The 2026 Report Series

The Impact of Women-Owned Businesses' Capital Access

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Contents

The Impact of Women-Owned Businesses' Capital Access: Executive Summary

Women-owned businesses are expanding their presence across the United States economy,[1] yet their economic impact still lags behind their share of business ownership. Women own **15.7 million businesses** (40.6% of all U.S. businesses), employ **12.6 million people** (9.1% of U.S. employment), and generate an annual **$2.8 trillion** (4.6% of total firm revenue).[2]

Access to appropriately sized capital remains a core lever for converting business formation into scale, job creation, and durable revenue. Women entrepreneurs engage broadly with the U.S. small-business financing system across loan products, lenders, and growth stages. Yet they often operate with smaller financial buffers, request smaller loan amounts, and more frequently supplement business financing with personal funds and credit cards. These factors can constrain investment capacity and slow expansion.[3]

The 2024 Small Business Credit Survey (SBCS) shows that financing demand is primarily shaped by employer status rather than gender. Employer firms of both genders are significantly more likely to seek financing than nonemployers. While women-owned and men-owned businesses exhibit similar demand patterns within each group, subsequent differences in financing levels, credit product mix, and capital adequacy help explain divergent growth outcomes.[4]

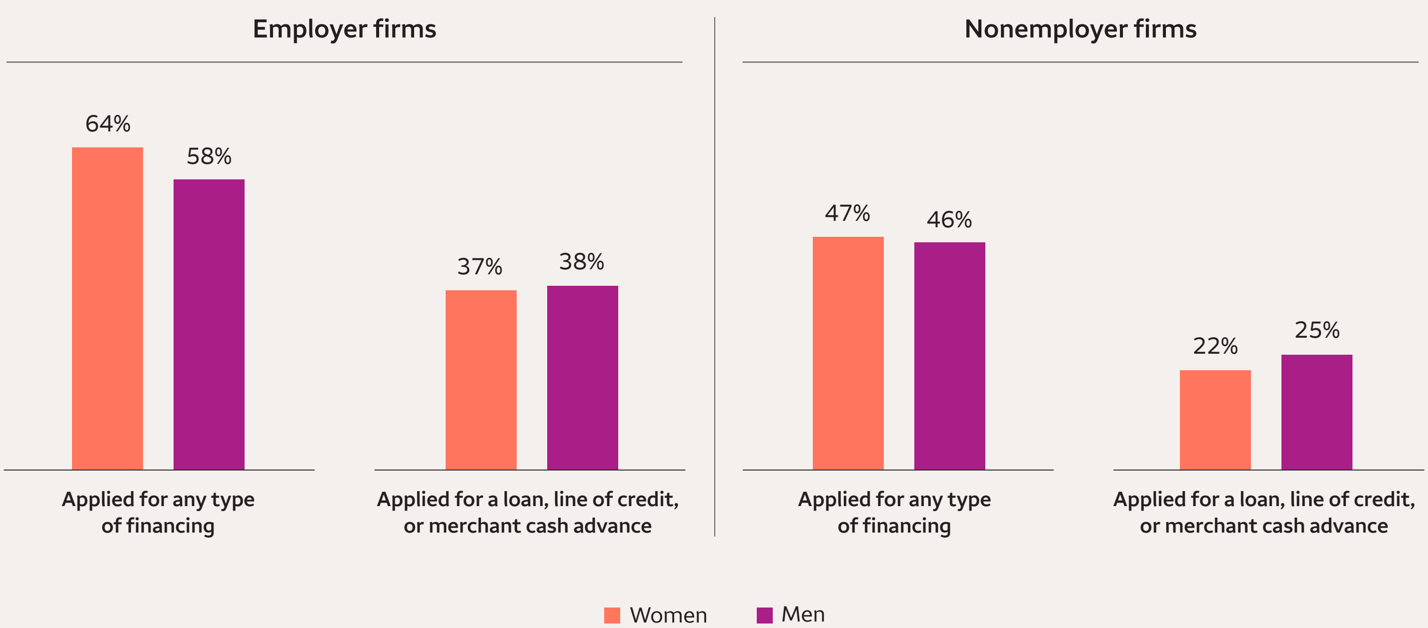
Financing demand remained elevated in the post-pandemic period, particularly among employer firms with ongoing payroll and operating obligations.

15.7M Businesses owned by women

12.6M People employed by women

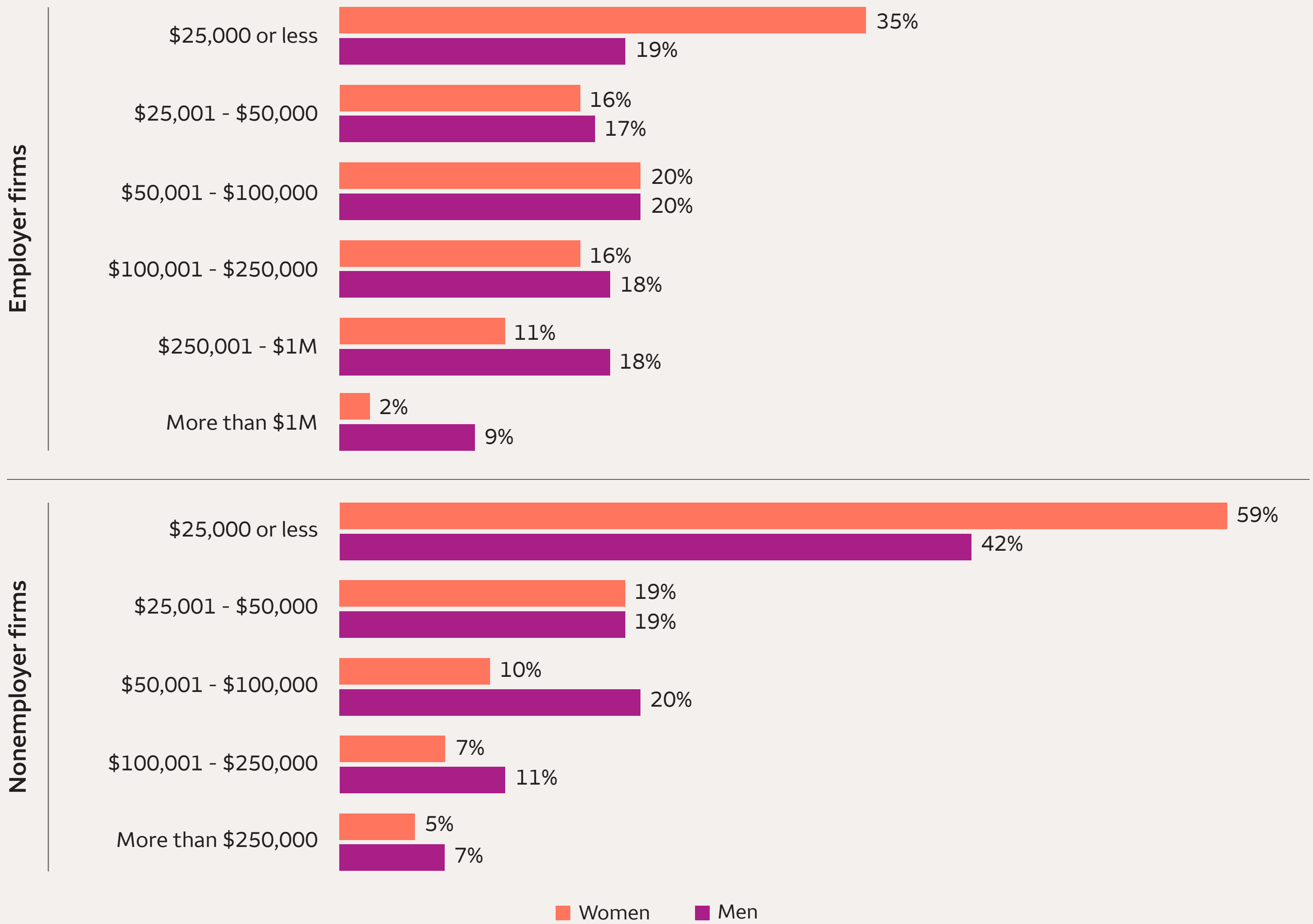
$2.8T Annual revenue generated by women

Demand for financing by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Total amount of financing sought in prior 12 months by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

