

Supporting business through family care responsibilities

Research Findings

September 2019

Independent Research (Savanta)



NatWest

Background to Research



Despite being the start-up capital of Europe, only 6% of women run their own businesses in the UK compared with 15% in Canada; 11% in the US; and 9% in Australia and the Netherlands. The UK also lags in gender parity: for every 10 male entrepreneurs there are less than 5 female*.



The Rose Review (published March 2019) examined barriers women in business face and what can be done to overcome them. One of the key barriers identified was a woman's role as Primary Care Giver. A key recommendation was to review existing banking products and create new banking products aimed at businesses with family care responsibilities.



NatWest is leading the way in developing new banking products which will support entrepreneurs with family care responsibilities (irrespective of gender).

Independent research commissioned by NatWest Insight Consultancy to investigate:



- Demand/interest in new banking products designed for businesses with family care responsibilities (defined as childcare or elderly care)
- Appeal and consideration of new lending products
- Impact on customer perceptions of launching such products

The products (all subject to credit approval) tested in the research were:

1. Pay as you use overdraft

A business overdraft where you pay for what you use, rather than standard monthly charge.

2. Flexible loan

Borrow capital in stages when you need it and pay for only what you release from loan.

3. Credit wallet

Withdraw from a pot of approved credit in your current account. Draw, repay, re-draw as often as needed.

4. Repayment holiday* on existing loans

Take a repayment break or multiple repayment breaks at a period of time that suits you (on existing loan).

*Small monthly payments required to cover interest

5. Repayment holiday* on new loans

A flexible business loan which allows a repayment pause of up to 12 months, right from the start.

*Small monthly payments required to cover interest

Note: (*) Source: Global Entrepreneurship Monitor – Global Report 2017/2018 – Report 2018

Top 5 Research Findings

Top 5 Research Findings

1

- Almost **two thirds** of females surveyed have a **family care responsibility** and a **borrowing need**
- This equates to **c. 416,000 businesses** in the total UK market.

2

- **Family care** responsibilities have **presented challenges** and/or **impacted growth plans** for more than **half of female businesses**

3

- **Work-life balance** is the biggest **challenge**, followed by **availability of funding**
- Most **agree banks could do more** to show **support** and **design products** for business-owners with family care responsibilities

4

- **All of the products** tested in the research (which aim to support businesses with family care responsibilities) had **high appeal and consideration** amongst the key target market

5

- Currently **no banks** are associated with **supporting female entrepreneurs**
- The development of products to **better support female businesses** will **positively impact customer perceptions**

Research Approach

Stage One: Qualitative (Groups & Interviews)

Initial exploratory qualitative research with business owners (June 2019):

Focus groups and in-depth interviews:

- Two focus groups in London
- Two focus groups in Glasgow
- 12x in-depth interviews (UK-wide)

Aims

- To explore six product concepts and positionings
- To understand and qualify the need
- To refine the product concepts before the Quantitative research

Stage Two: Quantitative (Surveys)

350 online interviews* with business owners, of which:

- 250 were female-owned
- 179 female-owned with family care responsibilities
- 100 male-owned

Aims

- To size the opportunity and quantify the need
- To gauge consideration and appeal among the target audience

Note: (*) Research took place from 6-28 August 2019).

No of businesses surveyed

	Female owned (majority)		Male or jointly owned		
Revenue (GBP)	Family care	No family care	Family care	No family care	Total Sample
Under 100,000	32	38	13	26	109
100,000 - 2 million	113	26	33	19	191
2.1 - 6.5 million	34	7	7	2	50
Total	179	71	53	47	350

