

Trust & Access to Capital

Spotlight on AAPI Small Business Owners

April 2022



REIMAGINE MAIN STREET



Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions via dialogue and data to ensure that MLK Boulevards, Cesar Chavez Ways, Chinatowns and Main Streets are at the center of our recovery.

Reimagine Main Street is a project of the Public Private Strategies Institute.



NATIONAL ACE

NATIONAL ASIAN / PACIFIC ISLANDER AMERICAN
CHAMBER OF COMMERCE & ENTREPRENEURSHIP

The National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE) provides a unified voice for the business interests of 2.65 million AAPI small business owners in the United States.

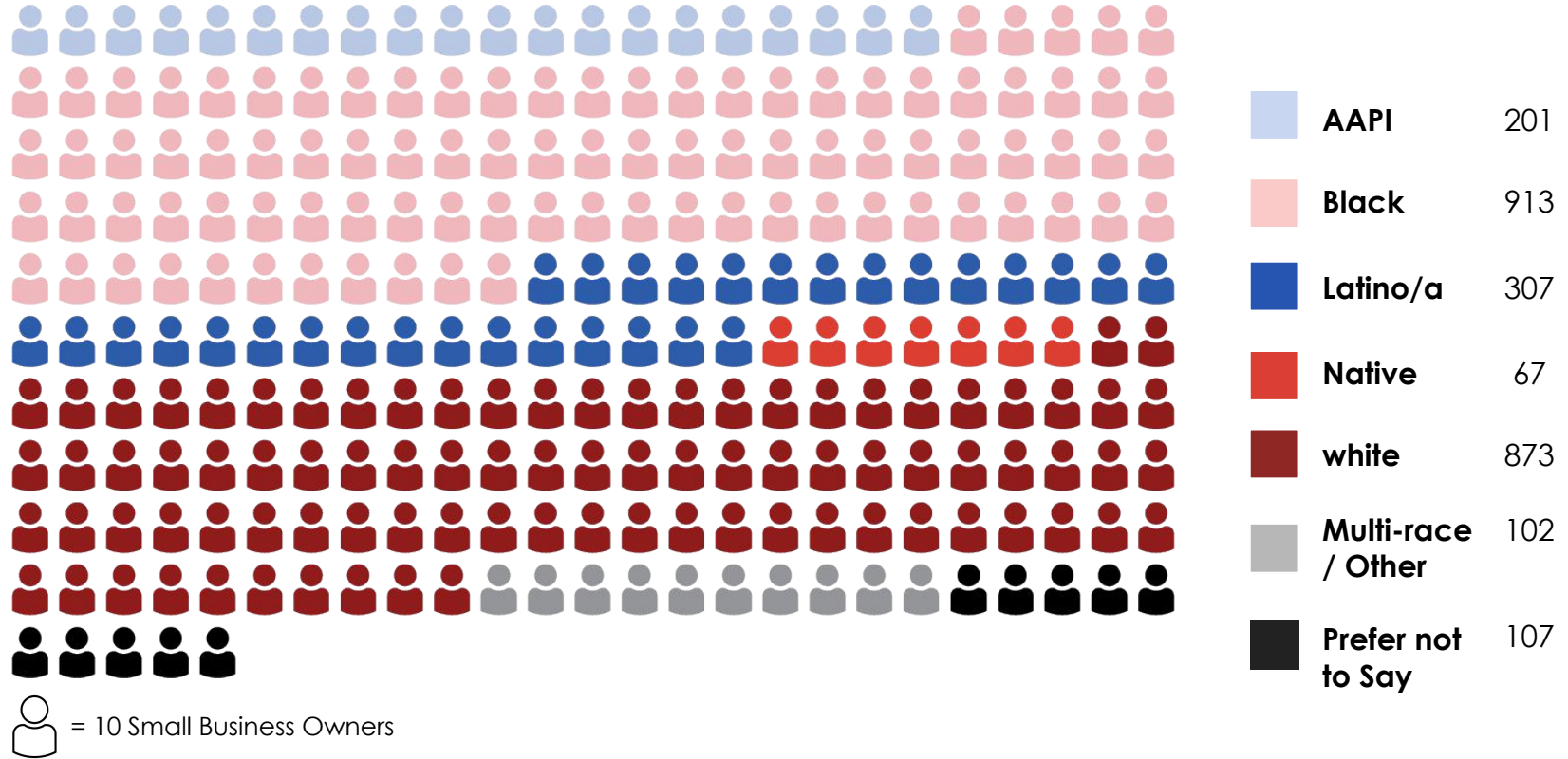
National ACE seeks to improve the economic, political, and social wellbeing of AAPIs by advocating for their business interests nationally, promoting issues that impact the small business community, improving economic development, advancing coalitions, enhancing community building, and fostering the next generation of AAPI entrepreneurs and executives.

Context for this Survey

- The last two years have taken a tremendous toll on AAPI small businesses and challenges persist for many AAPI entrepreneurs. Small businesses that do not have a financial cushion or a source of external financing remain at risk.
- Against this backdrop, we sought to better understand capital needs of small business owners and to assess confidence in their ability to meet those needs. We also wanted to take a pulse on attitudes toward a range of institutions where they might turn for capital.
- Reimagine Main Street and its partners fielded a national survey from April 7 - April 28, 2022 to generate insights into needs and attitudes of AAPI small business owners compared to their Black-, Hispanic- Native- and white-owned peer small businesses.

Large Sample Including >200 AAPI Business Owners

n = 2,570



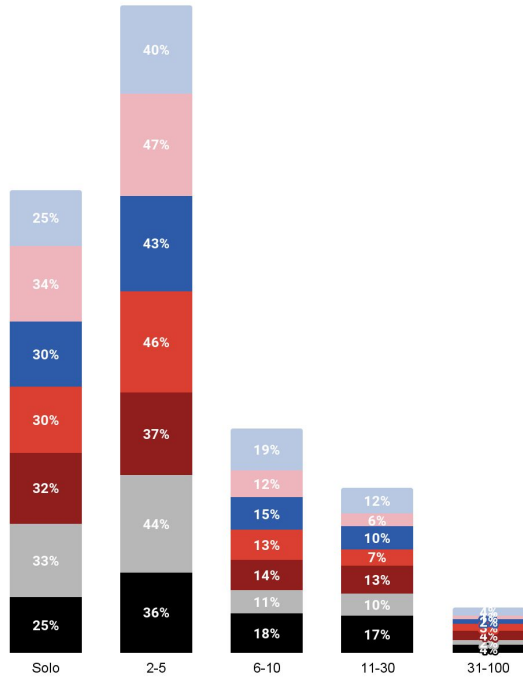
Mix of Solopreneurs and Small Employers

Distribution by Number of Employees

% of respondents

n = 2,570

■ AAPI (n=201)
 ■ Black, African or African American (n=913)
 ■ Latino(a) (n=307)
 ■ Native (n=67)
 ■ White (n=873)
 ■ Multiracial or Other (n=102)
 ■ Did Not Disclose (n=107)

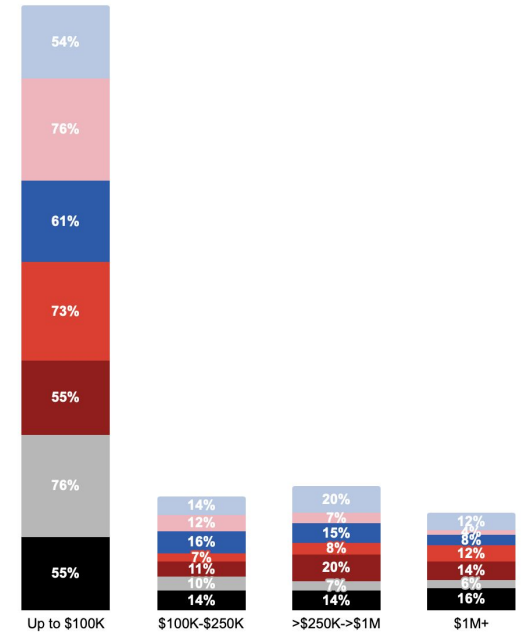


Distribution by 2021 Revenue

% of respondents

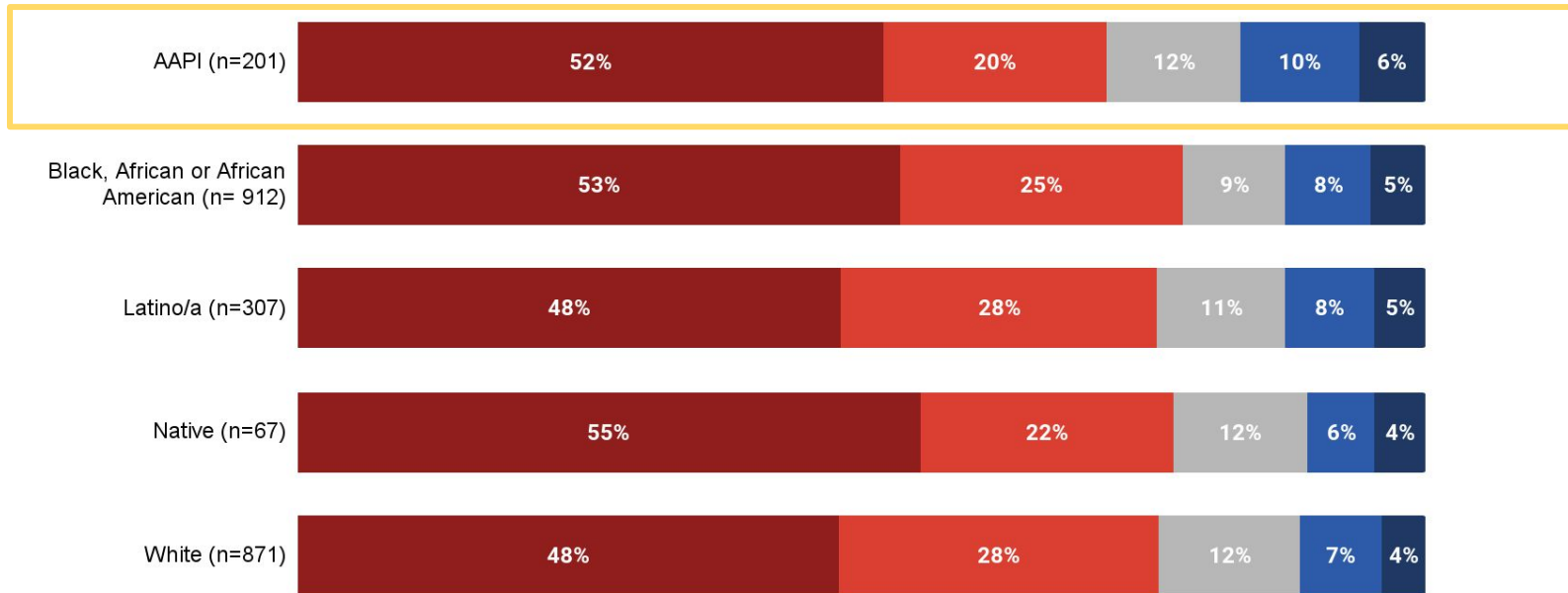
n = 2,570

■ AAPI (n=201)
 ■ Black, African or African American (n=913)
 ■ Latino(a) (n=307)
 ■ Native (n=67)
 ■ White (n=873)
 ■ Multiracial or Other (n=102)
 ■ Did Not Disclose (n=107)