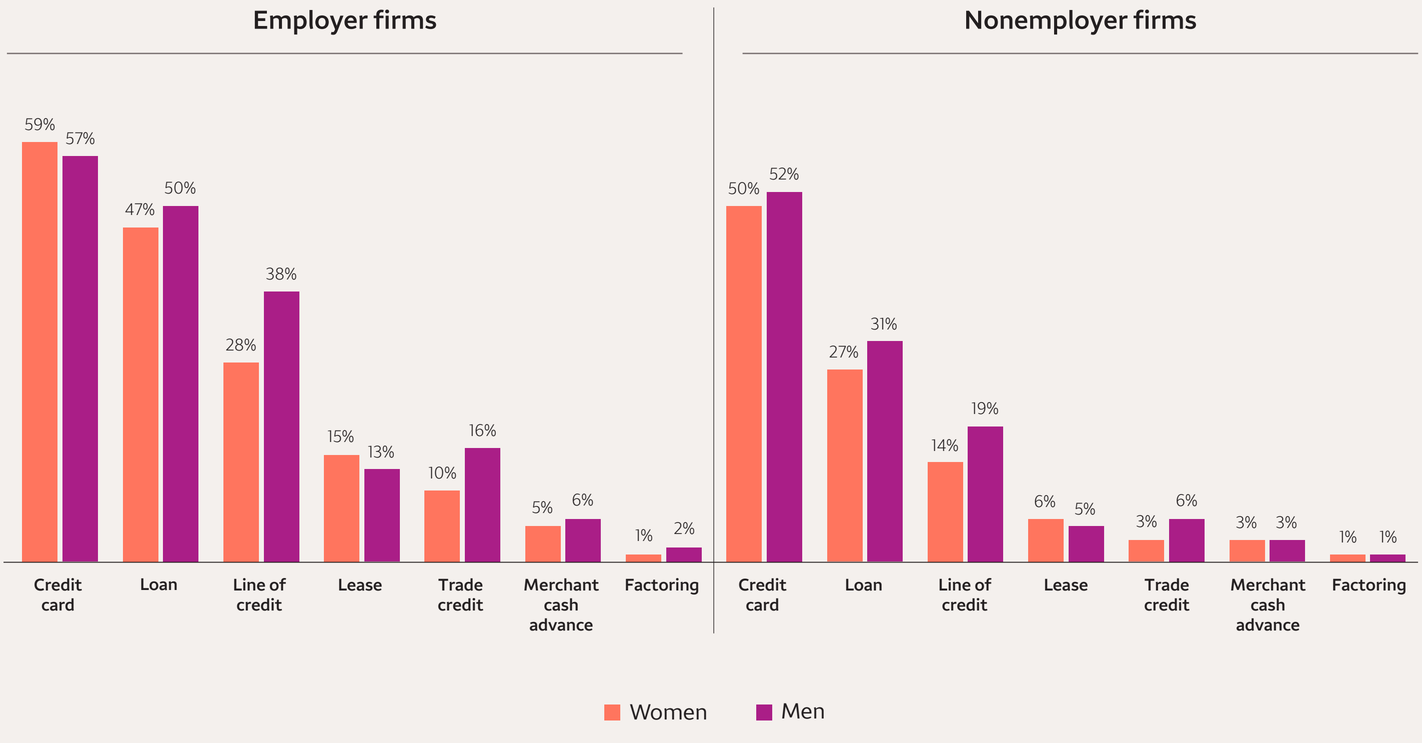
The 2024 SBCS data show that employer status is a primary driver of financing demand. A majority of both women- and men-owned employer firms applied for some type of financing in the 12 months leading up to fall 2024, reflecting working capital needs for payroll, inventory, and cash flow management. Among employer firms, demand for loans, lines of credit, and merchant cash advances was similar across genders, indicating broad participation in formal credit markets. By contrast, nonemployer firms were less likely to seek financing and more likely to concentrate demand in short-term credit products, consistent with their smaller scale and lower fixed costs. These patterns suggest that differences observed later in financing outcomes are shaped less by willingness to apply and more by firm structure, financing amounts sought, and product fit.

Financing amounts sought by women-owned firms differ by employer status. Among employers, women are more likely than men to request **$25,000** or less, whereas men are more likely to seek amounts above **$250,000.**[5] By contrast, women- and men-owned nonemployer firms overwhelmingly seek **$25,000** or less.

It's important to note that when lenders tighten underwriting criteria, smaller loan requests are often easier to fully approve than larger ones, given lower risk exposure and debt-service requirements.

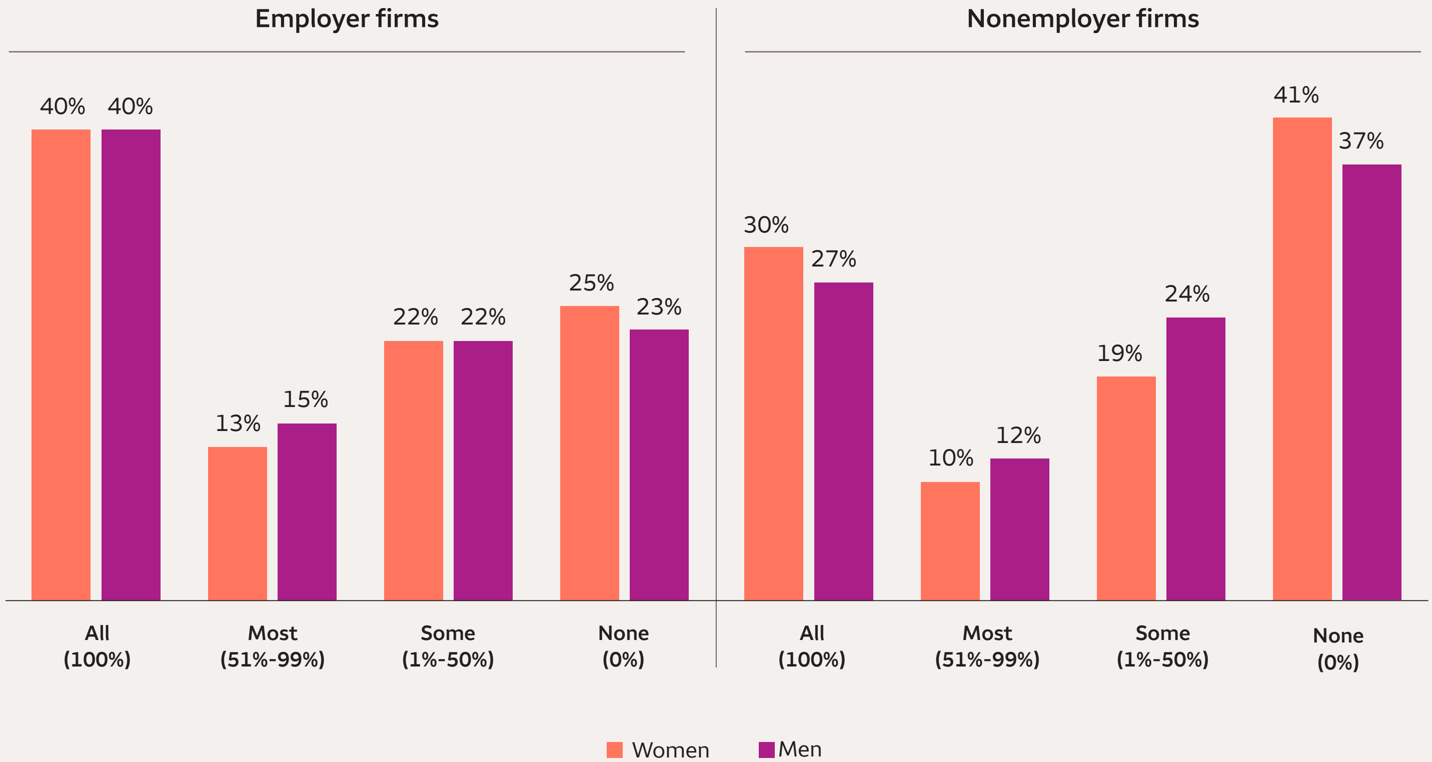
Women-owned employer firms participate at financing rates broadly comparable to men-owned employer firms across several application measures. Yet they continue to exhibit patterns consistent with smaller average financing amounts and greater reliance on personal funds and credit cards to meet operating needs.

Financing products applied for or regularly used by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Total share of financing received by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

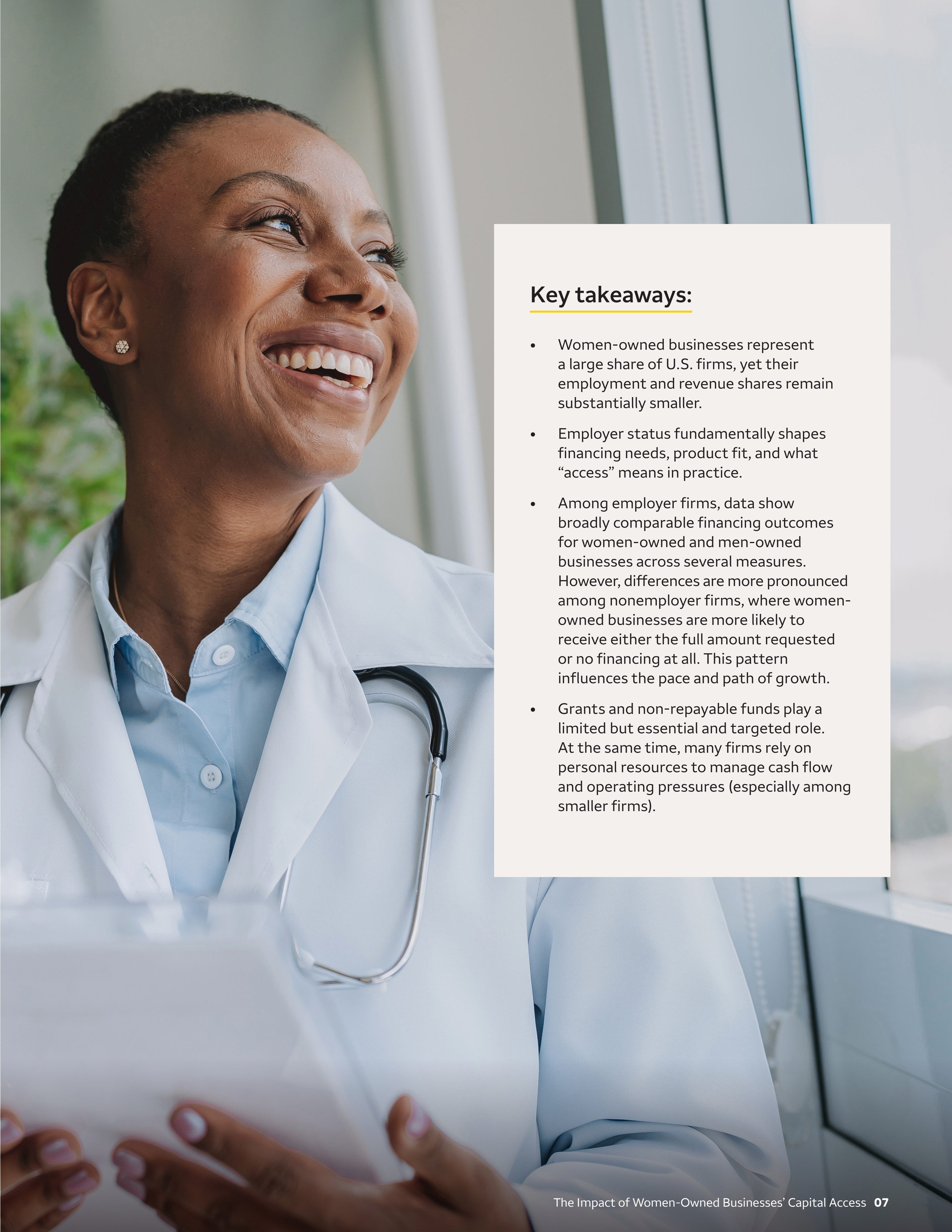
Financing outcomes differ primarily by employer status, but gender patterns remain evident. Employer firms of both genders are more likely to receive some portion of the requested financing, whereas nonemployer firms are less likely to receive any portion. Within this structure, women-owned firms are more likely to receive either the full requested amount or no financing, underscoring that capital adequacy—not participation—shapes outcomes.