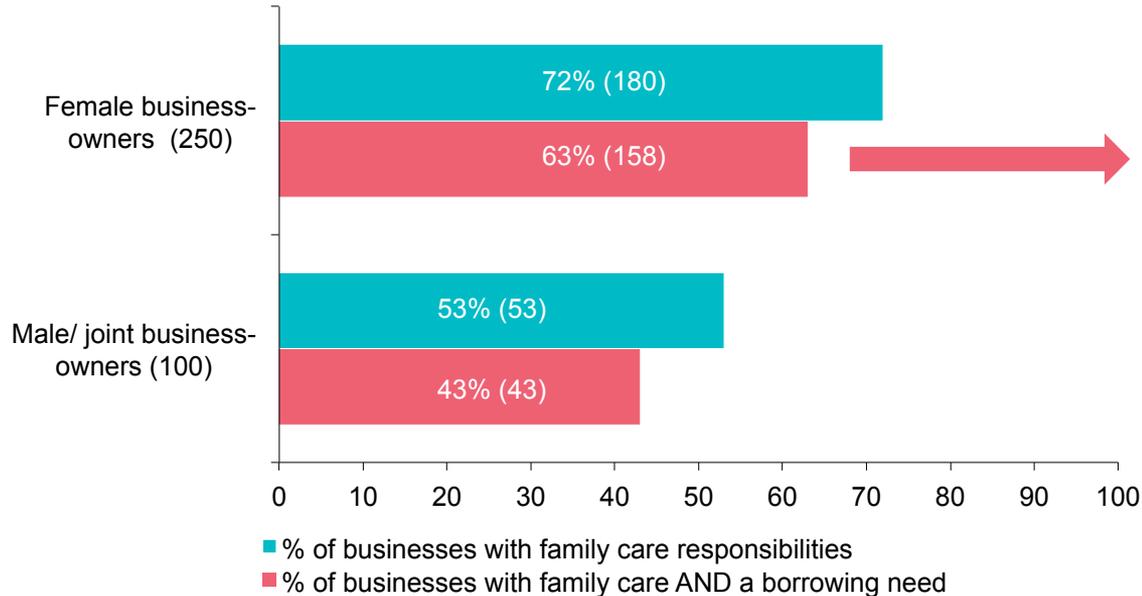
Core Target Market:

We surveyed 350 business owners in total. Within these slides, we have focussed on the 158 female businesses with family care responsibilities AND a borrowing need.

Nearly two thirds of females surveyed have a family care responsibility and a borrowing need. This could equate to c. 416,000 businesses in the total market



Sample surveyed:



Estimated market size (UK): 416,000
Target Market:
Female-owned businesses with family care responsibilities and a borrowing need (158)

In MVBB* total market data, 17% of small businesses with a turnover of up to GBP2 million are female owned.

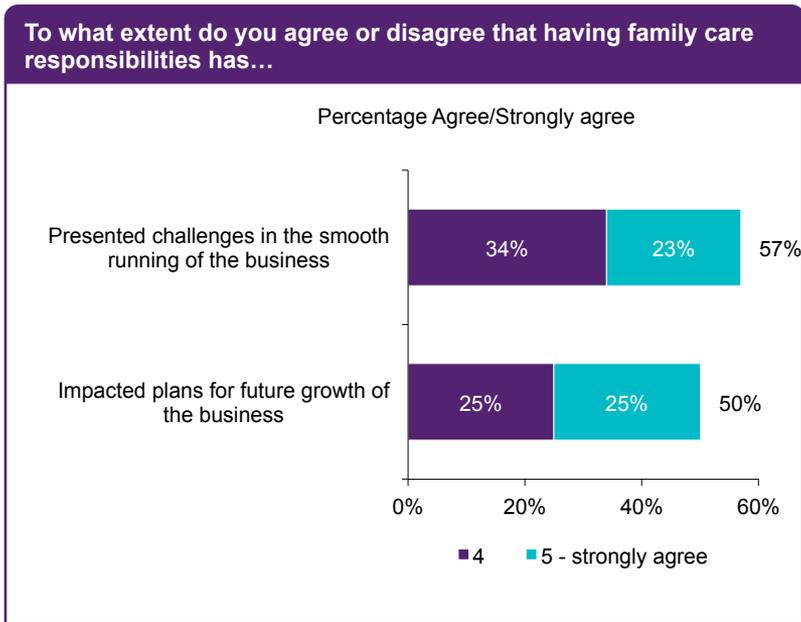
If 63% of these owners have family care responsibilities and a borrowing need, the total market is estimated to be around 416,000 small businesses

(Note: (*) MVBB: Savanta's MarketVue Business Banking Survey).