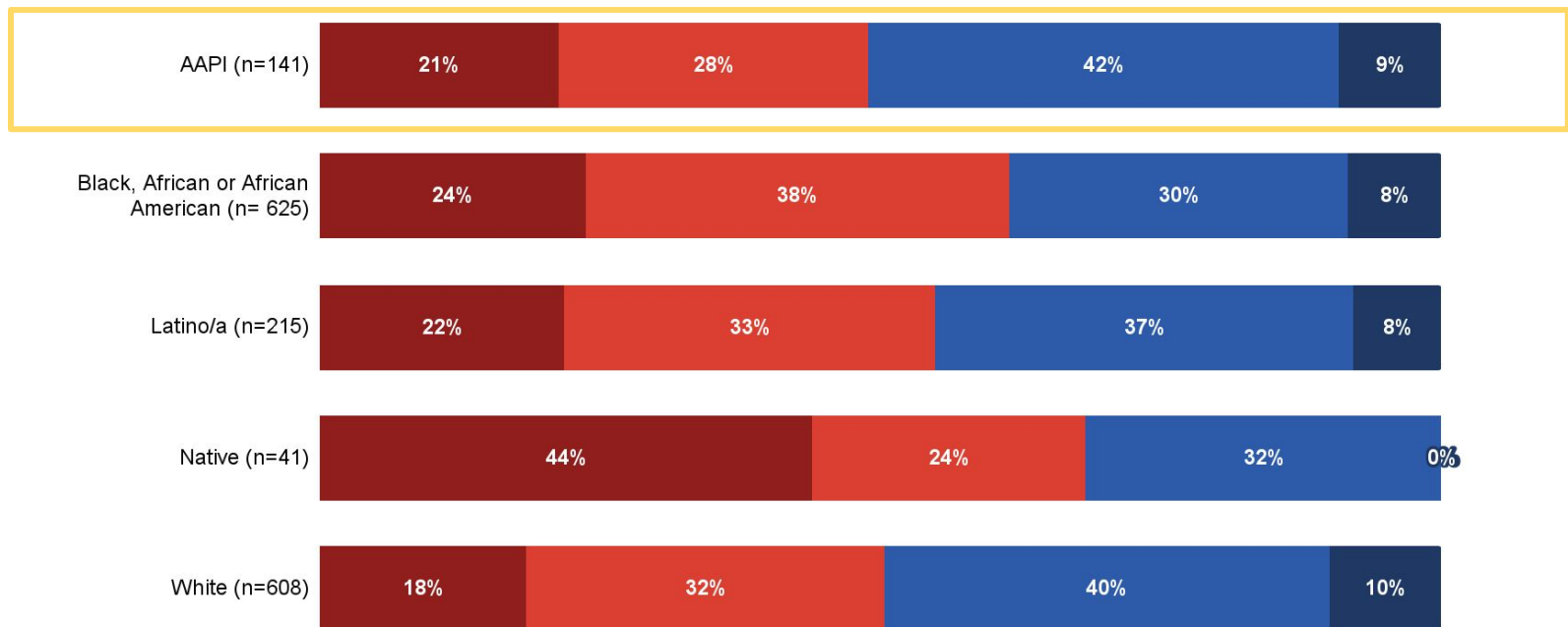
Majority of AAPI Respondents Hard Hit by COVID-19

■ Large negative effect ■ Moderate negative effect ■ Little or no effect ■ Moderate positive effect ■ Large positive effect



AAPI Business Owners Least Likely to Report that Business is Back

Strongly disagree Disagree Agree Strongly agree



Executive Summary

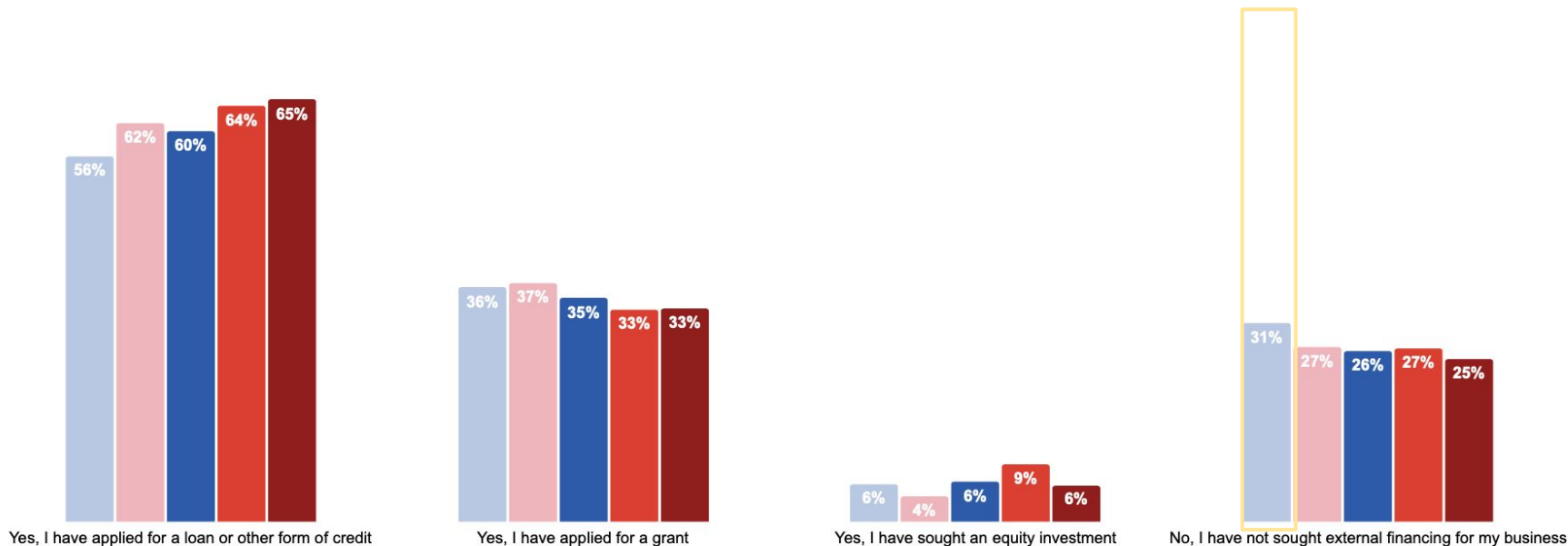
- Most AAPI entrepreneurs lack confidence they could finance unexpected operating expenses or go after growth opportunities including contracts, marketing campaigns, or hiring additional workers.
- The capital needs of many of these entrepreneurs could be met by Community Financial Institutions (e.g. CDFIs and Minority Depository Institutions), but these sources of capital and guidance are not familiar to most AAPI entrepreneurs.
- AAPI small business owners know, like and trust the Small Business Administration more than any other segment of small business owners. The SBA should use its new-found position of trust to connect business owners to private sector resources including Community Financial Institutions, responsible FinTech lenders, and banks that can meet their needs.

Survey Takeaways

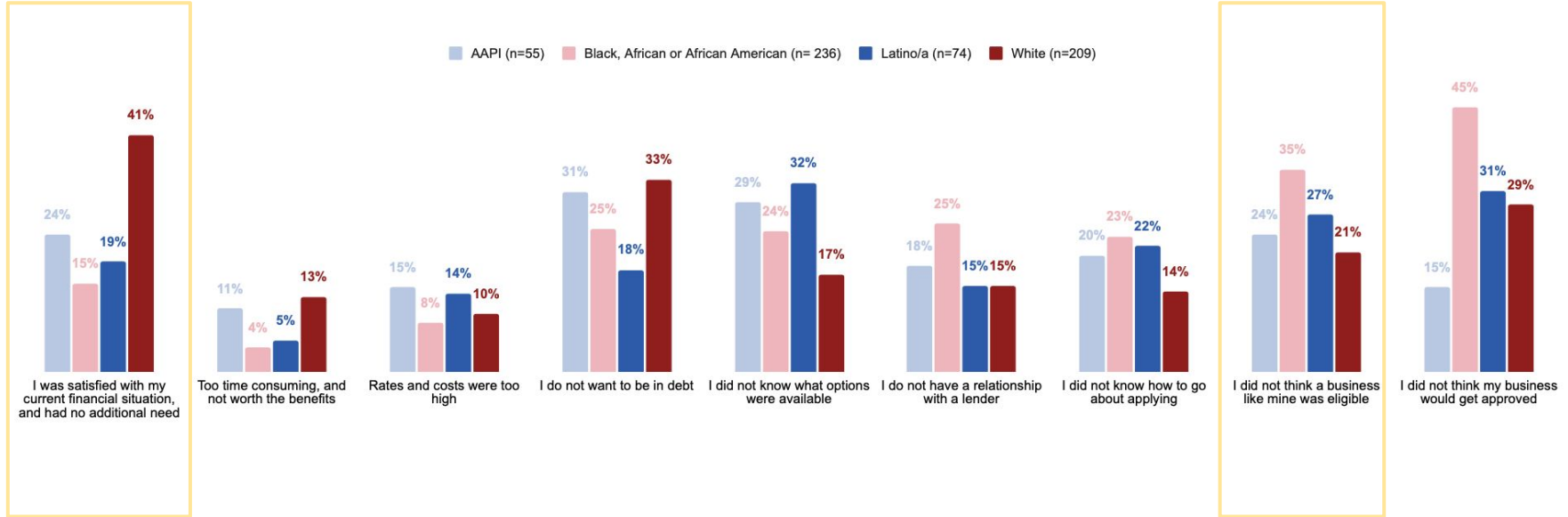
- **Demand is High for Low Dollar Amounts:** Most (56%) of AAPI respondents applied for a loan or other form of credit in the last twelve months. Among those who did not apply, respondents were evenly split between respondents who were satisfied with their situation and those who lacked confidence. Among those who applied for credit, three in four were seeking less than \$250,000.
- **Low Confidence in Meeting Common Financing Needs**
 - More than four in 10 (44%) AAPI respondents lack confidence to fund an unplanned \$5K business expense.
 - More than half of AAPI respondents lack confidence that they could fund a marketing campaign (56% lack confidence), increase payroll (58% lack confidence) or purchase property or equipment (69% lack confidence).
 - More than half of AAPI entrepreneurs lack confidence they could finance a purchase order or contract (53% lack confidence) or get a volume discount on an inventory purchase (53% lack confidence).
 -
- **Trust in Unexpected Places:** At a time when trust in government is waning, most respondents know, like, and trust the US Small Business Administration. 81% of AAPI respondents said they trust the SBA, the highest share of trust among respondents.
- **Opportunities to Increase Awareness of Financing Options:** While banks and credit unions are well-known, more than 40% of AAPI respondents do not know about Community Development Financial Institutions (CDFIs) or Minority Depository Institutions (MDIs).

