more likely than their male counterparts to say they are self-taught. While one-quarter are comfortable with their current financial knowledge level, most wish they were more knowledgeable about small business finances.

I am self-taught as a business owner:

- Women: 60%
- Men: 51%

75% of women business owners wish they were more knowledgeable about small business finances, including:

- Managing cash flow: 38%
- Accounting: 38%
- Securing grants: 37%
Hispanic-Latino Business Owners: Accessing Capital & Resources

Access to capital remains an issue that is top of mind for Hispanic-Latino business owners, as nearly half have encountered challenges accessing capital for their businesses.

46% of Hispanic-Latino business owners say they’ve faced issues accessing capital, and challenges include:

- **39%** No relationship with a lender
- **26%** Not feeling properly qualified or informed on applying for capital
- **24%** Not knowing where to apply for capital

Despite challenges, Hispanic-Latino business owners are motivated and flexible, and a majority are eager to build upon their existing self-taught knowledge and improve their financial knowhow.

83% of Hispanic-Latino business owners wish they were more knowledgeable about small business finances, including:

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<th>Topic</th>
<th>Percentage</th>
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<tr>
<td>Business credit</td>
<td>40%</td>
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<tr>
<td>Securing capital</td>
<td>39%</td>
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<td>Accounting</td>
<td>35%</td>
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45% of Hispanic-Latino business owners say they are self-taught when learning how to be a business owner.
Hispanic-Latino Business Owners: Family & Community Support

Family plays a major role in the lives of Hispanic-Latino business owners, and community support is a two-way street.

86% of Hispanic-Latino entrepreneurs are committed to building generational wealth through their businesses, compared to 77% of non-Hispanic-Latino entrepreneurs.

60% of Hispanic-Latino business owners say their community plays an active role in supporting their business.

88% of Hispanic-Latino business owners actively give back to their communities, and of those, their actions include:

- 54% Donating products or services
- 46% Volunteering
- 36% Sponsoring local events and teams
- 33% Sourcing local supplies

Most Hispanic-Latino business owners are confident in their entrepreneurial skills and feel set up for future success.

Hispanic-Latino business owners believe they are:

- Supported by their family: 86%
- Successful as business owners: 81%
- Set up for future success: 76%
Black Business Owners: Accessing Capital & Resources

Black business owners acknowledge challenges around accessing capital, as nearly half have experienced challenges and two-in-five say they will never have equal access to capital.

46% of Black business owners say they’ve faced issues accessing capital, and challenges include:

- **39%**
  - Not feeling properly qualified or informed on applying for capital
- **38%**
  - No relationship with a lender
- **21%**
  - Not knowing where to apply for capital

**40%**
- I do not think Black business owners will ever have equal access to capital

**25%**
- I think Black business owners will have equal access to capital in the future

**35%**
- I think Black business owners currently have equal access to capital

On average, these Black business owners believe they will achieve equal access to capital by 2035.

Despite many Black business owners saying they are self-taught when asked how they learned to be a small business owner, they are eager for advice and educational resources.

- **56%**
  - of Black business owners say they are self-taught when learning how to be a business owner.

I have a mentor I rely on for support as a business owner

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<th>Black: 56%</th>
<th>Non-Black: 43%</th>
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81% of Black business owners wish they were more knowledgeable about small business finances, including:

- **42%**
  - Securing grants
- **38%**
  - Developing a business plan
- **37%**
  - Business credit
Black Business Owners: Social Change

Black business owners are using their businesses to advocate for social change. Those who have made active pledges through their business are seeing benefits as a result.

I am committed to driving social change through my business

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<th>Black: 87%</th>
<th>Non-Black: 74%</th>
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<tr>
<td>Racial justice and equity are important causes for my business</td>
<td>Black: 55%</td>
<td>Non-Black: 30%</td>
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39% of Black business owners have active pledges toward social causes through their business, and of those, actions include:

- Volunteering resources: 43%
- Making operational changes to their business: 42%
- Making a monetary commitment: 40%
- Featuring signage in support of a cause: 32%

Due to my commitment, my business has:

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<td>Increased sales</td>
<td>61%</td>
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<td>Deepened ties to my community</td>
<td>40%</td>
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<td>Increased my customer base</td>
<td>34%</td>
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While working to drive change through their business, most Black business owners feel they need to work harder to achieve success. However, a majority believe they run a successful business.

75% of Black business owners feel that they have to work harder to achieve the same level of success as white business owners.

79% of Black business owners say they run a successful business.
AAPI Business Owners: Accessing Capital & Family Support

Over half of AAPI business owners say they’ve experienced challenges accessing capital for their business, particularly as they struggle to feel qualified and confident to apply.

55% of AAPI business owners say they’ve faced issues accessing capital, and challenges include:

- 37% Not feeling properly qualified or informed on applying for capital
- 31% No relationship with a lender
- 23% Not knowing where to apply for capital

22% I do not think AAPI business owners will ever have equal access to capital

47% I think AAPI business owners currently have equal access to capital

31% I think AAPI business owners will have equal access to capital in the future

On average, these AAPI business owners believe they will achieve equal access to capital by 2039

Most AAPI business owners say they rely on their family as a support system, and through this support, they are motivated to build generational wealth through their business.

- 80% I have support from my family as a business owner
- 82% Building generational wealth through my business is important
- 37% A family member taught me how to be a small business owner