

*How Latinos Can Overcome*  
**Small Business  
Financing Hurdles**



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# Latino-Owned Businesses – Facts & Figures

Small business owners of Hispanic origin are the fastest growing segment of the small business community in the U.S. According to Hector Barreto, Chairman of The Latino Coalition and the former head of the SBA in Washington, the young generation of Latinos – both immigrants and first or second generation Americans – are extremely entrepreneurial.

- Number of Latino-owned businesses in the U.S.: 3 million+
- Approximate annual revenues of Latino-owned businesses: \$ 500 billion
- The number of Latino-owned businesses is expected to double within the next five years

## The Top 5 States for Latino-Owned Small Business Loan



- *California* 20.3% Applications
- *Florida* 20.2% Applications
- *Texas* 14.0% Applications
- *New York* 11.7% Applications
- *New Jersey* 4.2% Applications

***These five states represented more than 70 percent of the loan requests made by Latinos in the past two years.***

Source : <http://www.biz2credit.com/research-reports/challenges-faced-by-latino-small-business-owners>

# Challenges for Latino Small Business Owners

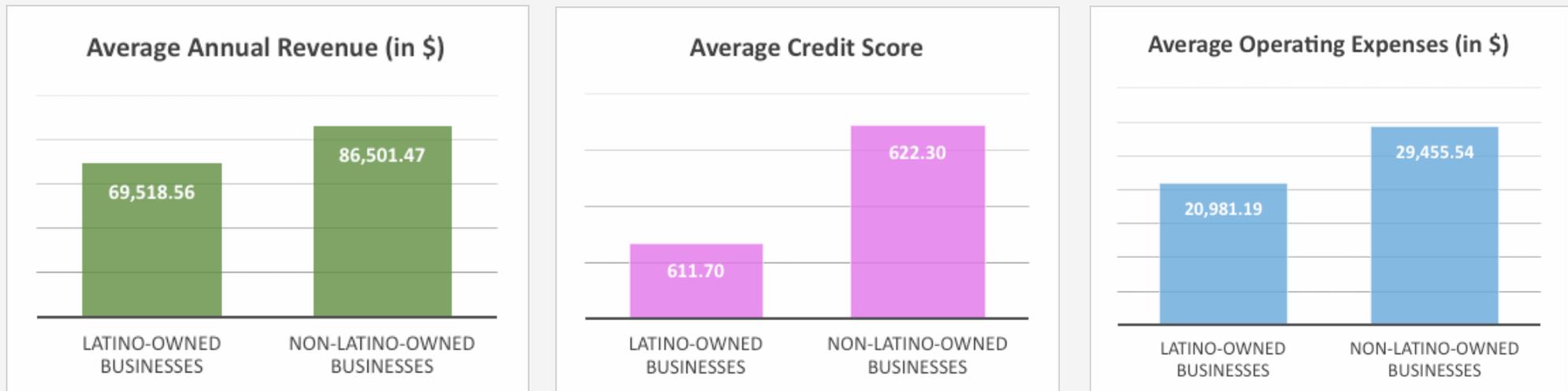
Latino entrepreneurs make a powerful segment in the U.S. small business landscape. With bright business ideas and enthusiasm, the Hispanic community is fast in making its mark in the small business industry. However, Latino entrepreneurs find it difficult to secure funding for setting up new business ventures or expansion.

Biz2credit's intensive study of thousands of Latino business owners revealed that even after sharing the same age of business – how long a company has been in operation, the average revenue and credit scores for Latino-owned companies were often lower than those of non-Latino businesses.

Highlighted here are some of the major challenges faced by Latinos while seeking financial aid for their businesses:

- Language and understanding of loan application process, which can be daunting for Latinos, particularly immigrants
- Lack of experience in borrowing money from banks
- Poor credit history or no credit history at all
- High interest, non-bank lenders often the only choice for funding

*Some of the other comparative stats are as follows:*



Source : <http://www.biz2credit.com/research-reports/challenges-faced-by-latino-small-business-owners>

# SBA for Latino Small Business Owners

Over the years, the U.S. Small Business Administration has been working diligently towards easing loan processes for the Hispanic community. Together with the U.S. Hispanic Chamber of Commerce (USHCC), the SBA offers a lot many Latino-focused programs to assist the Hispanic community.

To promote and encourage the Latino small business community, SBA.gov provides links to Minority Business Development Centers (MBDCs) that can connect Latinos with training courses and other assistance.

Other SBA efforts :

- The SBA has a network of Small Business Development Centers (Centros de Desarrollo Empresarial) that offer networking opportunities and advice to Latinos.
- The 8(a) Business Development Program helps socially and economically disadvantaged individuals through a wide range of assistance programs.
- The agency provides assistance in both English and Spanish.



# Role of Micro-Lenders in Supporting Latino Entrepreneurs

Micro-Lenders cater to the unique financial needs of startups and small but growing businesses. With the ever increasing stretch of the small business community, micro-Lenders have carved a niche for itself in the finance market and undoubtedly play a vital role in promoting the small business segment.

There are a number of loan programs designed to help Latinos, as well as other groups, who live in economic empowerment zones. Options besides “name brand” big banks can also be considered that include regional banks, credit unions, etc. In fact, alternative lenders typically approve more than half of the small business loan requests.

Finance centric conglomerates like Accion East, The Latino Coalition, and Biz2Credit extend dedicated support to the Hispanic small business community. Latino entrepreneurs can take assistance from any of the aforementioned institutions for start-up or expansion loans.



## Accion East

- Accion East offers affordable micro-finance solutions
- Since 1991, Accion has provided over \$132 million in over 20,000 micro-loans
- Funding helps grow small companies, create jobs, and strengthen communities



## Biz2Credit (The Latino Coalition's Recommended Funding Partner)

- Biz2Credit has a network of over 1,300 lenders and has arranged more than \$1.2 billion in loan products for all types of small businesses
- Borrowers create an account on Biz2Credit.com and apply for loans for free
- Pre-qualify for multiple loans and compare options in the Biz2Credit system
- Select the best product and finish application either online, or with the help of a Loan Specialist

# Thank You!

For more information about **Biz2Credit**

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