Majority of Business Owners Sought External Financing in the Last Year, AAPI Least Likely

AAPI (n=201) Black, African or African American (n= 912) Latino/a (n=307) Native (n=67) White (n=871)

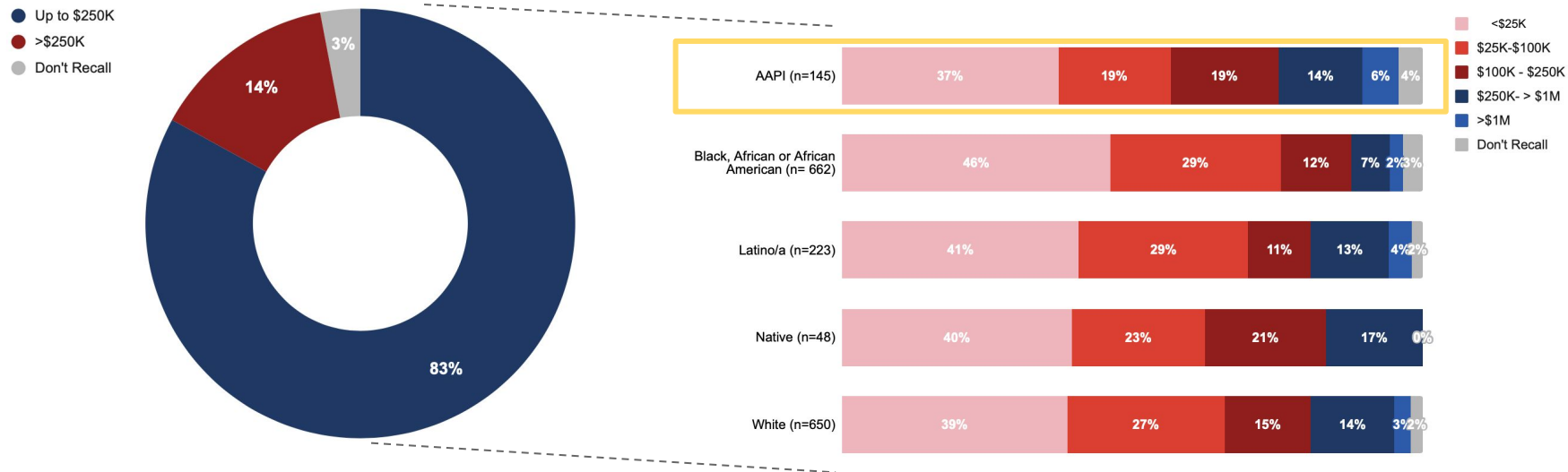


AAPI Business Owners Who Did Not Seek Financing Were as Likely to Lack Confidence as They Were to Have Been OK with Current Financial Situation



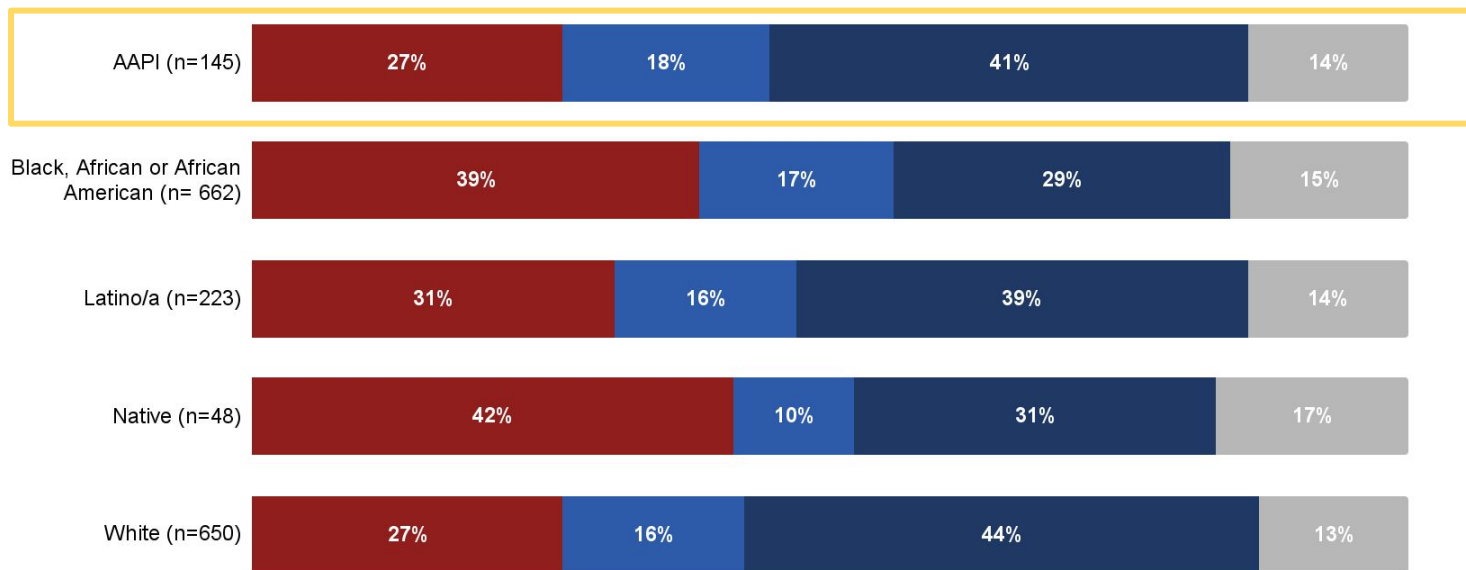
Where there is Demand for Credit, Highest for Low Dollar Amounts

Range of Dollar Amounts Requested Among Respondents who Applied for a Loan or Other Form of Credit in Last 12 Months



AAPI Small Businesses That Apply Likely to Get (Some) Funding

■ Request denied ■ Yes, but partly funded ■ Yes, fully funded ■ Still Waiting

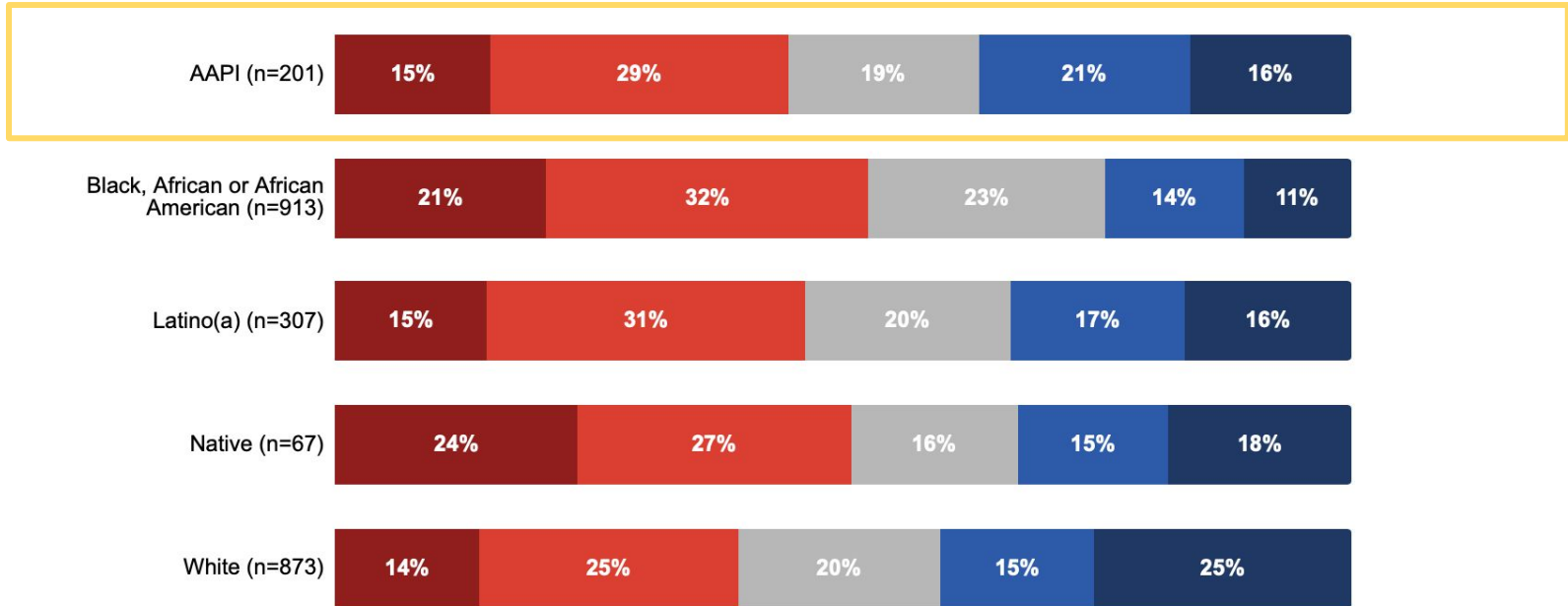


Survey Takeaways

- **Demand is High for Low Dollar Amounts:** Most (56%) of AAPI respondents applied for a loan or other form of credit in the last twelve months. Among those who did not apply, respondents were evenly split between respondents who were satisfied with their situation and those who lacked confidence. Among those who applied for credit, three in four were seeking less than \$250,000.
- **Low Confidence in Meeting Common Financing Needs**
 - More than four in 10 (44%) AAPI respondents lack confidence to fund an unplanned \$5K business expense.
 - More than half of AAPI respondents lack confidence that they could fund a marketing campaign (56% lack confidence), increase payroll (58% lack confidence) or purchase property or equipment (69% lack confidence).
 - More than half of AAPI entrepreneurs lack confidence they could finance a purchase order or contract (53% lack confidence) or get a volume discount on an inventory purchase (53% lack confidence.)
- **Trust in Unexpected Places:** At a time when trust in government is waning, most respondents know, like, and trust the US Small Business Administration. 81% of AAPI respondents said they trust the SBA, the highest share of trust among respondents.
- **Opportunities to Increase Awareness of Financing Options:** While banks and credit unions are well-known, more than 40% of AAPI respondents do not know about Community Development Financial Institutions (CDFIs) or Minority Depository Institutions (MDIs).

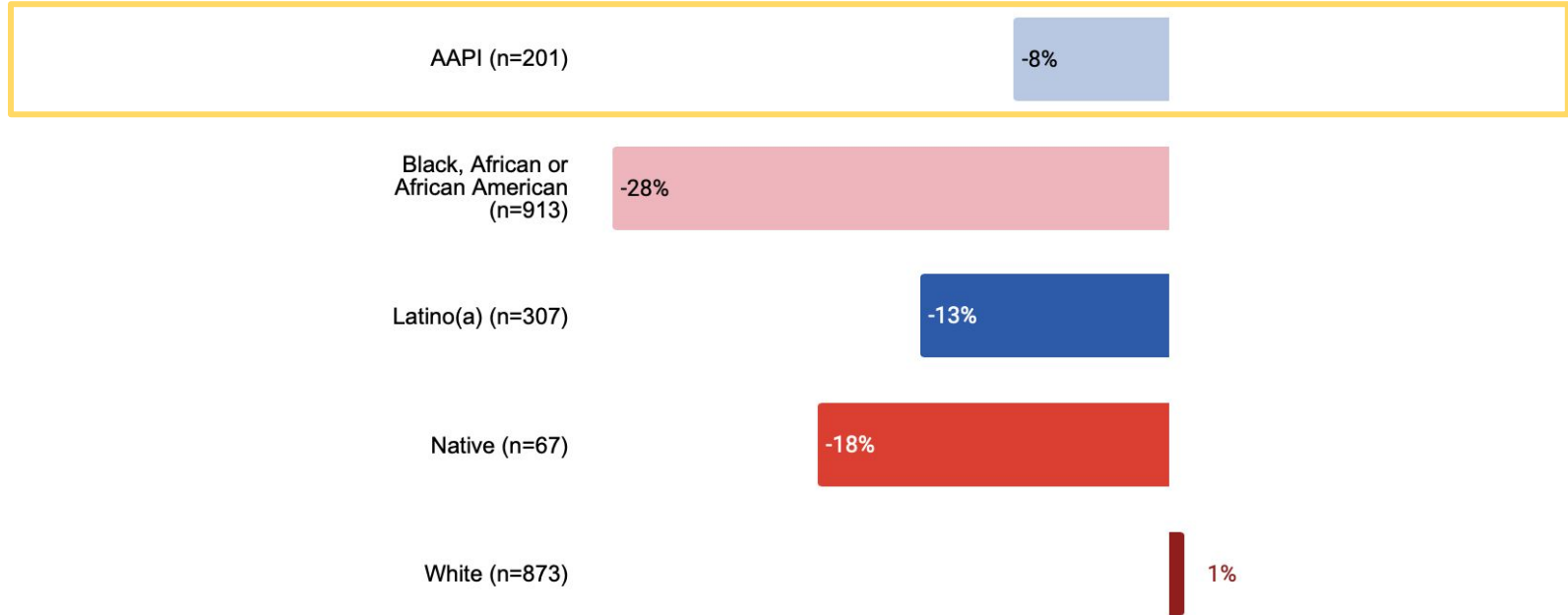
More than 4 in 10 AAPI Respondents Lack Confidence to Fund an Unexpected \$5K Business Expense