This pattern reflects differences in firm size and business stage. Among nonemployer firms, regardless of gender, most applicants sought smaller-dollar amounts, with women even more concentrated in the lowest funding ranges.

Across employer and nonemployer firms, differences in financing outcomes are driven less by participation in financing markets and more by the adequacy and mix of capital received.

These findings highlight a practical challenge for capital providers and entrepreneurial support organizations. Many women-owned businesses do not primarily face barriers to entering the financing system. Instead, they need capital that aligns with their firm's scale and supports growth investments as they move toward hiring, capacity expansion, and larger contracts.

This challenge is closely tied to firm structure. Women are overrepresented among nonemployer firms, which typically have fewer business assets available to support collateral-based lending. As a result, transitioning into larger financing products can become more difficult as firms scale. When women-owned businesses grow and accumulate assets, financing outcomes often improve, including lower denial rates. Taken together, this suggests that access to appropriately sized capital is shaped not only by readiness to grow, but also by differences in asset availability across firm sizes.



Key takeaways:

- Women-owned businesses represent a large share of U.S. firms, yet their employment and revenue shares remain substantially smaller.
- Employer status fundamentally shapes financing needs, product fit, and what “access” means in practice.
- Among employer firms, data show broadly comparable financing outcomes for women-owned and men-owned businesses across several measures. However, differences are more pronounced among nonemployer firms, where women-owned businesses are more likely to receive either the full amount requested or no financing at all. This pattern influences the pace and path of growth.
- Grants and non-repayable funds play a limited but essential and targeted role. At the same time, many firms rely on personal resources to manage cash flow and operating pressures (especially among smaller firms).

Introduction and key trends

Women-owned businesses now comprise a substantial share of the small-business landscape, yet the gap between their ownership and economic impact remains wide. Women-owned firms comprise **40.6% of U.S. businesses**, but account for **9.1% of employment** and **4.6% of total firm revenue.**[6]

This gap reflects structural factors that shape both capital needs and outcomes. Many women-owned firms operate in sectors with lower average revenue, start with less initial capital, and scale more slowly to employer status.[7] The 2026 Impact of Women-Owned Businesses (IWOB) report underscores why crossing the employer threshold matters: employer firms are more likely to reach revenue levels that support hiring, investment, and compound growth.[8]

Post-pandemic, higher borrowing costs and uneven demand tightened financing conditions across the small-business economy. In that environment, many firms prioritized near-term cash availability and the ability to meet ongoing expenses over longer-term investments. These constraints weighed more heavily on businesses with thinner reserves, smaller margins, or less collateral, which can influence both the amount of financing requested and the financing products used.

SBCS patterns indicate that women-owned employer firms are actively engaged in financing markets. Yet their smaller loan requests and greater use of personal funds often stabilize operations without providing sufficient capital for growth.[9]

Reasons for seeking financing by employer and nonemployer firms

Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

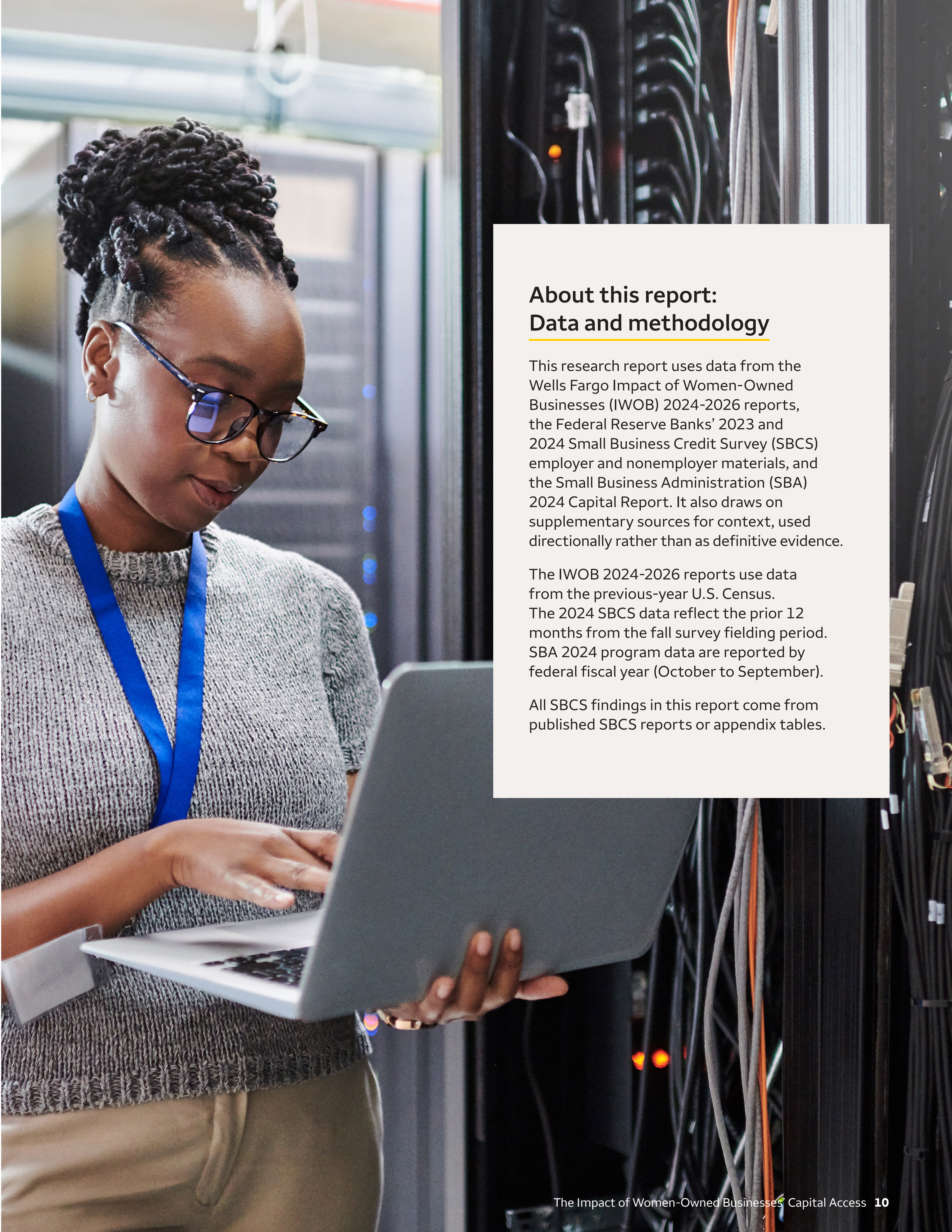
Primary reasons for not applying for financing among employer and nonemployer firms

Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Women-owned employers are also less likely than men-owned employers to report having sufficient financing. A small percentage of owners do not apply for credit, often due to debt aversion or expectations about approval outcomes, leading them to forgo borrowing even when credit is available.

Women-owned nonemployers differ from men-owned nonemployers in industry mix and financing experiences. Together, these differences suggest that lower application rates reflect multiple perceived factors, not only assessments of business risk.

Right-sized, relationship-based capital helps women-owned firms move from surviving to scaling. The payoff is stronger businesses, deeper lending relationships, and broader economic gains.



About this report: Data and methodology

This research report uses data from the Wells Fargo Impact of Women-Owned Businesses (IWOB) 2024-2026 reports, the Federal Reserve Banks' 2023 and 2024 Small Business Credit Survey (SBCS) employer and nonemployer materials, and the Small Business Administration (SBA) 2024 Capital Report. It also draws on supplementary sources for context, used directionally rather than as definitive evidence.

The IWOB 2024-2026 reports use data from the previous-year U.S. Census. The 2024 SBCS data reflect the prior 12 months from the fall survey fielding period. SBA 2024 program data are reported by federal fiscal year (October to September).

All SBCS findings in this report come from published SBCS reports or appendix tables.