Base: All businesses (350)

Savanta:

Family care responsibilities have presented challenges and/or impacted growth plans for more than half of the core target market



ALL business owners with family care % Agree/ Strongly agree (232)	ALL with a borrowing need % Agree/ Strongly agree (201)	MALE ALL with family care % Agree/ Strongly agree (53)
51%	54%	36%
44%	48%	36%

"My love of control... I do it myself... so it is **very difficult to manage that balance** because I don't really get to switch off from the business."
(Female Business Owner)

"I didn't realise how much of a **struggle it was to have a baby**. ... I've got these plans and ambition but I feel as if I don't know how to catch them right now so yeah, that's where I am, a bit of a mess."
(Female Business Owner)

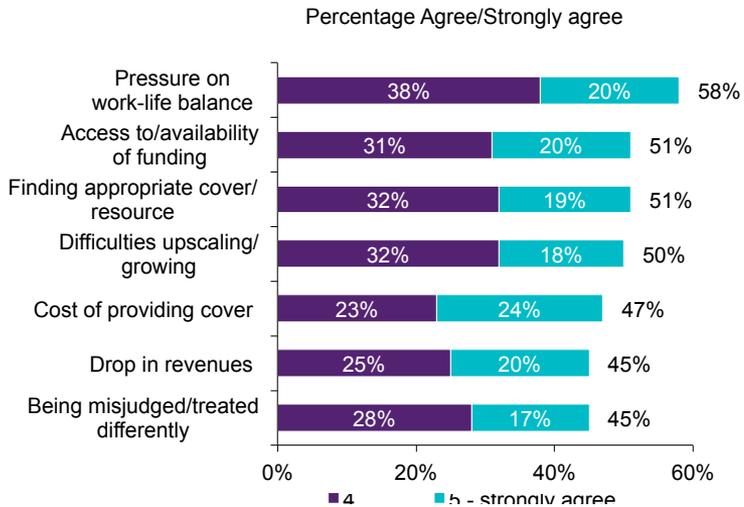
Base: All female owned businesses with family care responsibilities and a borrowing need (158)
Graph and table displays top 2 box (to what extent do you agree/strongly agree). Scale 1-5, where 1 = strongly disagree and 5 = strongly agree

Note: Asked of those with family care responsibilities only.

Savanta

While a work-life balance is the biggest challenge, more than half of the core market agree that availability of funding is a challenge

To what extent do you agree or disagree that the following are a concern or challenge in running a business...

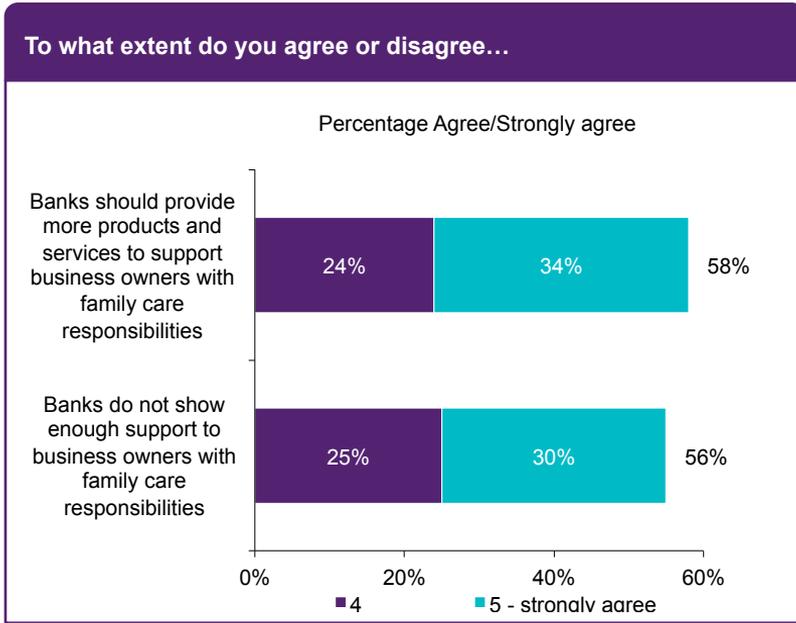


ALL business owners with family care/future family care % Agree (254)	ALL with a borrowing need and family care % Agree (221)	MALE ALL with family care/future family care % Agree (58)
58%	59%	53%
44%	48%	34%
45%	50%	38%
43%	47%	31%
42%	46%	38%
41%	42%	34%
41%	45%	41%

“If you’re trying to raise investment and say you’re planning to have a baby, you’ll get nothing. They ask not just me but every woman in my team.”
 (Female New Business Owner, talking about venture capital investment)

Base: All female owned businesses with family care responsibilities and a borrowing need (158).
 Graph and table displays top 2 box (to what extent do you agree/strongly agree).
 Scale 1-5, where 1 = strongly disagree and 5 = strongly agree
 Note: Asked of those with family care responsibilities or likely future family care responsibilities only.