■ No Chance ■ Not Much Chance ■ Pretty Even ■ Very Good Chance ■ Certain



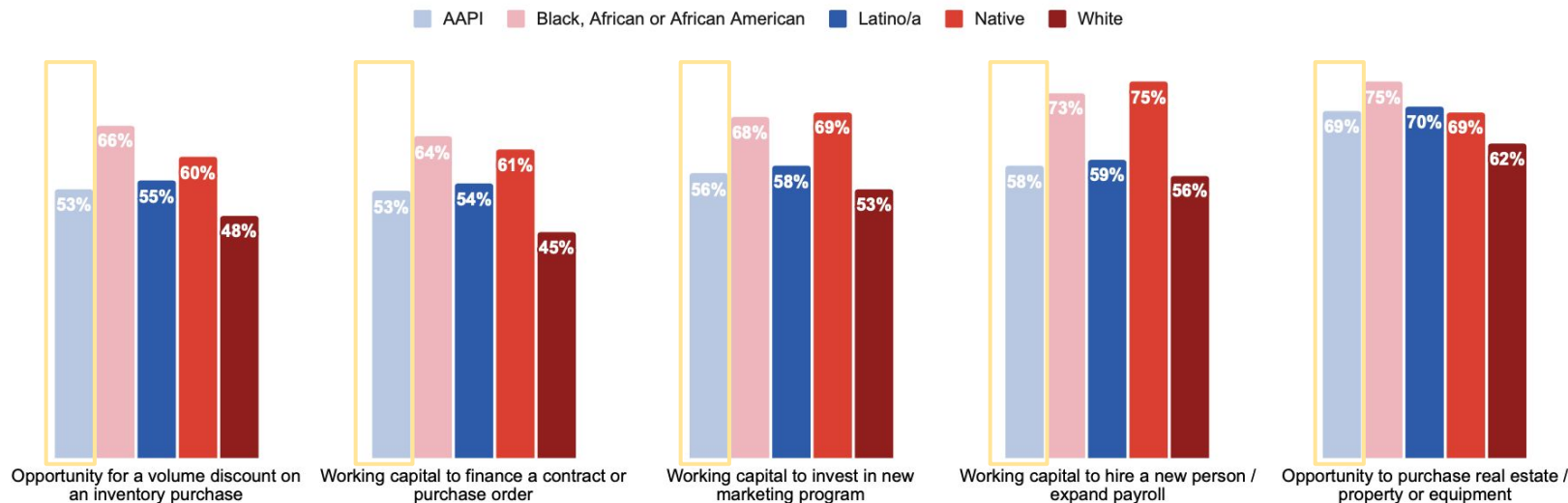
AAPI Business Owners Lack Confidence They Could Fund an Unexpected \$5K Business Expense

Net Confidence Among Respondents with Opinions on Odds



More than Half of AAPI Entrepreneurs Lack Confidence They Could Fund Common Needs or Opportunities

% Unlikely to Be Able to Finance*



Source: Rethink Main Street in partnership with National ACE, US Black Chambers, Inc. and United States Hispanic Chamber of Commerce (April 2022)

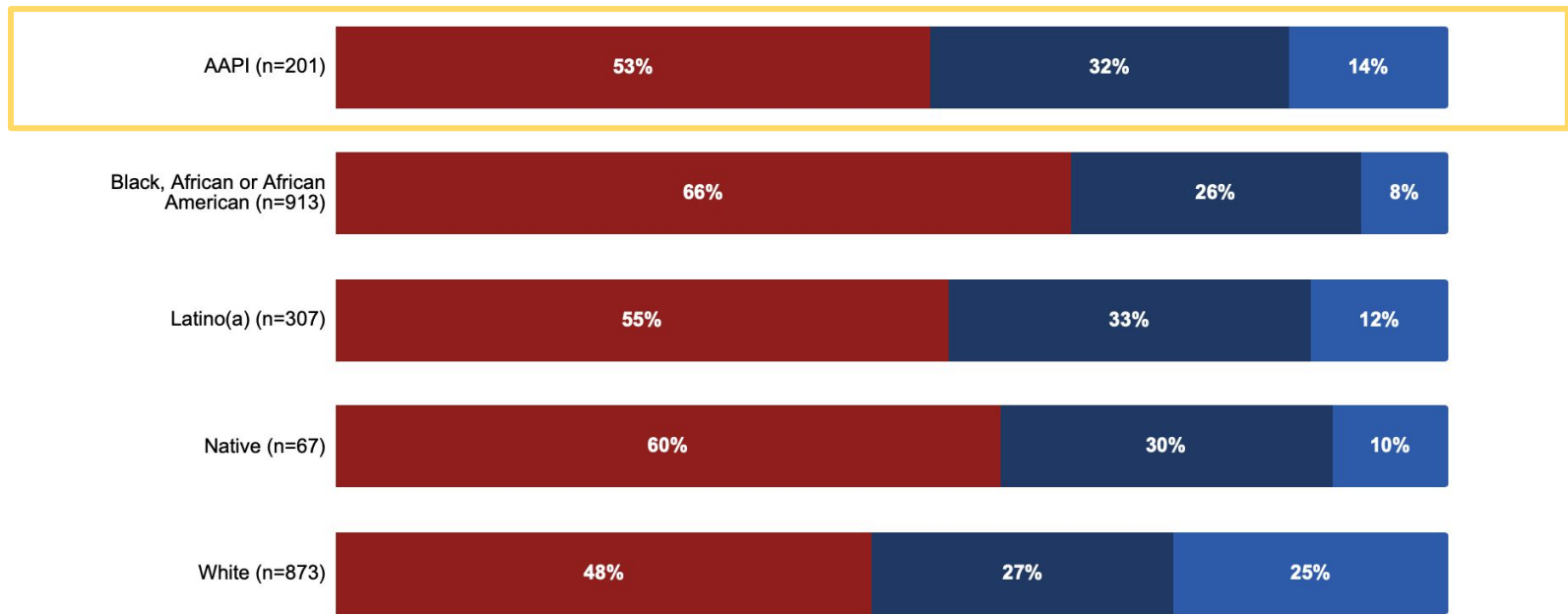
Qs4-8: The following questions present opportunities that a small business might encounter. Please tell us if you think your business would be able to access funds needed to go after each opportunity below.

*Finance with funds on hand or externally



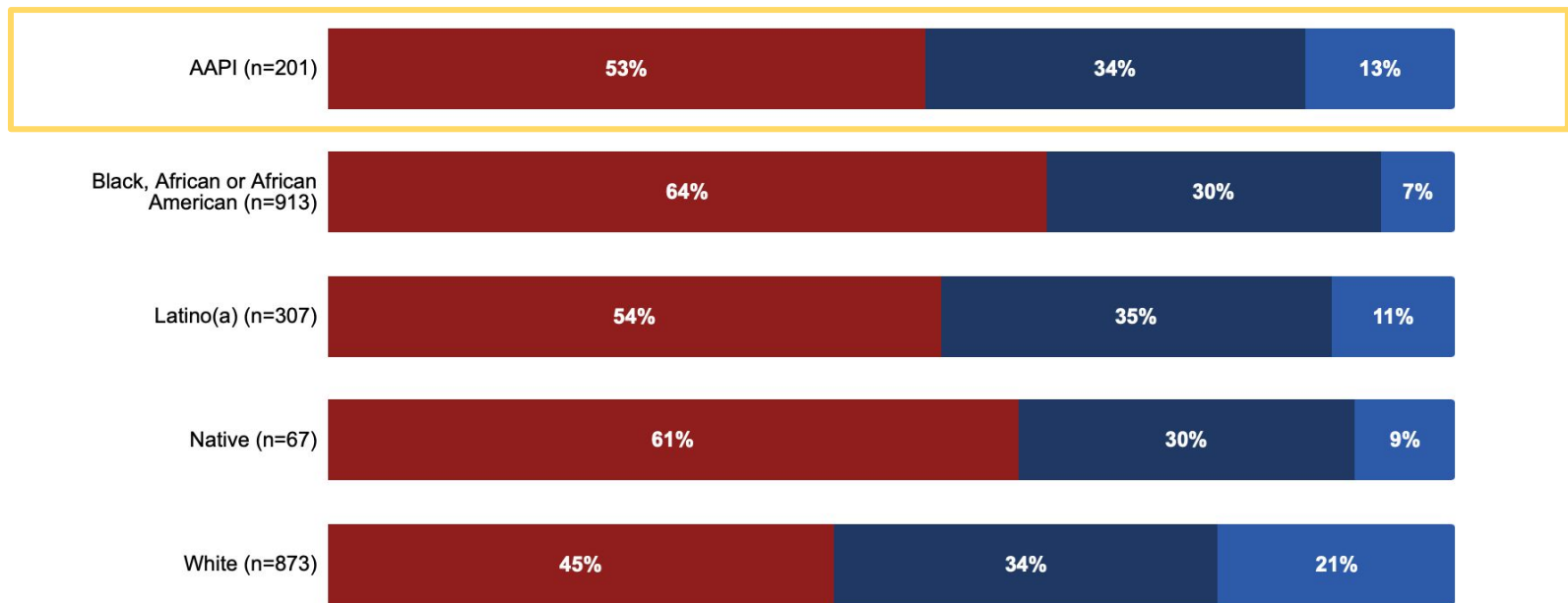
Most AAPI Entrepreneurs Lack Confidence They Could Get a Volume Discount on an Inventory Purchase

■ Unlikely to be Able to Finance ■ Confident I could get Financing On Time ■ Sufficient Capital on Hand to Fund