Understanding the capital needs of women-owned employers and nonemployers

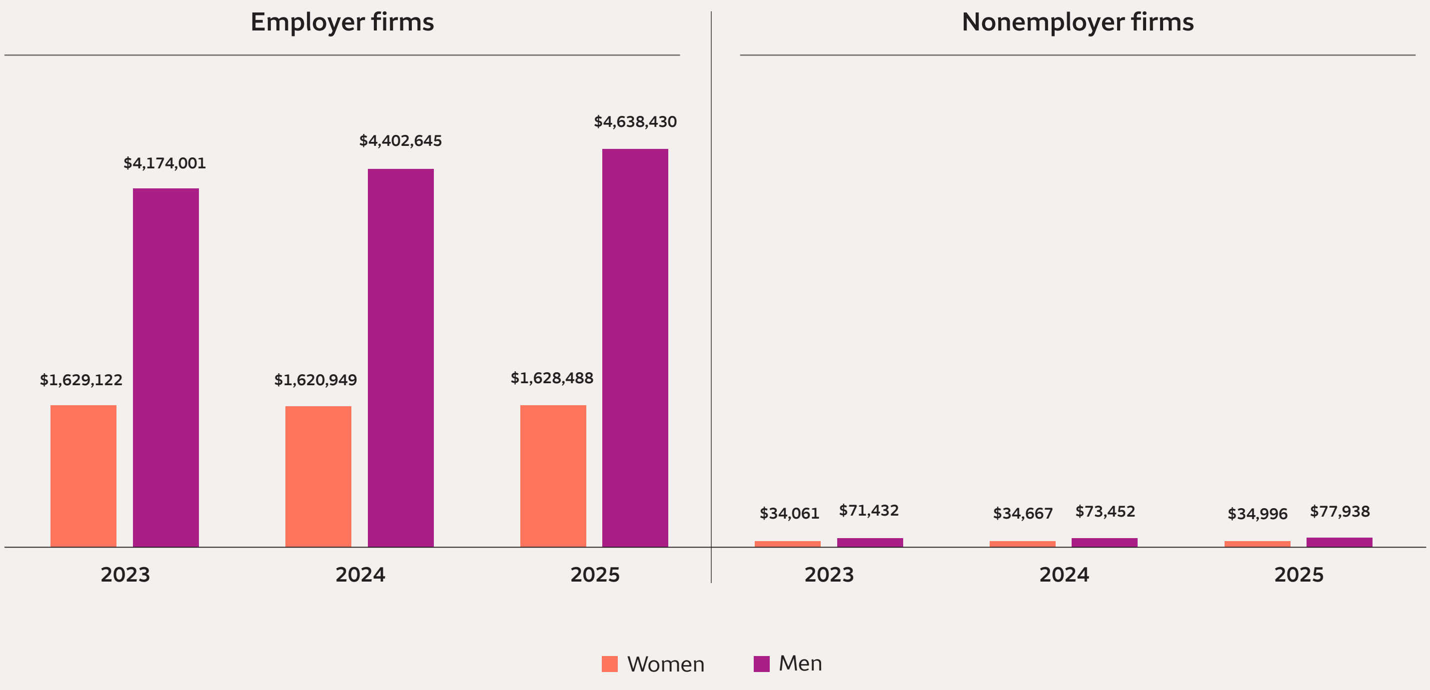
Women-owned employer and nonemployer firms differ in ways that shape their capital needs, growth outcomes, and approaches to funding. These differences help explain variation in capital sufficiency across firm types, even when women-owned businesses access credit at similar rates.

As employers, women-owned businesses carry fixed operating costs, including payroll, benefits, and compliance, which increase ongoing cash-flow demands and financing needs. Women-owned businesses are less likely than men-owned businesses to have employees. In 2025, **9% of women-owned businesses had employees**, compared with nearly **18% of men-owned businesses.**[10]

Although women-owned employer firms represent a minority of women-owned businesses by count, they total about **1.4 million firms** and account for approximately **23.7% of all U.S. employer businesses.** These firms carry recurring payroll and compliance obligations. Because women-owned employer firms are typically smaller than their men-owned counterparts, fixed costs can represent a larger share of total expenses, placing greater pressure on profit margins.[11]

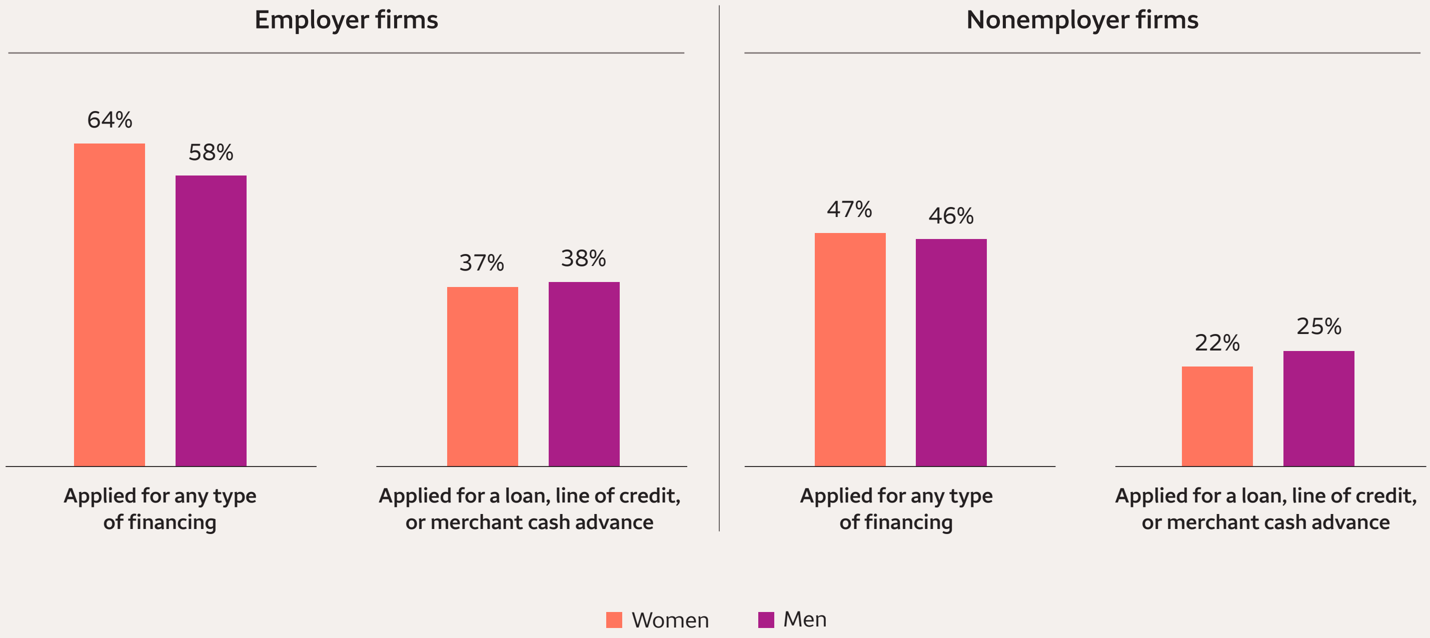
Lower average revenue among women-owned employers can further squeeze profits, increasing sensitivity to cash-flow timing and financing costs. As a result, employer firms generally require more working capital than nonemployer firms, which helps explain their distinct financing needs as they hire and expand.

Average revenue of employer and nonemployer firms



Source: The Impact of Women-Owned Businesses 2026 Report

Demand for financing by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Demand for financing remained strong after the pandemic. Among employer firms in the 2024 SBCS, a majority of both women- and men-owned businesses reported applying for financing in the prior 12 months, with men-owned firms slightly more likely to do so. Just under **40% of each group** applied for a loan, line of credit, or merchant cash advance. Among nonemployer firms, about half reported applying for financing, and roughly one-quarter pursued short-term credit. Operating expenses and cash-flow needs were common reasons for firms seeking funds.[12]

~40% of both women- and men-owned employer businesses applied for a loan, line of credit, or merchant cash advance.

The data indicate that financing demand is more strongly influenced by employer status than by gender. Employer firms, regardless of ownership, were more likely than nonemployers to seek financing due to payroll and other operating needs.[13]

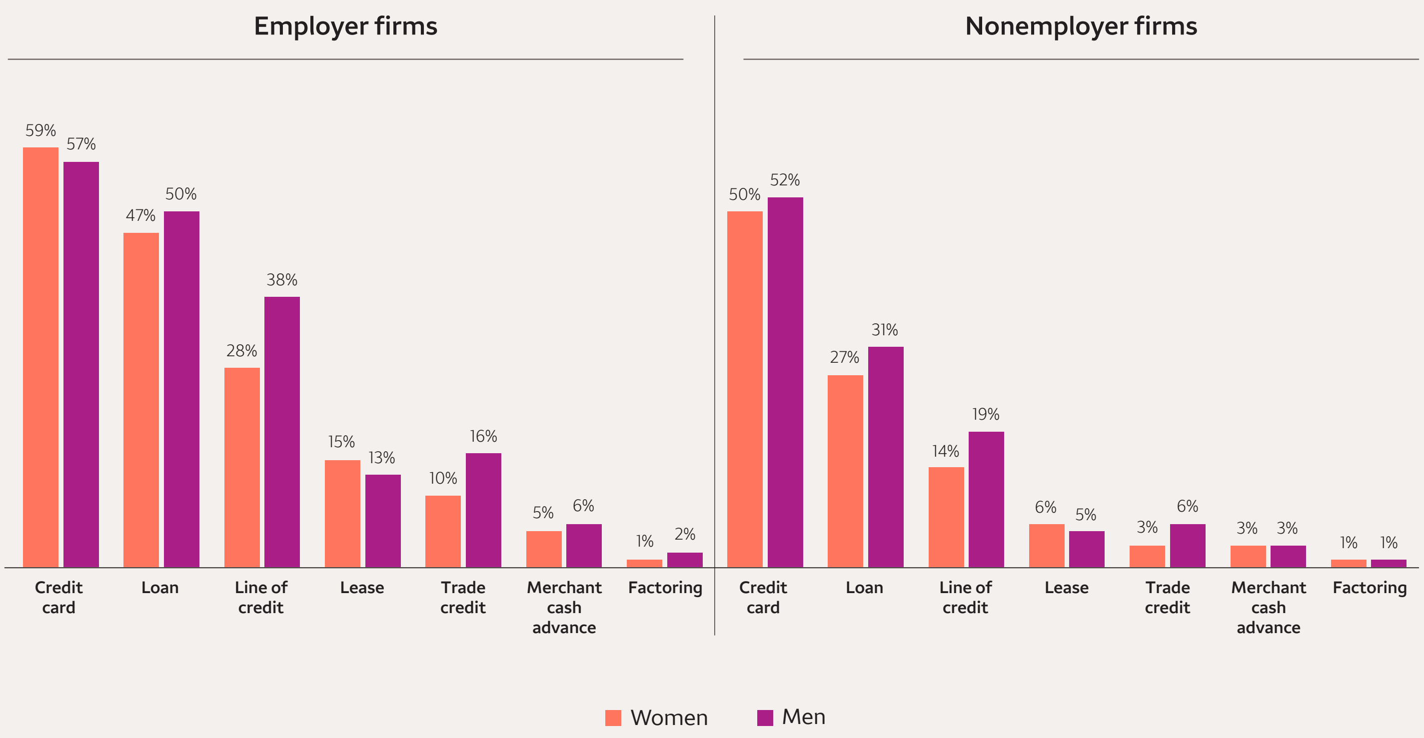
Gender differences in application rates were modest, but varied by employer status. Among employer firms, women-owned and men-owned businesses applied at broadly similar rates, with men-owned firms slightly more likely to apply for any type of financing. Among nonemployer firms, overall demand for financing was lower, and men-owned nonemployers were more likely than women-owned nonemployers to apply for loans, lines of credit, or merchant cash advances.