Most agree banks could do more to show support and provide products for business-owners with family care responsibilities

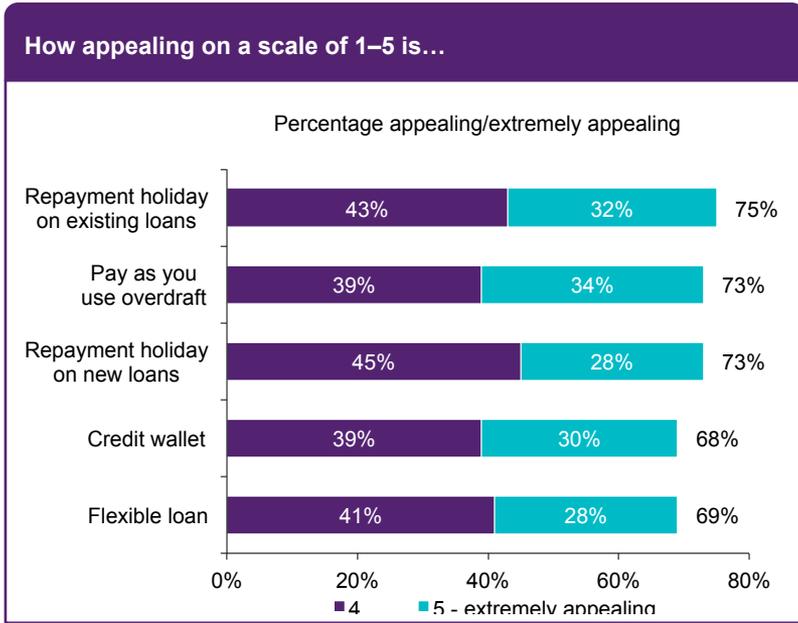


ALL business owners with family care/future family care % Agree/Strongly (254)	ALL with a borrowing need and family care % Agree/Strongly (221)	MALE ALL with family care/future family care % Agree/Strongly (58)
50%	56%	36%
50%	55%	47%

“Financial institutions, I personally believe **they don't look at us as worth investing in because we're women**, because we have families, because we might have a pregnancy ... **a lot of challenges we face every day**. So, yes, I do think there is room for organisations to move forward with us as females, and see us as an equal, as opposed to not equal.”
(Female Business Owner, Property Development)

Base: All female owned businesses with family care responsibilities and a borrowing need (158).
Graph and table displays top 2 box (agree/strongly agree). Scale 1-5, where 1 = strongly disagree and 5 = strongly agree
Note: Asked of those with family care responsibilities or likely future family care responsibilities only.

All products shown had considerable appeal among female business owners with family care responsibilities



ALL business owners with family care TOP 2 BOX (232)	ALL with a borrowing need TOP 2 BOX (273)	ALL MALE TOP 2 BOX (100)
69%	67%	45%
66%	66%	51%
68%	66%	42%
65%	64%	46%
64%	63%	41%

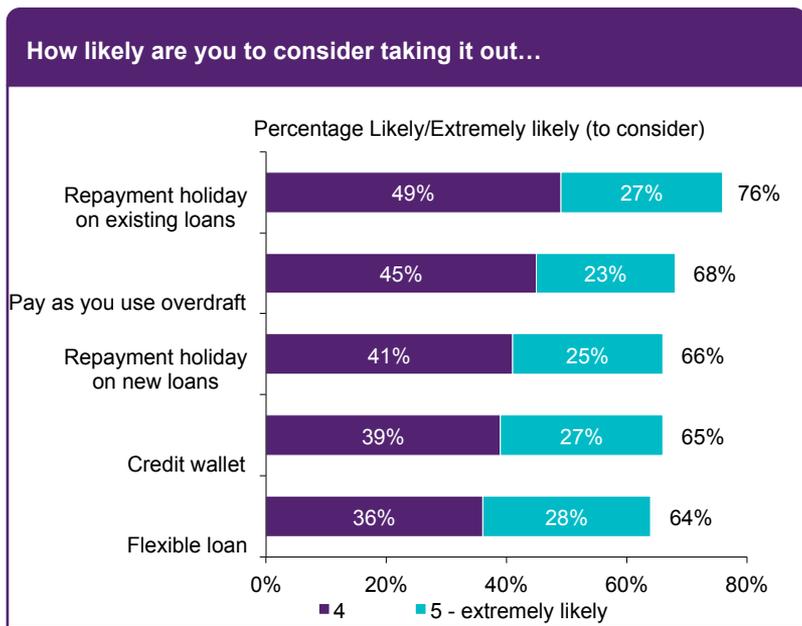
92% of the core target market said at least one of the products is appealing
 Only 8% did not agree and were more likely to be:

- Smaller businesses (under GBP100,000 turnover 1 - 10 employees)
- Anticipating consolidation rather than business growth going forward

"Small businesses need a chance [with money] that's flexible and easy to get."
 (Female Business Owner)

Base: All female owned businesses with family care responsibilities and a borrowing need (158).
 Graph and table displays top 2 box (appeal of products: appealing/extremely appealing).
 Scale 1-5, where 1 = not at all appealing and 5 = extremely appealing

Consideration for all products is high



ALL business owners with family care % consideration (232)	ALL with a borrowing need % Consideration (273)	ALL MALE % Consideration (100)
66%	64%	37%
57%	56%	32%
57%	54%	30%
58%	56%	34%
56%	55%	31%

89% of the core target market said they would consider at least one of the products

Only 11% said they would not consider the products. They were more likely to be:

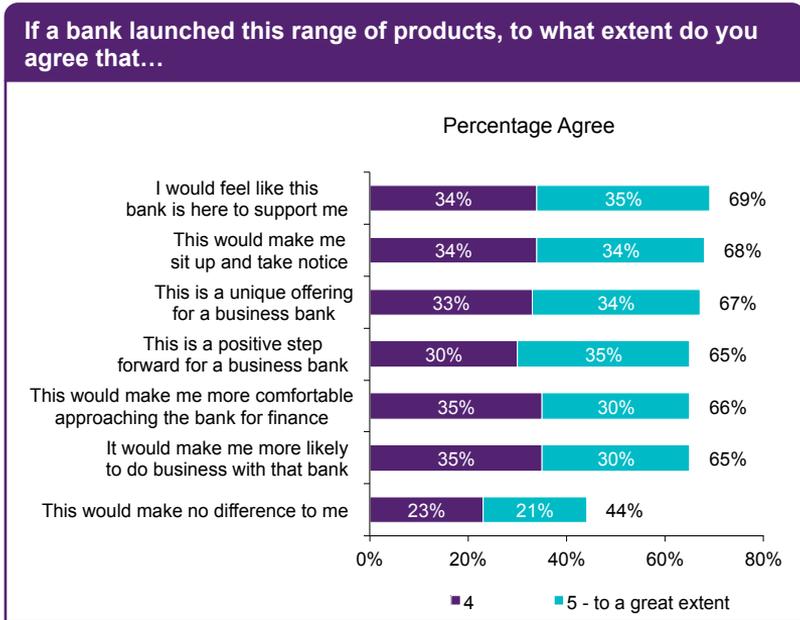
- Smaller businesses (under GBP100,000 turnover with 1 - 10 employees)
- Anticipating consolidation rather than business growth going forward

“Allows for flexible decision making...”
(Female Business Owner)

“You are more in control.”
(Female Business Owner)

Base: All female owned businesses with family care responsibilities and a borrowing need (158).
Graph and table displays top 2 box (likelihood to consider).
Scale 1-5, where 1 = extremely unlikely and 5 = extremely likely to consider

Designing more flexible products (e.g., loans with repayment holidays and pay-as-you-use overdrafts) would have a positive impact on customer perceptions



ALL business owners with family care % Agree (232)	ALL with a borrowing need % Agree (273)	ALL MALE % Agree (100)	FEMALE owners with NO family care % Agree (71)
67%	66%	53%	61%
66%	64%	51%	54%
66%	66%	51%	65%
67%	67%	62%	66%
64%	61%	46%	52%
64%	62%	51%	51%
42%	41%	42%	38%

A launch is unlikely to alienate other business customers: many of those outside the core target market with no family care needs also see this as unique and positive

Base: All female owned businesses with family care responsibilities and a borrowing need (158).
Graph displays top 2 box (to what extent do you agree).
Scale 1-5, where 1 = not at all and 5 = to a great extent

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