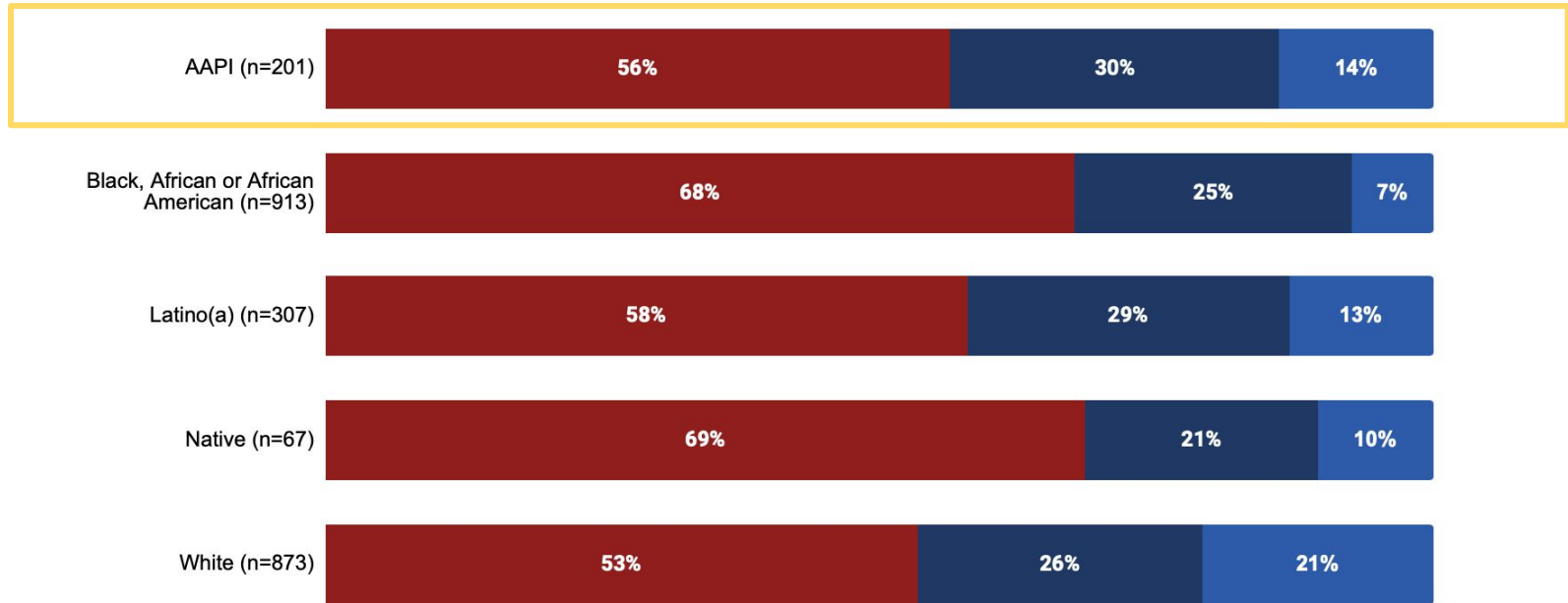
Most AAPI Entrepreneurs Lack Confidence They Could Finance a Contract or Purchase Order

■ Unlikely to be Able to Finance ■ Confident I could get Financing On Time ■ Sufficient Capital on Hand to Fund



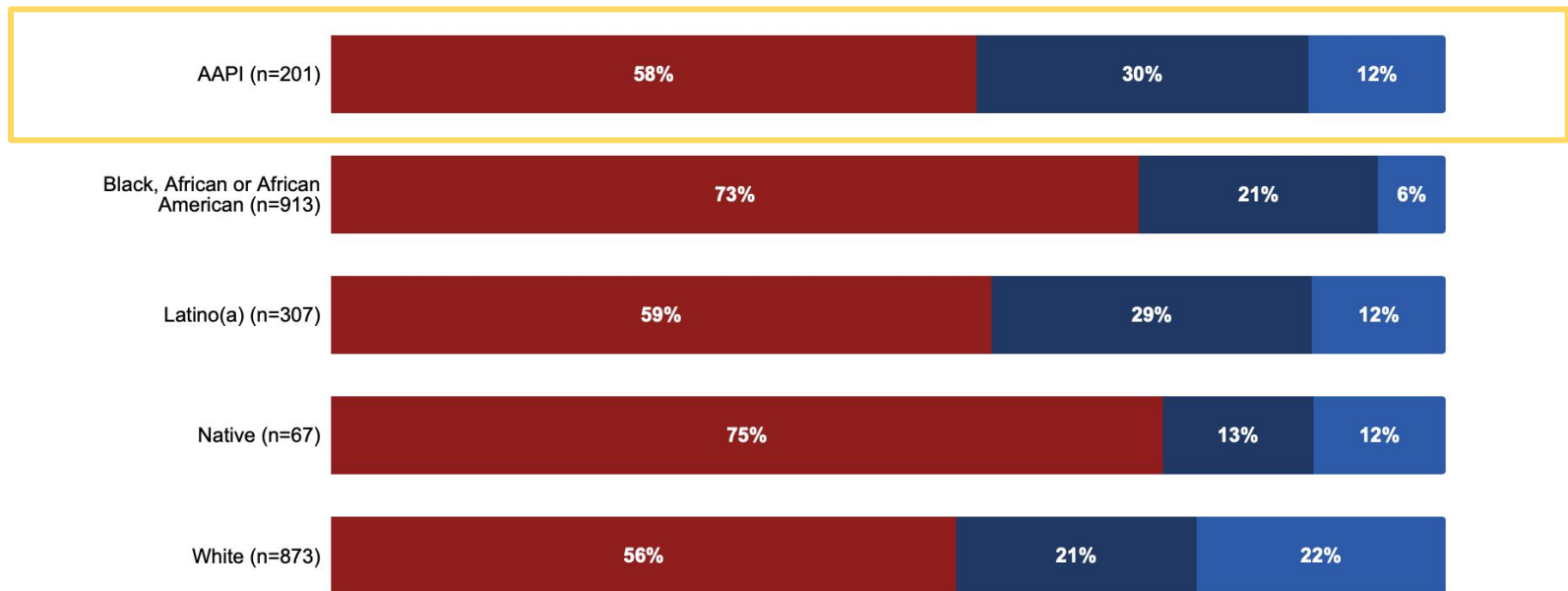
Most AAPI Respondents Lack Confidence to They Could Fund a New Marketing Program

Unlikely to be Able to Finance Confident I could get Financing On Time Sufficient Capital on Hand to Fund



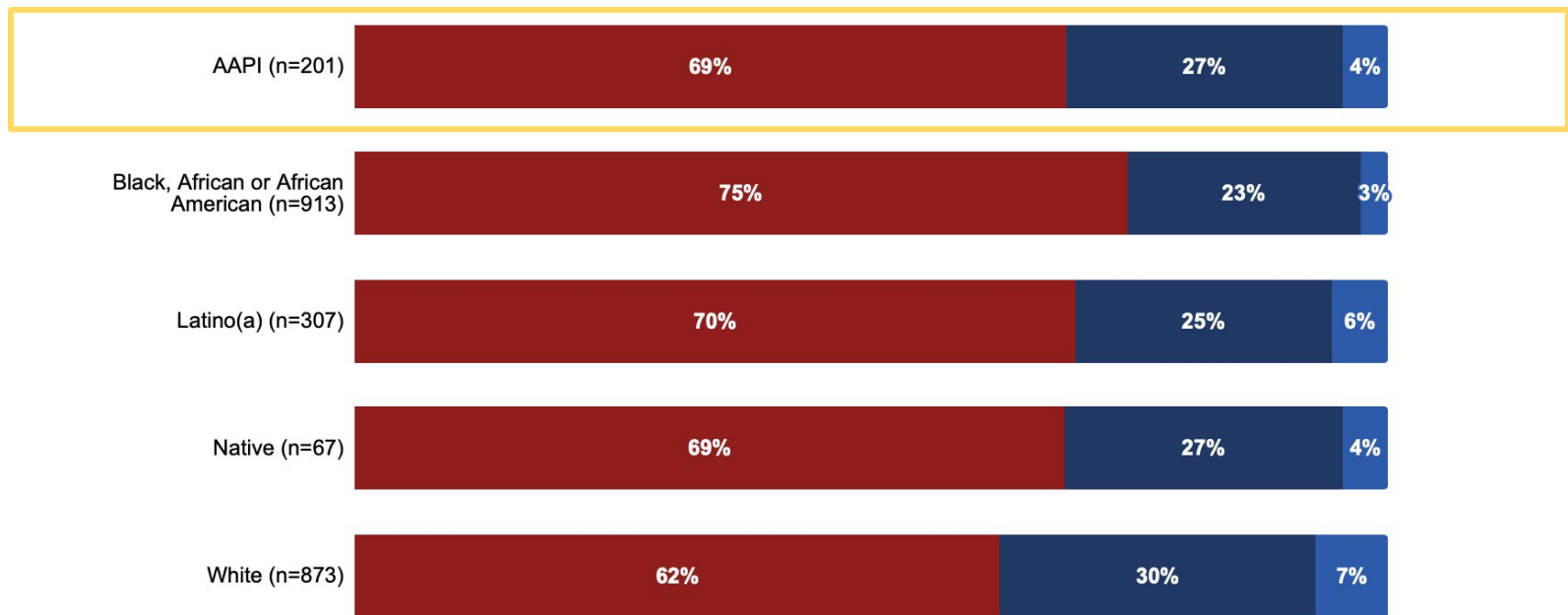
Most AAPI Respondents Lack Confidence They Could Fund a New Hire / Expand Payroll

Unlikely to be Able to Finance Confident I could get Financing On Time Sufficient Capital on Hand to Fund



Most AAPI Respondents Lack Confidence They Could Purchase Real Estate/Property or Equipment

■ Unlikely to be able to finance it ■ Confident I could get financing in time ■ Sufficient capital on hand to fund