Product use among women-owned and men-owned employer firms reveals both similarities and important differences in how capital is accessed and used. Credit cards are the most common financing tool for both women- and men-owned employers, underscoring continued reliance on flexible but often higher-cost credit.

However, women-owned employers are less likely to use business lines of credit than men-owned employers, even though these products are a core tool for managing payroll, inventory, and cash flow.

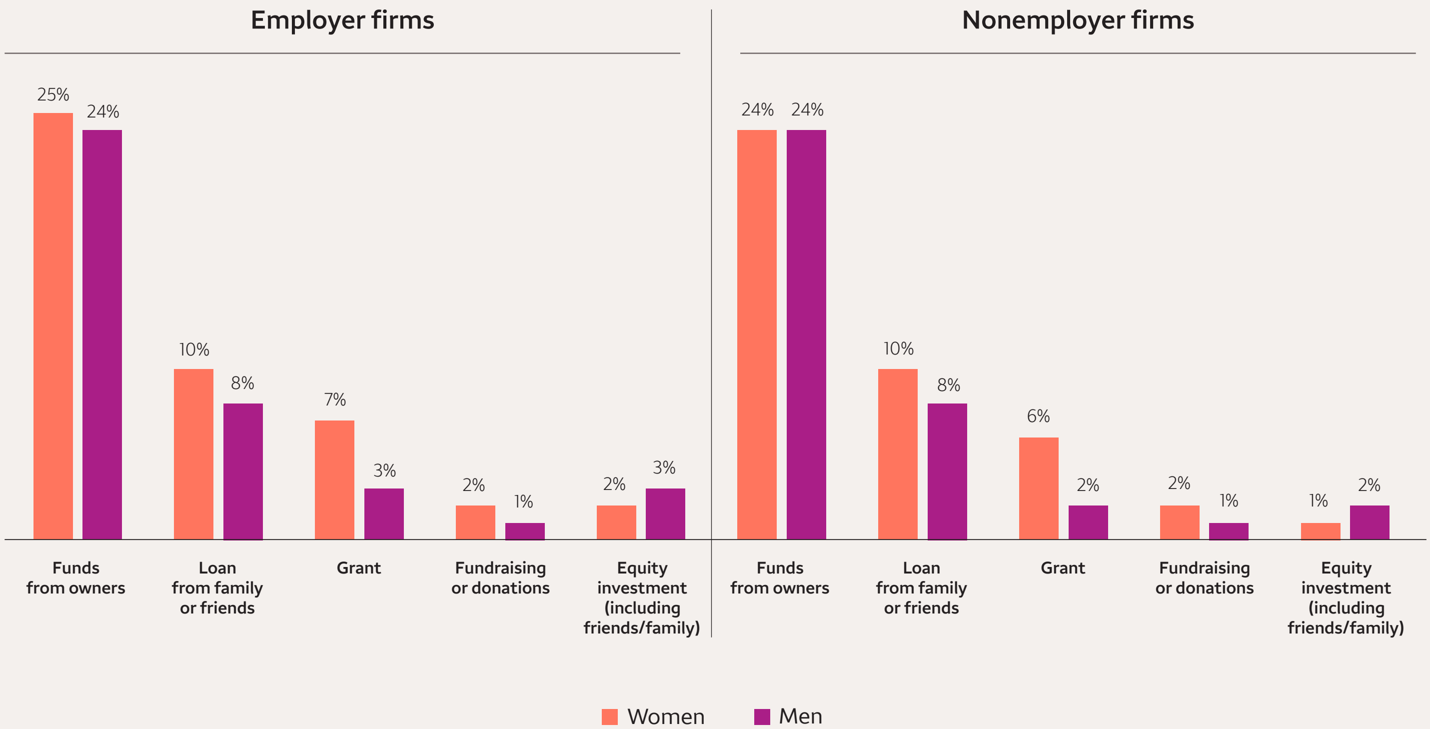
Together, these patterns suggest that differences in capital outcomes are shaped less by willingness to apply and more by firm structure, financing amounts sought, and product fit.

Financing products applied for or regularly used by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Other types of financing received by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

The gap reinforces broader evidence that women-owned employer firms actively participate in financing markets but are less likely to engage with the types of revolving credit that support capital sufficiency as firms scale.

Women-owned nonemployers make up the bulk of women-owned businesses but account for a modest share of total receipts. These firms have no paid employees, account for about **90% of all women-owned businesses**, and often operate at lower revenue levels.[14] Still, many need working capital for inventory, equipment, marketing, and ongoing expenses.

Nonemployers are less likely than employers to seek external financing, and many rely on their own funds or other nonbank sources to sustain their businesses. When funding gaps arise, early-stage and undercapitalized companies are more likely to draw on personal credit cards rather than apply for business credit products. Credit cards act as a financial buffer, helping small businesses maintain liquidity when revenues fall and long-term financing is limited.[15]

Among women-owned nonemployers, use of business credit lines is lower than among women-owned employers or men-owned nonemployers.

Differences in firm structure help explain financing outcomes among women-owned businesses. Women are more likely than men to run nonemployer firms, and these firms generate lower average revenues than their men-owned counterparts. This gap affects both the amount of financing firms request and the loan products they pursue, regardless of their willingness to engage with lenders.

These distinctions help explain differences in capital needs and financing outcomes across women-owned employer and nonemployer firms.

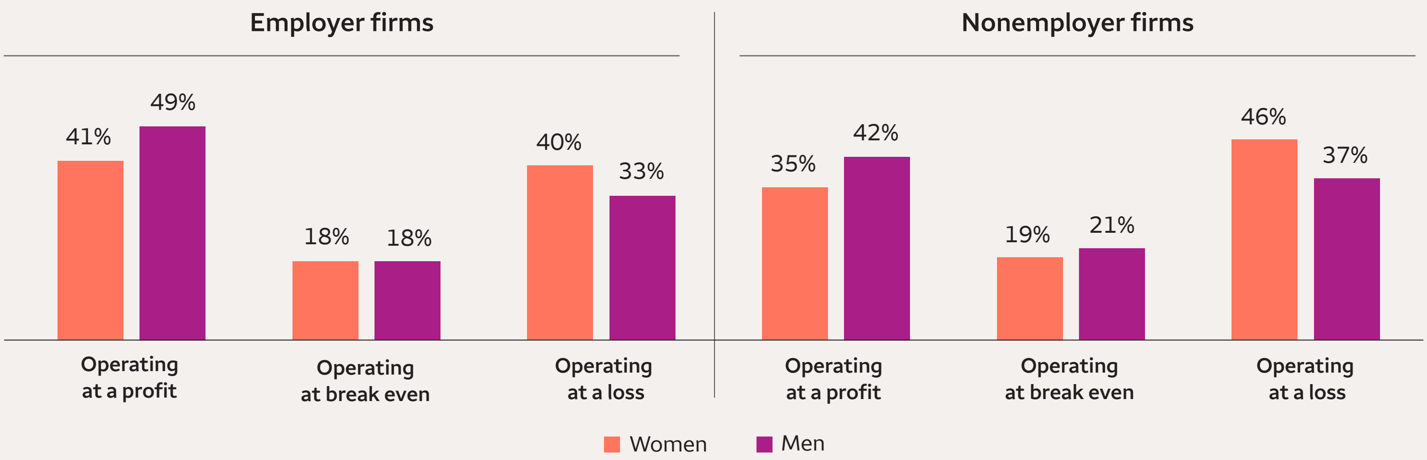
Business health checks: Profitability, financial conditions, credit risk, and approval outcomes

Profitability varied by owner gender at the end of 2023. Women-owned businesses, across both employer and nonemployer firms, were less likely than men-owned businesses to be profitable and more likely to report losses.[16]

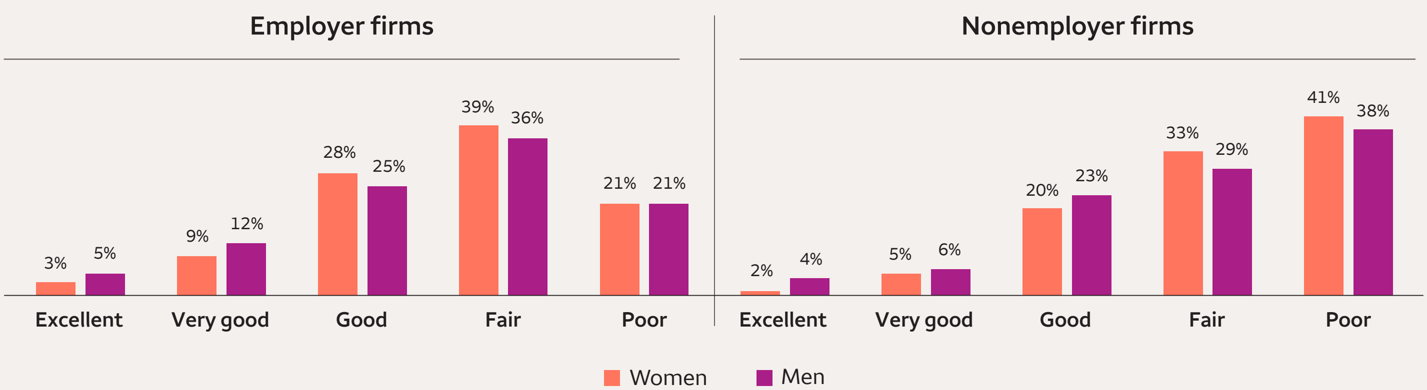
Lower profitability among women-owned businesses is best understood as the cumulative effect of shorter operating histories, smaller scale, tighter capital, sector mix, and cost pressures—factors that shape financial outcomes even when firms are actively participating in financing markets.[17]

Many employers and nonemployers reported fair or poor financial conditions amid persistent cost pressures. Women entrepreneurs often experience these pressures more acutely than their male counterparts.[18] Overall profitability improved relative to the early pandemic period, but financial conditions continued to vary by industry.