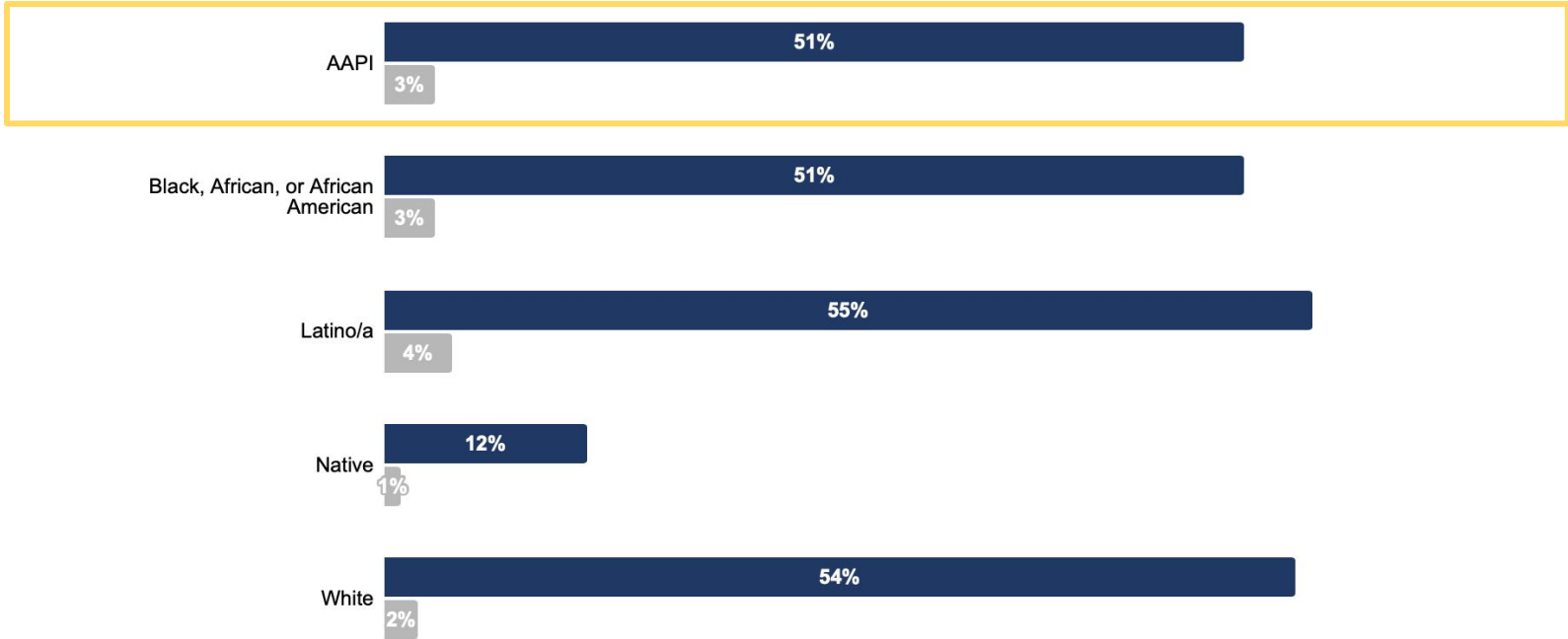


Survey Takeaways

- **Demand is High for Low Dollar Amounts:** Most (56%) of AAPI respondents applied for a loan or other form of credit in the last twelve months. Among those who did not apply, respondents were evenly split between respondents who were satisfied with their situation and those who lacked confidence. Among those who applied for credit, three in four were seeking less than \$250,000.
- **Low Confidence in Meeting Common Financing Needs**
 - More than four in 10 (44%) AAPI respondents lack confidence to fund an unplanned \$5K business expense.
 - More than half of AAPI respondents lack confidence that they could fund a marketing campaign (56% lack confidence), increase payroll (58% lack confidence) or purchase property or equipment (69% lack confidence).
 - More than half of AAPI entrepreneurs lack confidence they could finance a purchase order or contract (53% lack confidence) or get a volume discount on an inventory purchase (53% lack confidence.)
- **Trust in Unexpected Places:** At a time when trust in government is waning, most respondents know, like, and trust the US Small Business Administration. 81% of AAPI respondents said they trust the SBA, the highest share of trust among respondents.
- **Opportunities to Increase Awareness of Financing Options:** While banks and credit unions are well known, more than 40% of AAPI respondents do not know about Community Development Financial Institutions (CDFIs) or Minority Depository Institutions (MDIs).

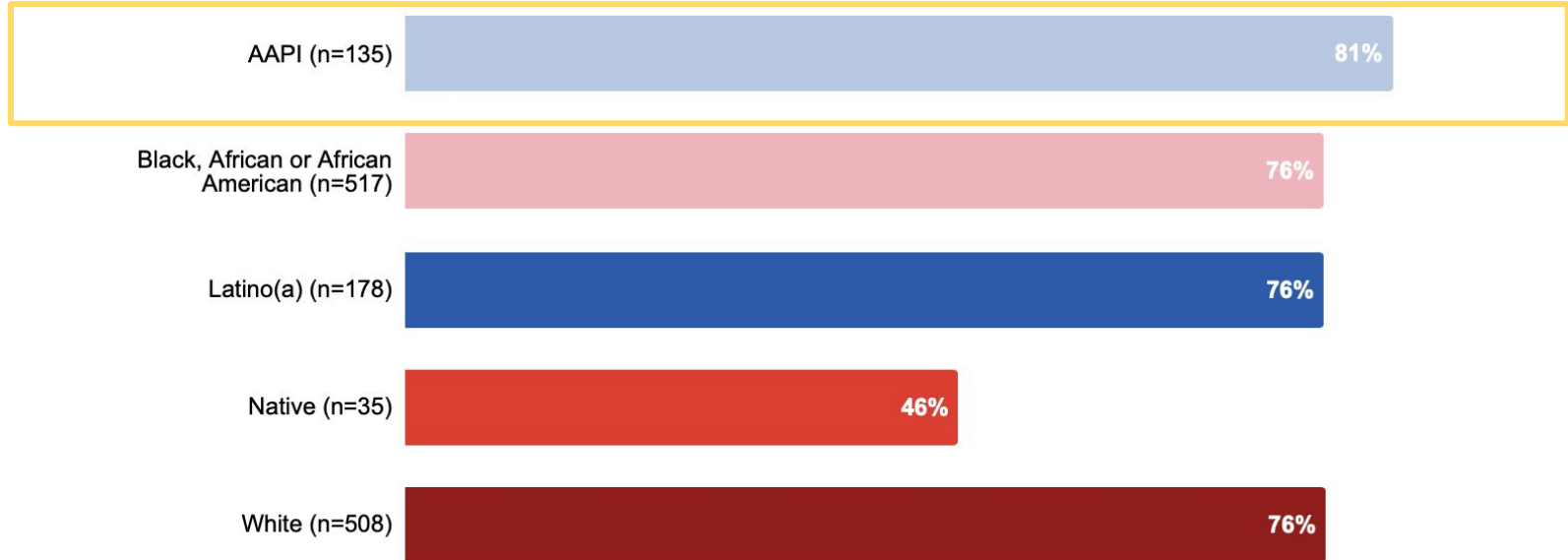
Most AAPI Respondents Know and Like the SBA

■ Net Favorable ■ Not Aware

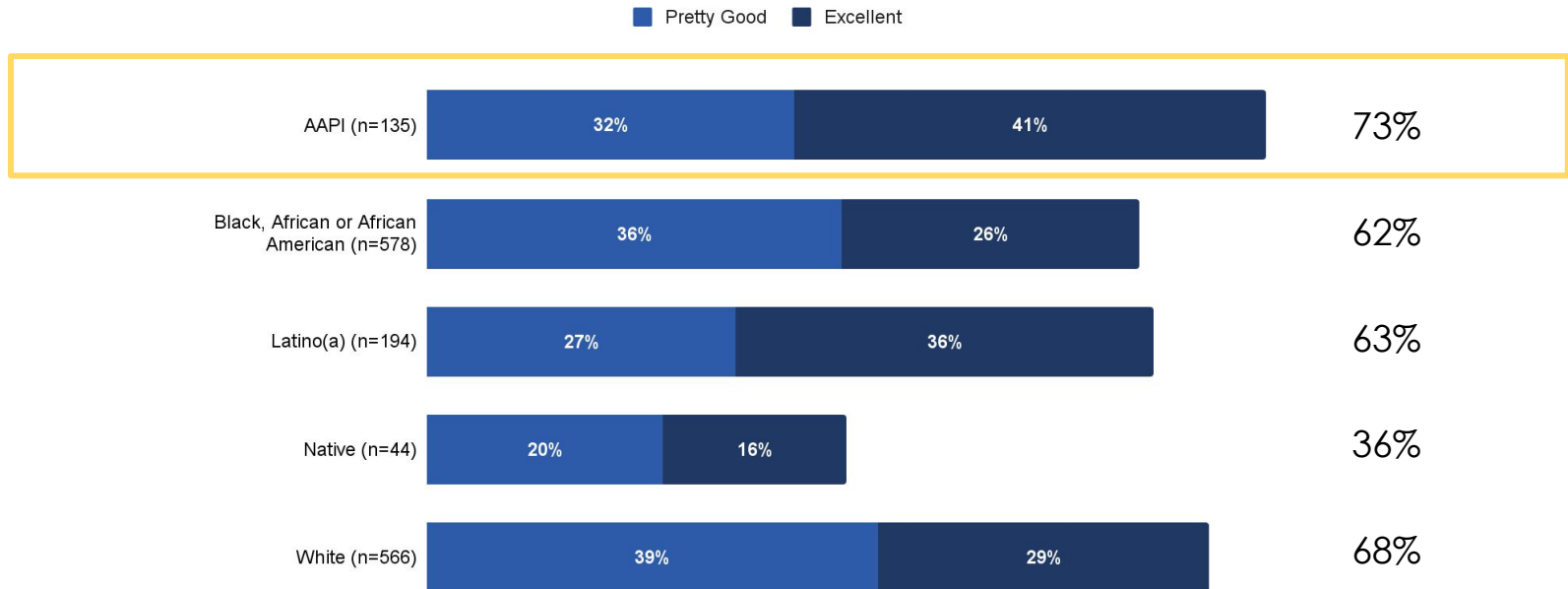


AAPI Respondents Most Likely to Trust the SBA

% Agree or Strongly Agree with statement, "I trust the Small Business Administration (SBA)."

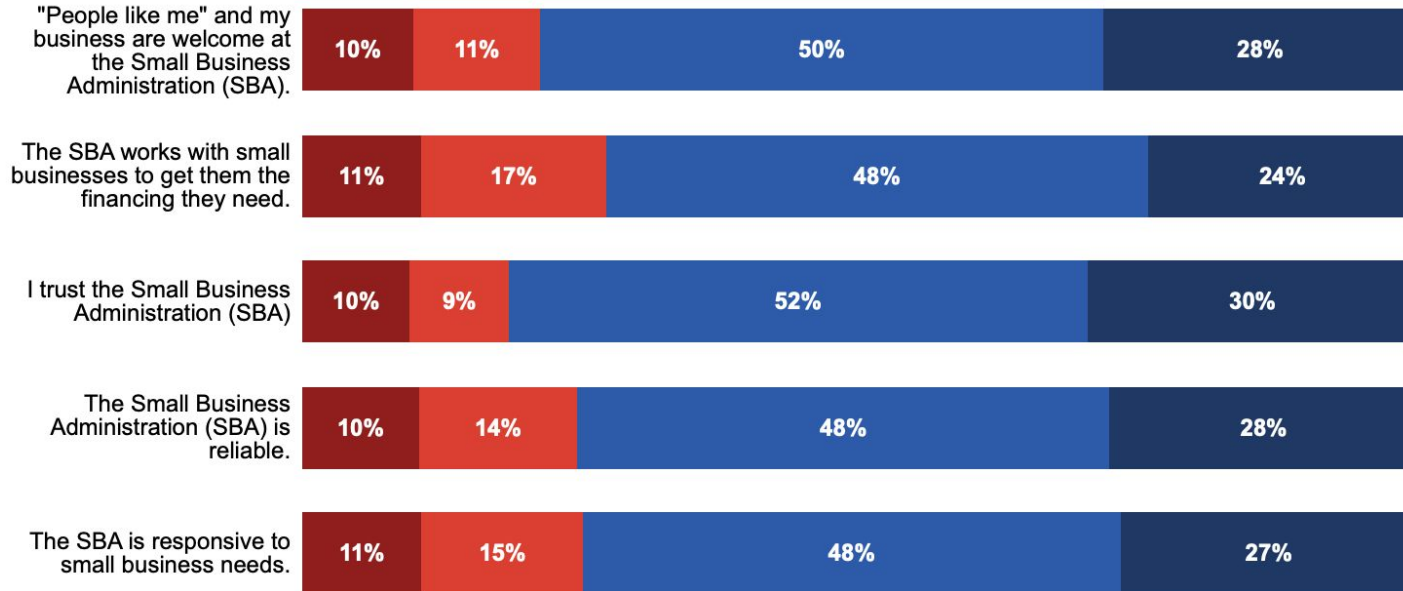


AAPI Respondents Give Highest Marks for Experience with the SBA



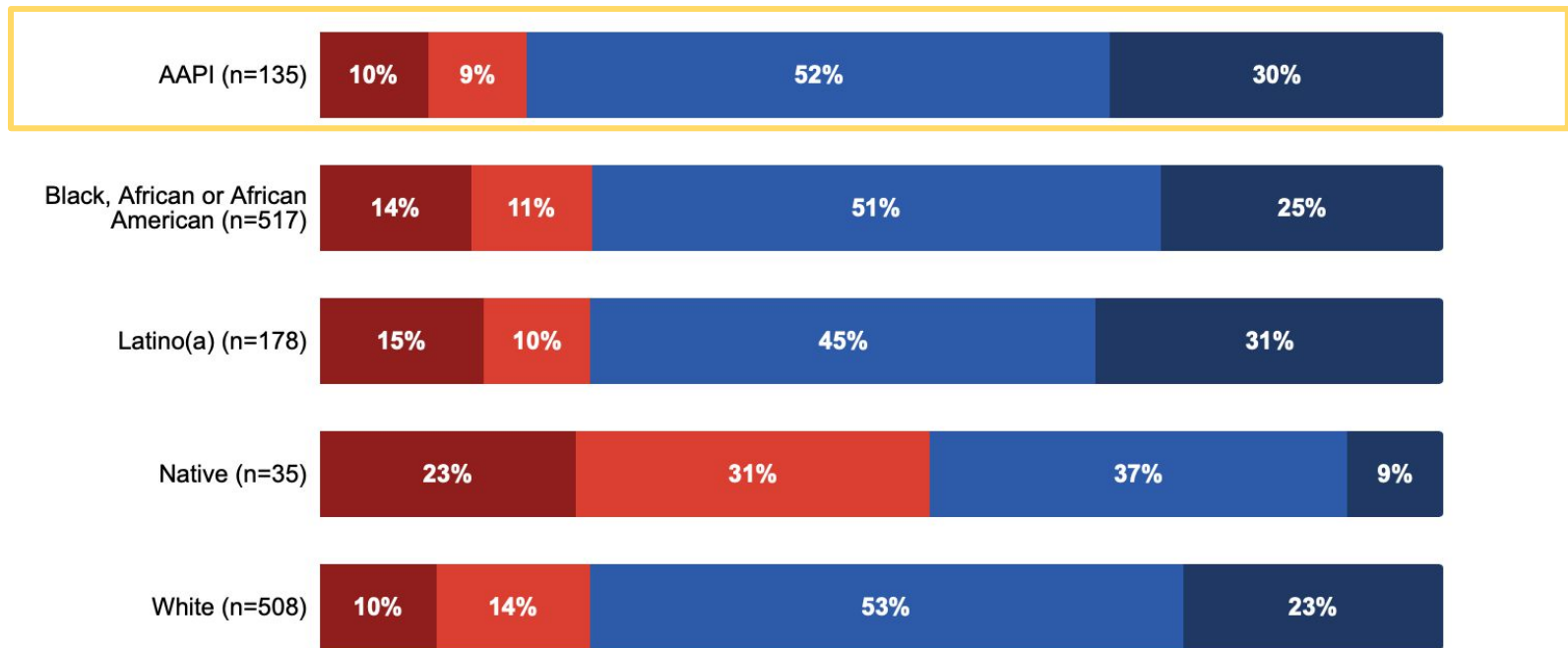
AAPI Respondents Views of SBA Generally Very Positive

Strongly Disagree Disagree Agree Strongly Agree



AAPI Respondents Generally Trust the SBA

Strongly Disagree Disagree Agree Strongly Agree

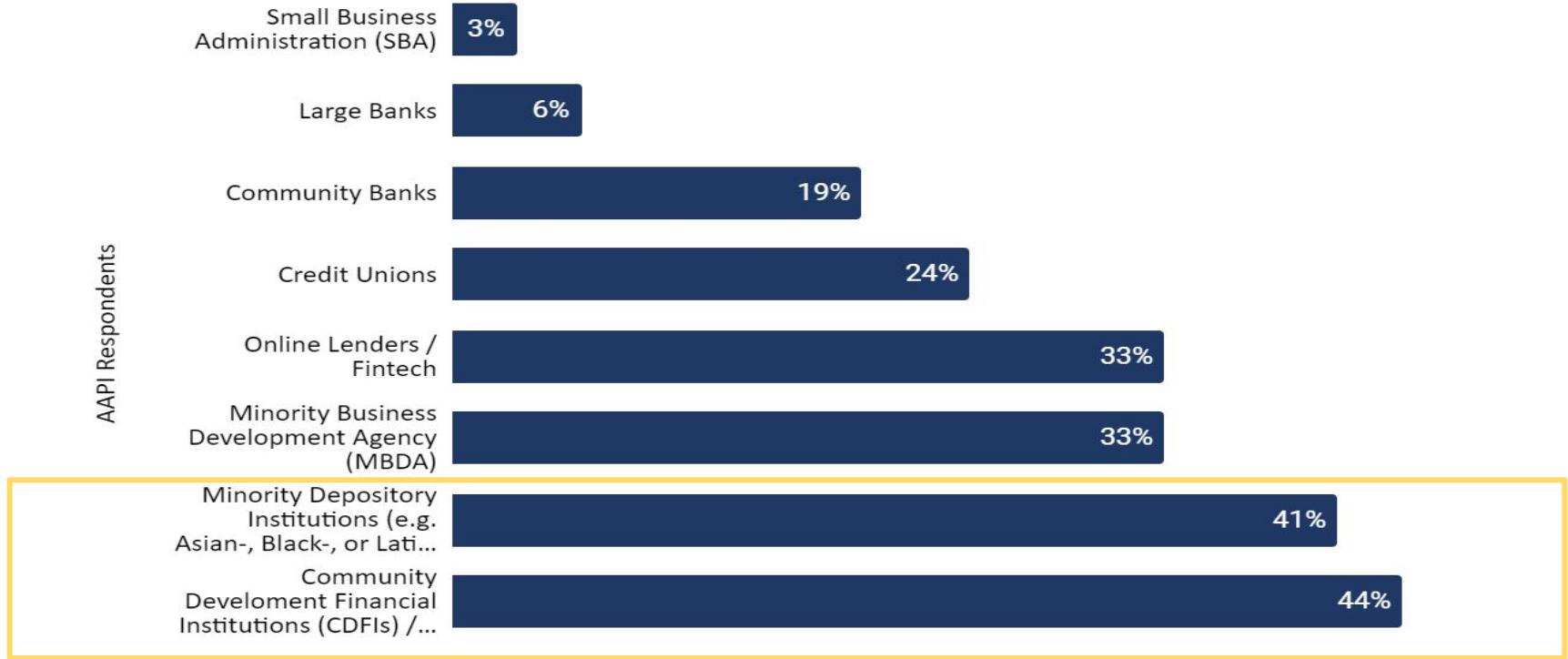


Survey Takeaways

- **Demand is High for Low Dollar Amounts:** Most (56%) of AAPI respondents applied for a loan or other form of credit in the last twelve months. Among those who did not apply, respondents were evenly split between respondents who were satisfied with their situation and those who lacked confidence. Among those who applied for credit, three in four were seeking less than \$250,000.
- **Low Confidence in Meeting Common Financing Needs**
 - More than four in 10 (44%) AAPI respondents lack confidence to fund an unplanned \$5K business expense.
 - More than half of AAPI respondents lack confidence that they could fund a marketing campaign (56% lack confidence), increase payroll (58% lack confidence) or purchase property or equipment (69% lack confidence).
 - More than half of AAPI entrepreneurs lack confidence they could finance a purchase order or contract (53% lack confidence) or get a volume discount on an inventory purchase (53% lack confidence.)
- **Trust in Unexpected Places:** At a time when trust in government is waning, most respondents know, like, and trust the US Small Business Administration. 81% of AAPI respondents said they trust the SBA, the highest share of trust among respondents.
- **Opportunities to Increase Awareness of Financing Options:** While banks and credit unions are well-known, more than 40% of AAPI respondents do not know about Community Development Financial Institutions (CDFIs) or Minority Depository Institutions (MDIs).

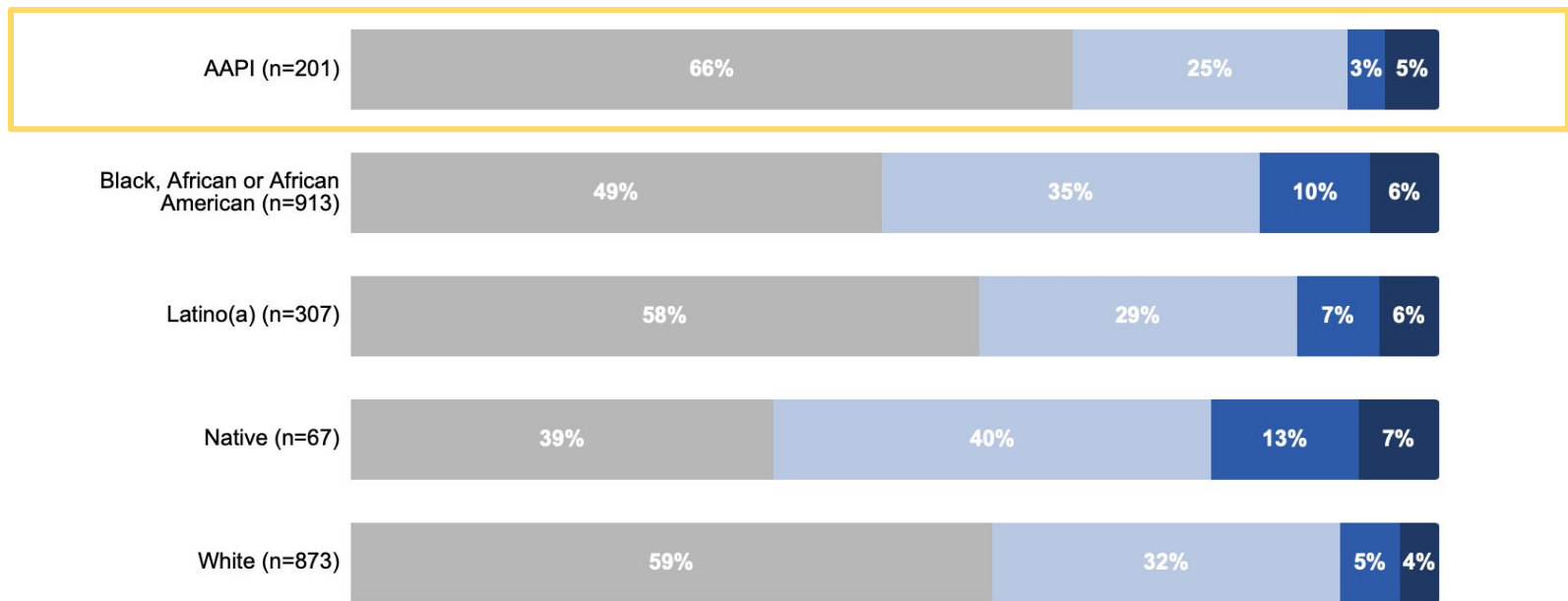
More than 4 in 10 AAPI Respondents Lack Awareness of Community Financial Institutions