Profitability of employer and nonemployer firms

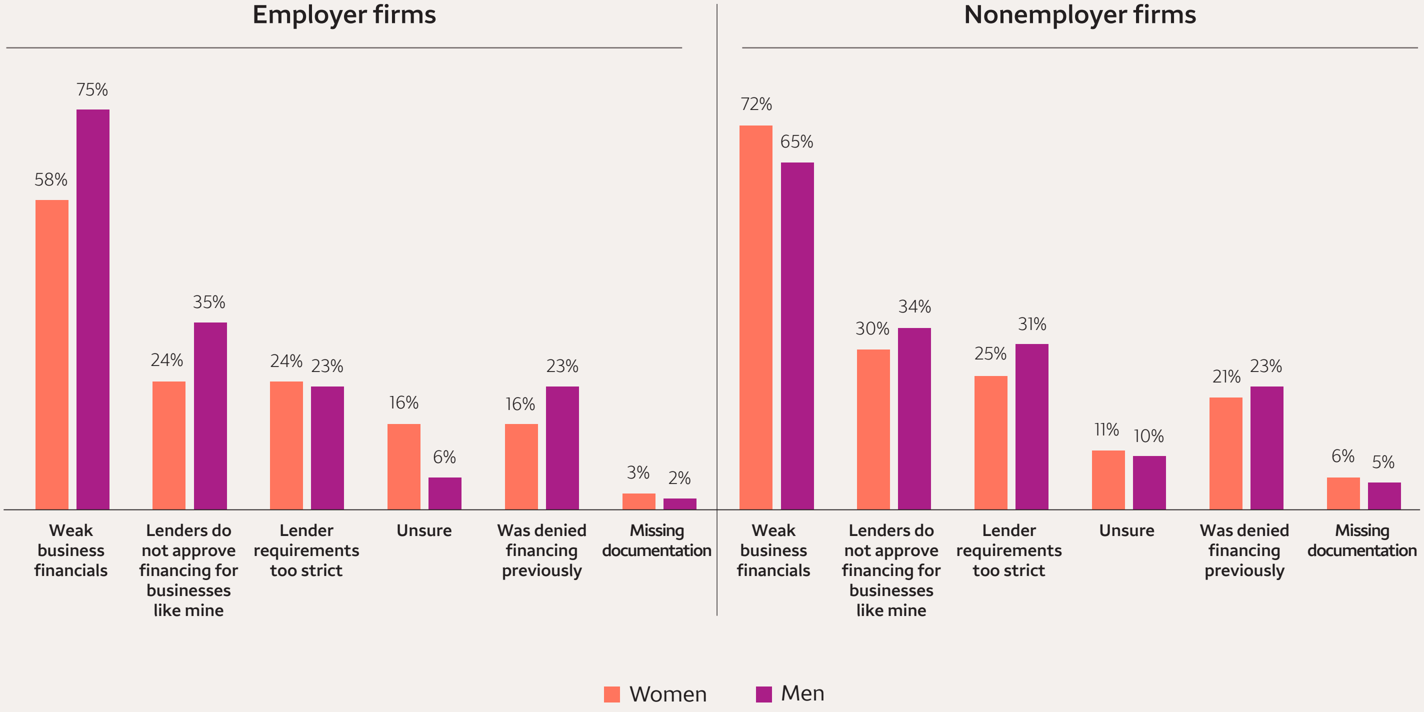


Current financial condition of employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Reasons for not applying for financing



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Many women-owned firms are concentrated in consumer-facing sectors such as retail, healthcare, personal services, and social assistance, where businesses commonly face higher operating costs and relatively thin margins.[19]

Across both employer and nonemployer firms, and for both genders, the most commonly cited reason for not applying for financing was weak financial conditions. Among employer firms, men were more likely than women to cite this as the main reason for not applying. Among nonemployer firms, women also cited business financials as a primary reason for not applying.

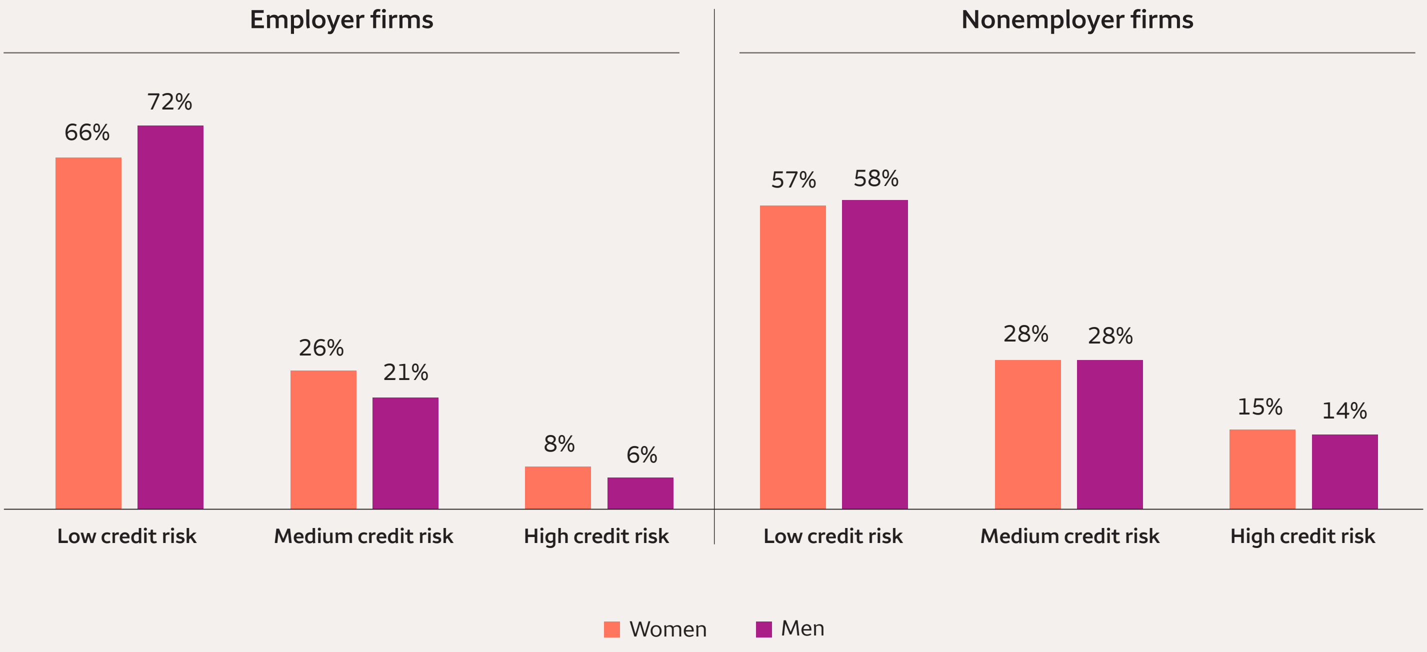
Men-owned employer and nonemployer firms were more likely to cite that lenders do not approve financing for businesses like theirs than women-owned firms.

Among employer firms, women and men were nearly equally likely to cite lending requirements as too stringent. Among nonemployer firms, however, men were more likely to report this concern.

These patterns indicate that caution stems from different perceived barriers rather than lending processes.

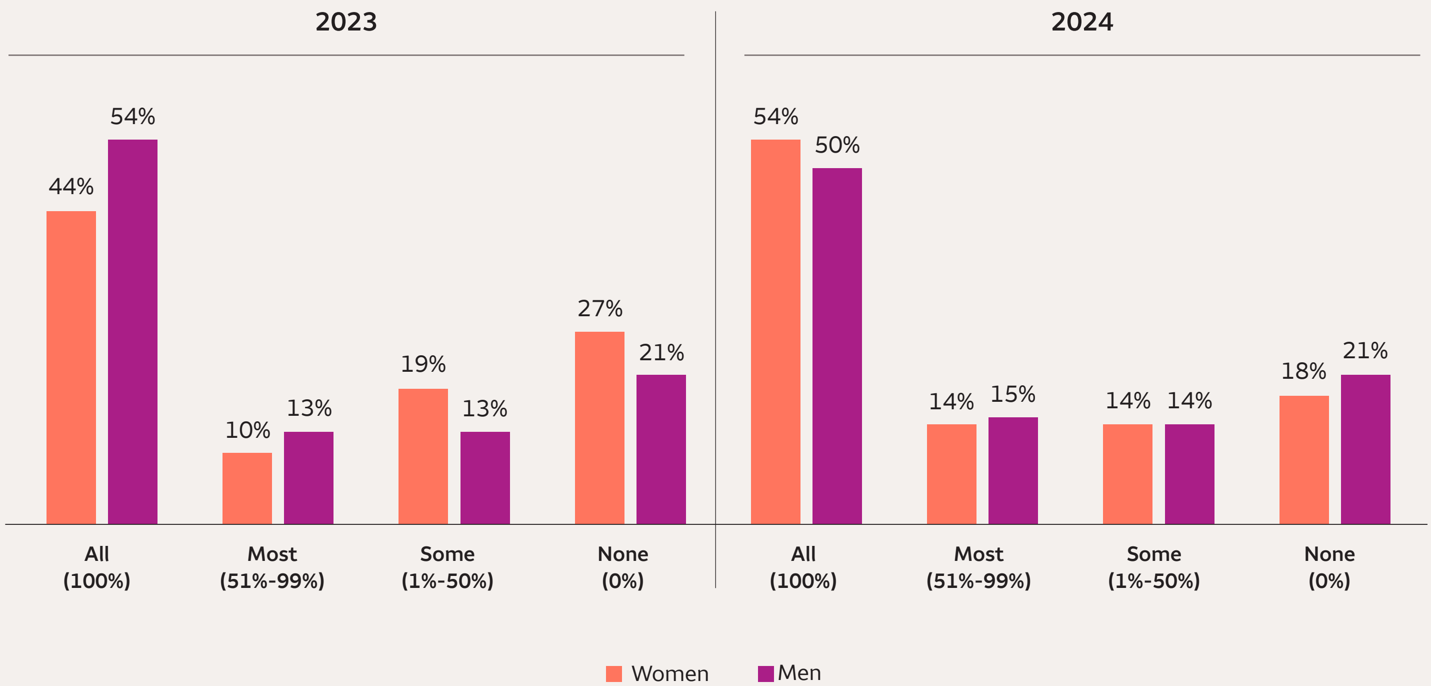
Credit risk classification differs more by employer status than by gender, with employer firms generally assessed as lower risk than nonemployers. Women-owned businesses appear across all risk categories, indicating that observed financing differences are shaped by risk assessment and firm structure, rather than exclusion from credit markets.

Credit risk of employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

2023 - 2024 approval outcomes among women and men employers



Source: 2023 and 2024 Small Business Credit Survey, Employer Firms

Post-pandemic financing outcomes for women-owned firms were shaped by credit risk and capital access. Women-owned employer firms appear across all credit-risk tiers, but the charts do not show differences in approval amounts by risk level. In the 2024 survey, many small business owners relied on personal funds to support their businesses. Among employer firms, about one quarter received funds from the owner. This shows how often owners draw on household resources when business financing is tight, a pattern especially relevant for firms facing greater credit constraints, including many women-owned businesses.[20]

Together, these findings indicate that credit risk, lender relationships, and costs shape financing outcomes. They also highlight the importance of early-stage, flexible, relationship-based financing alongside traditional credit channels as firms seek stability and growth.

Among employer firms that applied for financing, the share of women-owned applicants approved for the full amount requested rose sharply from **44% in the 2023 survey**[21] to **54% in the 2024 survey.**[22] Over the same period, full-approval rates for men-owned employer applicants fell from 54% to 50%.[23]

These shifts narrowed—and, in 2024, temporarily reversed—the gender gap in full approvals while many women-owned firms continued to face challenges obtaining capital.

Women-owned employer firms consistently request smaller loan amounts than men-owned firms. In a higher-rate, more risk-sensitive lending environment, lenders are more likely to fully approve smaller requests. Women-owned employer firms' smaller average loan requests align with the higher full-approval rates observed in 2024.[24]

Up 10

Women-owned employers approval outcomes rise 10 points between 2023 and 2024.

Capital access patterns across employer and nonemployer firms

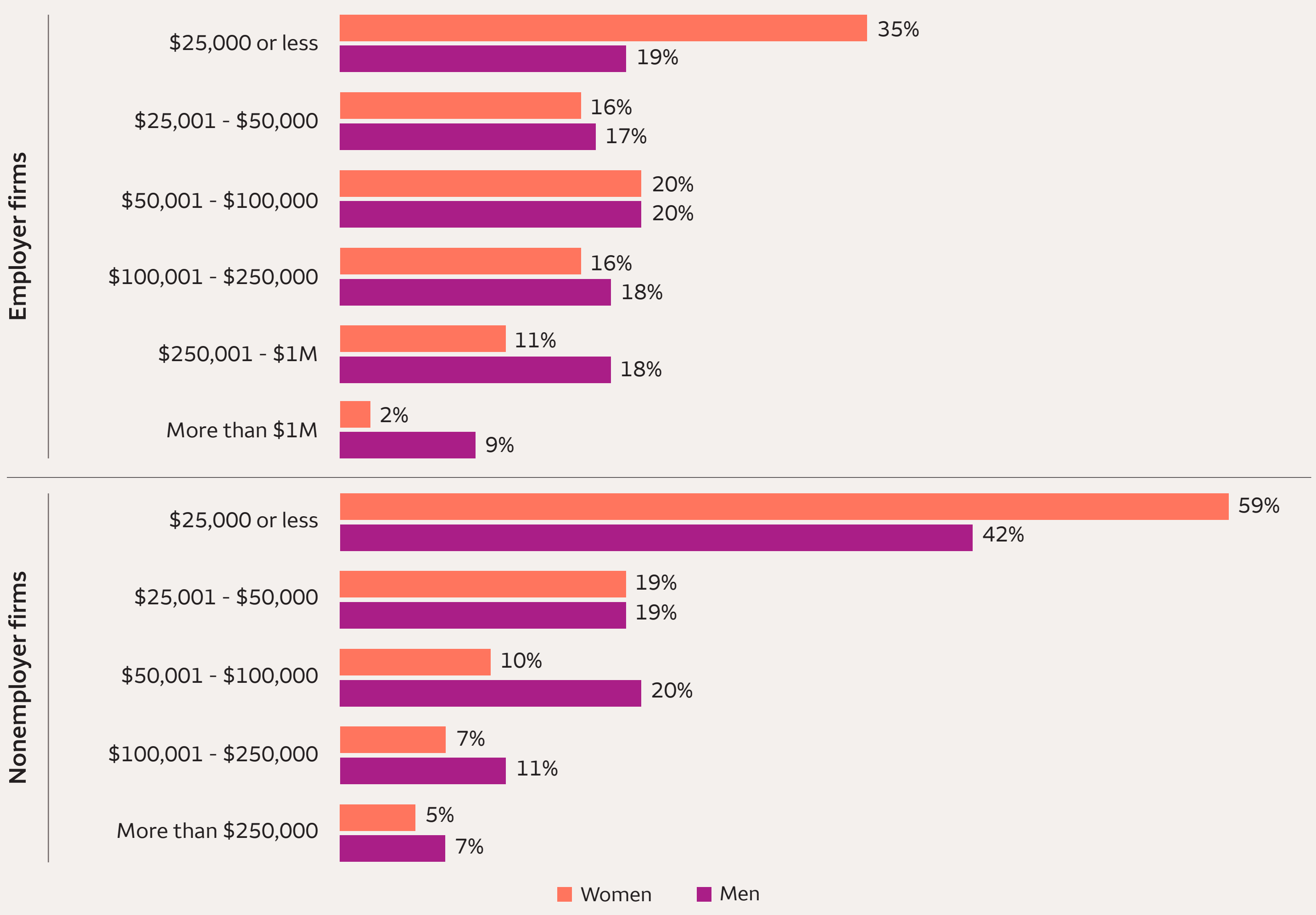
Against this backdrop, capital access trends reflect how women-owned businesses manage day-to-day pressures and growth decisions. IWOB 2026 findings and supporting research show that rising operating costs, cash-flow volatility, and limited financial buffers continue to influence financing behavior, particularly among smaller and earlier-stage firms.[25]

Across both employer and nonemployer firms, many business owners rely on personal funds to cover expenses and smooth cash flow, even when external financing options are available. Grants and other non-repayable sources play a limited but vital role, supporting specific needs rather than serving as a primary source of operating capital, especially for women-owned businesses.[26]

Financing demand exists across firm types but varies by scale and structure. Women-owned employer firms more often seek larger-dollar loans tied to working capital, growth investment, and capacity expansion than their nonemployer counterparts.[27]