% of AAPI Respondents who Lacked Familiarity



Few AAPI Respondents Have Applied for Financing from a CFI or CDFI

■ No idea ■ Have Heard of Them ■ I can name a specific CFI or CDFI ■ I have applied for financing from a CFI or CDFI



REIMAGINE MAIN STREET



NATIONAL ACE

NATIONAL ASIAN / PACIFIC ISLANDER AMERICAN
CHAMBER OF COMMERCE & ENTREPRENEURSHIP

About the Sample

Survey Respondents in all 50 States + DC + Puerto Rico

Top 5 States of Respondents



11% CA



9% TX



8% FL

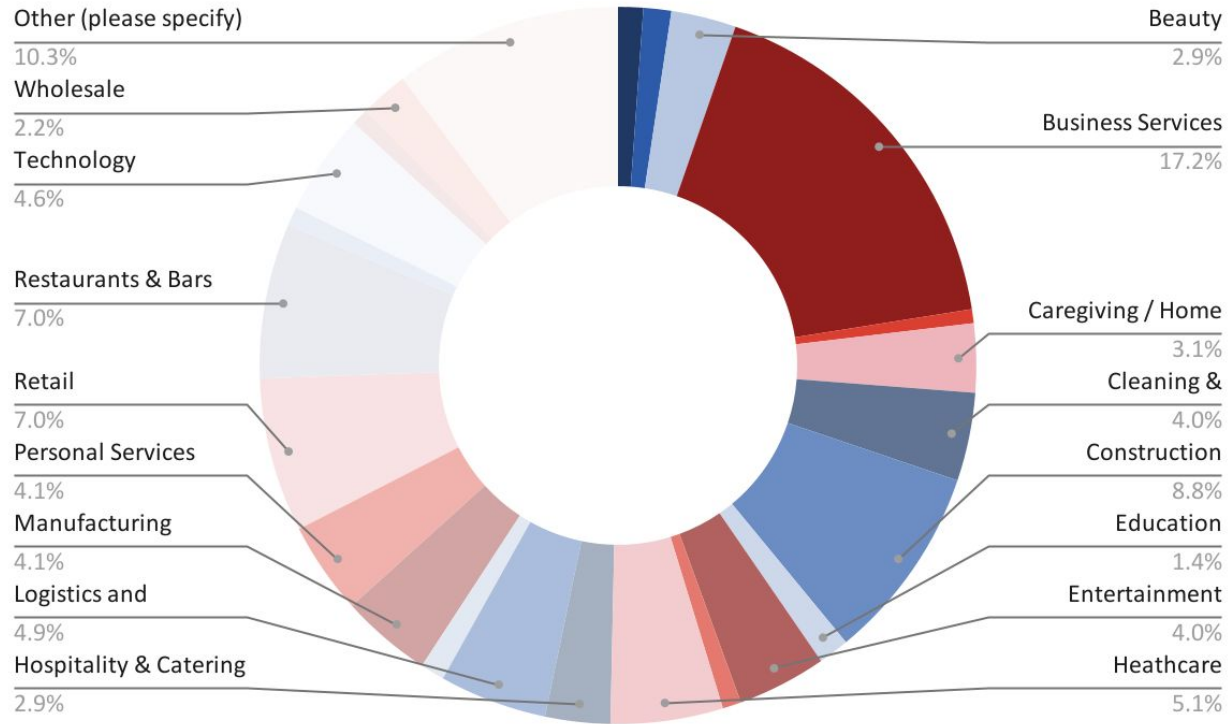


5% GA



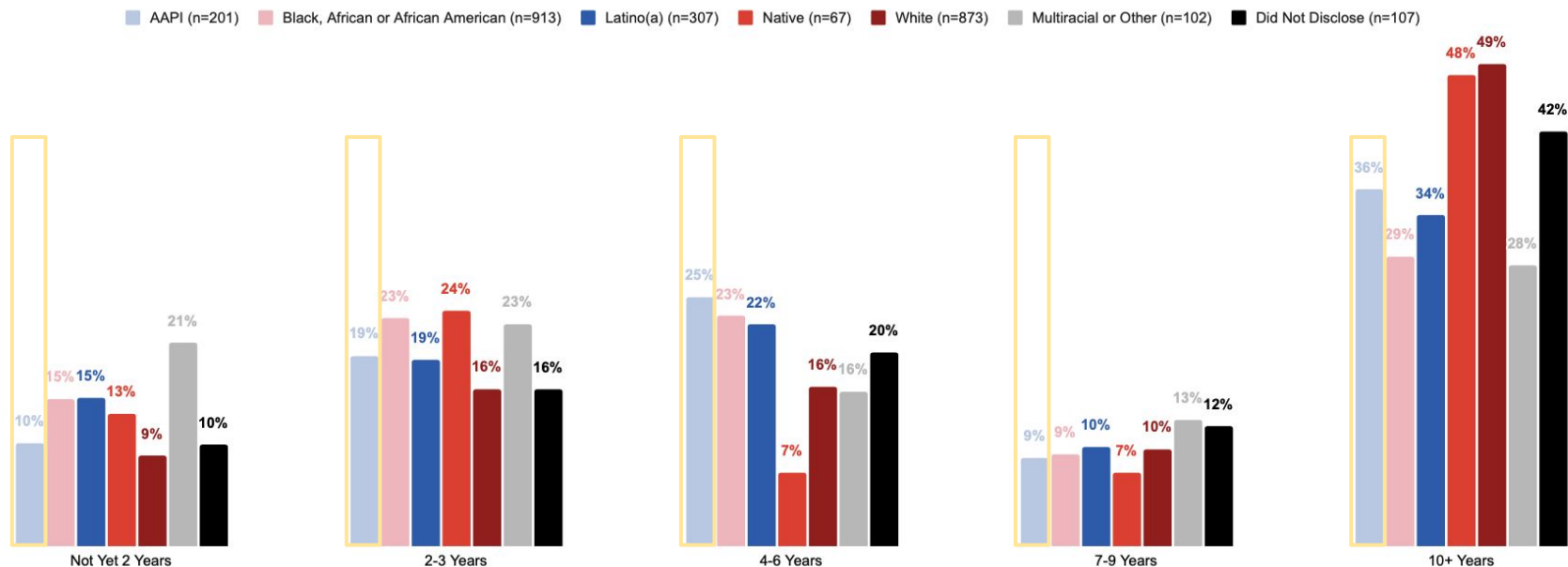
5% NY

Industry

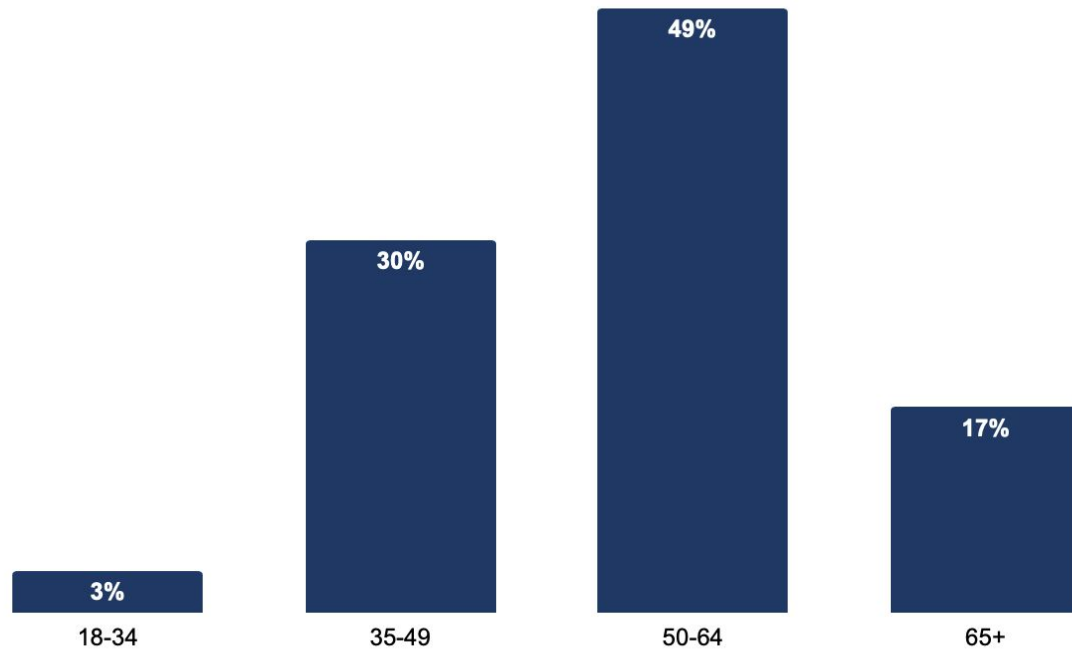


Mix of Recently Formed and Long Established Small Businesses

% of Respondents
n=2,570

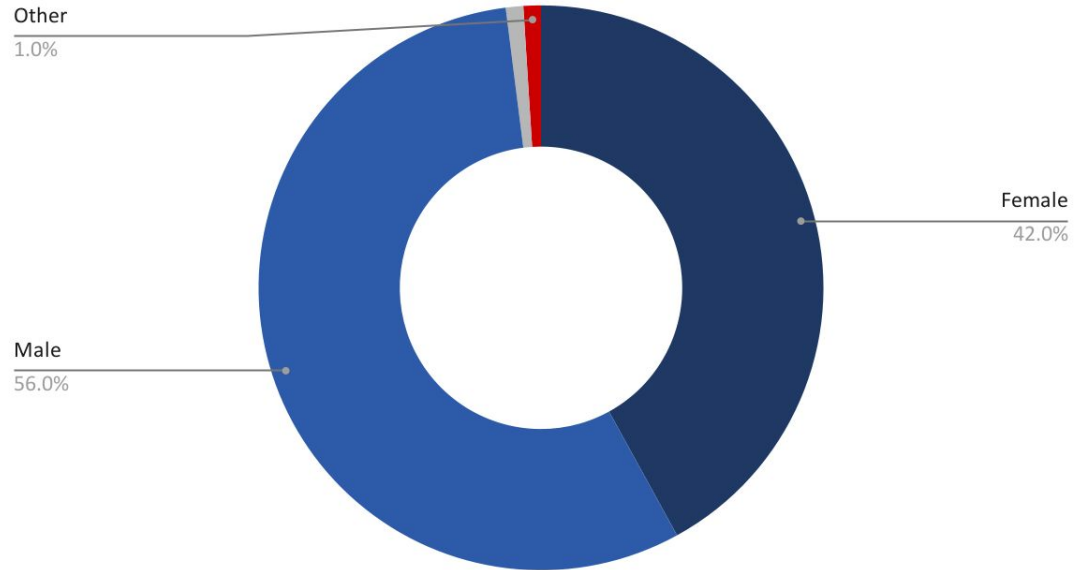


Age of Respondents



More than Half of AAPI Sample are Male

AAPI Respondents, n = 201



REIMAGINE MAIN STREET



NATIONAL ACE

NATIONAL ASIAN / PACIFIC ISLANDER AMERICAN
CHAMBER OF COMMERCE & ENTREPRENEURSHIP

Questions?

Please email us

survey@reimaginemainstreet.com