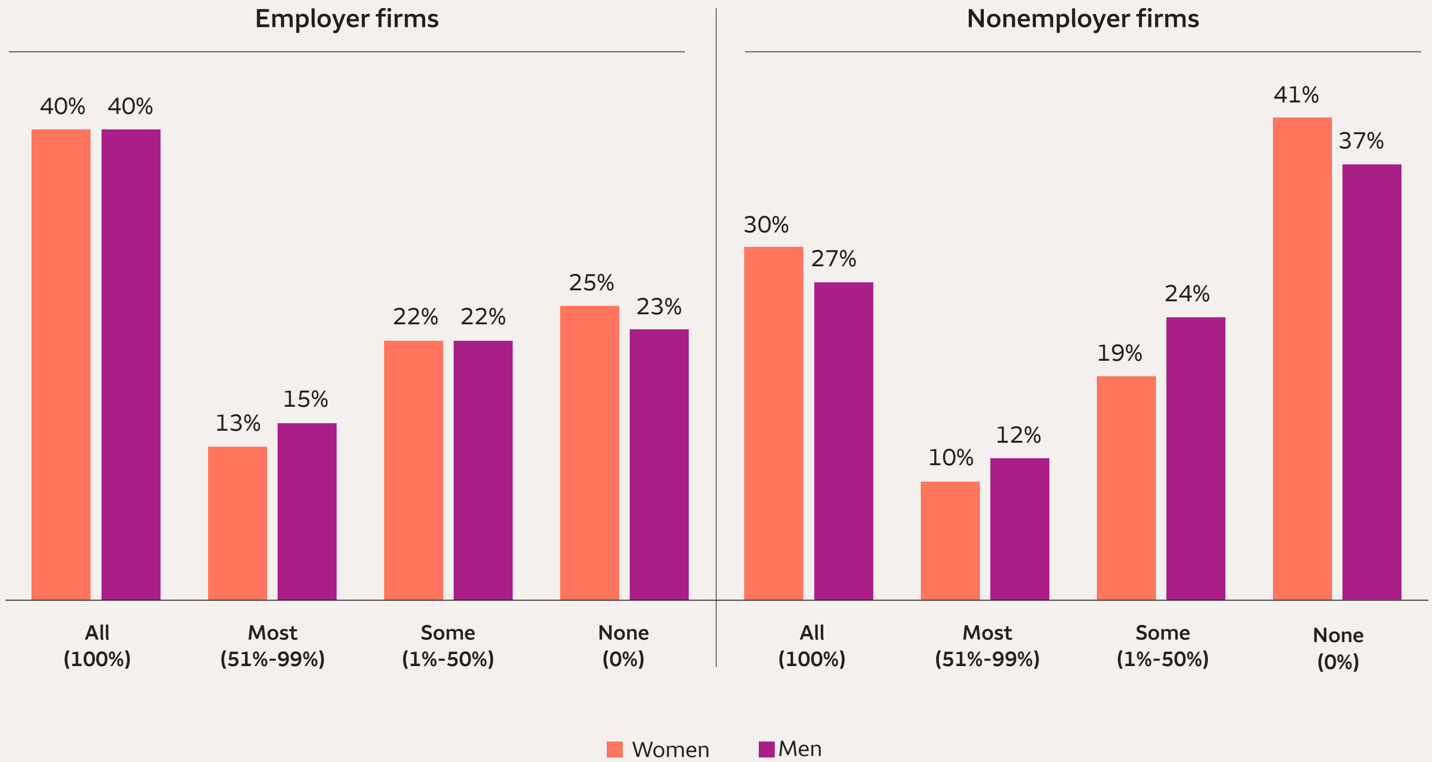
Women-owned nonemployer firms often use a mix of credit cards, smaller-dollar business loans, and personal funds to meet financing needs. These sources offer speed and flexibility but can limit the capital available for growth. As firms scale, access to lower-cost business financing, such as lines of credit, becomes increasingly important to reduce reliance on personal and higher-cost debt.[28]

Total amount of financing sought in prior 12 months by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Total share of financing received by employer and nonemployer firms



Source: 2024 Small Business Credit Survey, Employer and Nonemployer Firms

Differences in capital adequacy are most visible among employer firms. SBCS data show that while a similar or higher share of women-owned employer applicants receive the full amount requested, women typically request smaller amounts of financing. As a result, even approved loans are less likely to meet operating and growth needs fully. Partial funding—or funding that falls short of actual capital requirements—can constrain hiring, investment, and longer-term growth initiatives.[29]

Loan product mix further reflects these constraints. Many women-owned firms depend on credit cards, loans, and personal savings to finance their businesses. These sources can help cover short-term needs, but they rarely support growth and can leave firms undercapitalized over time.[30]

Taken together, these patterns show that capital access for women-owned businesses is shaped less by whether firms engage with the financing system and more by whether the capital received aligns with business scale and growth needs.

Tailored financing for women entrepreneurs: Entry points and transitional pathways

Women entrepreneurs engage with a range of financing channels that reflect firm size, stage, and sector. Early-stage financing options play a vital role in supporting women-owned businesses, particularly before firms reach scale.[31]

While the U.S. Small Business Administration (SBA) does not provide loans directly, SBA-backed loans are issued by banks, credit unions, community development financial institutions (CDFIs), and online lenders. The SBA Microloan program supports the early operating and growth needs of many women-owned firms.[32] SBA 7(a) and 504 loans are well-suited for growth-oriented companies and are available through a broad network of participating lenders. These sources include banks such as Wells Fargo, which help expand access to capital for women entrepreneurs at various stages of growth. CDFIs pair capital with advisory services, making them a strong resource for underserved entrepreneurs.

Microloans give newly formed businesses a path to capital

The SBA Microloan program provides an accessible entry point for women-owned firms by offering loans **up to $50,000.**[33] Unlike 7(a) and 504 loans, microloans are not partially guaranteed by the SBA. Early-stage and service-based businesses commonly use these microloans due to the program's small loan cap. By requiring nonprofit lenders to pair capital with technical assistance and training, the program supports first-time financing and creates clear pathways to traditional bank or SBA-backed loans as firms scale.[34] Because microloans are smaller, they often serve as a bridge between informal financing sources and larger, growth-oriented capital. Women-owned businesses have consistently been among the program's primary beneficiaries, receiving nearly half of all SBA microloans in fiscal year (FY) 2025.[35]

7(a) and 504 loans help fuel growth-oriented companies

In FY 2024, SBA loan programs totaled about **$56 billion.** The SBA backed **15,500 loans** totaling **$5.6 billion** to majority women-owned businesses—about double the number of such loans in FY 2020.[36] These programs help newer or growing small businesses access capital by guaranteeing a portion of each loan, reducing lenders' risk. The SBA 7(a) program is the most flexible SBA option and can be used for working capital, equipment, or acquisitions, while the SBA 504 program focuses on real estate and major fixed assets.[37] The SBA does not set a formal time-in-business requirement, but lenders do. Banks, credit unions, CDFIs, and online lenders vary in their willingness to work with startups or businesses with thinner credit profiles, and approval typically depends on projected cash flow, owner experience, personal credit, and collateral.[38] This makes preparation and lender fit especially important.

Personal capital, credit cards, and online lenders bridge early gaps

Many small business owners, including nonemployers, use personal savings, personal loans, owner equity, or support from family and friends to meet operating needs alongside formal credit products. They also seek financing from a range of providers, including banks, credit unions, credit card companies, and online lenders. In 2023, **23% of applicants** for loans, lines of credit, or cash advances applied to online lenders, reflecting their growing role in small-business finance.[39] Online lenders were the second most preferred source among women-owned employer and nonemployer firms in the 2024 survey. Among men-owned firms, they ranked third for employers and second for nonemployers. Online lenders offer speed and convenience and are accessible to newer firms because of more flexible underwriting and the use of alternative data. However, their products often carry higher costs and less favorable terms than traditional bank loans.[40]

In fiscal year 2024, CDFI programs financed more than

109K+

businesses and originated more than

$24B

in loans and investments nationwide.

CDFIs offer vital funding as relationship lenders

CDFIs provide specialized financing to small businesses that face constraints in traditional credit markets. In fiscal year 2024, CDFI programs financed more than **109,000 businesses** and originated more than **$24 billion** in loans and investments nationwide.[41] Many serve significant shares of women-owned, minority-owned, and low- and moderate-income businesses through smaller-dollar loans paired with technical assistance. For many women-owned firms, CDFIs act as relationship lenders, offering flexible underwriting, coaching, and patient capital that supports early stability and formalization. These institutions help bridge gaps created by thin credit files or limited collateral. They can create pathways into bank or SBA-backed lending as firms build financial histories and scale operations.

Wells Fargo provides business credit for newer firms

Wells Fargo provides unsecured lines of credit starting at **$10,000 to businesses** that have been operating for at least six months, with underwriting based on creditworthiness and other eligibility criteria rather than long operating histories. The bank's BusinessLine® provides unsecured revolving capital to eligible firms. These products can help establish early bank credit relationships for newer firms that may not yet qualify for larger term loans or SBA 7(a) or 504 financing, and they can serve as a bridge to broader capital access as businesses build revenue and credit histories.[42]

Each of these financing channels plays a critical role in meeting early-stage financing needs. Still, their impact depends on whether firms can transition from smaller, higher-cost tools to larger, lower-cost sources of capital as they move from initial stability to sustained growth.[43]

Implications and opportunities for women entrepreneurs and their lenders

This report's data point to a practical conclusion: Many women-owned businesses engage with the U.S. financing system, yet they often operate with less capital than their growth potential requires. This undercapitalization can slow hiring, delay investment, and limit their ability to pursue higher-revenue opportunities, even as demand for their products or services grows.[44 45]

Across employer and nonemployer firms, patterns in the SBCS, SBA, and IWOB findings indicate that women entrepreneurs frequently engage with financing markets but do so with smaller amounts and shorter-term instruments, such as personal funds or credit cards. These tools can help manage day-to-day cash-flow challenges, but they are less effective for supporting expansion, capacity building, and longer-term growth strategies.[46 47 48]

As women-owned businesses continue to expand their presence across the U.S. economy, the question for funders, policymakers, and entrepreneurial support organizations is not simply how to increase participation in financing, but how to ensure that capital aligns with business scale, stage, and growth objectives.[49]

Entrepreneurs can narrow capital gaps by educating themselves about financing options, choosing products that fit their needs, and strengthening their businesses to qualify for larger, lower-cost funding over time.

Improve capital adequacy

One opportunity lies in expanding financing pathways to amounts that better match firms' business needs as they grow. For many early-stage and small businesses, the challenge is not access to capital per se, but access to sufficient capital at the right time.[50] Small initial financing rounds may help firms stabilize operations, but inadequate follow-on capital can constrain hiring, inventory expansion, technology investment, and entry into larger contracts.

Programs that create a clear path from small-dollar entry products to larger working-capital or term-loan options can help businesses move from survival to growth. Aligning funding structures with revenue cycles and cash-flow timing can reduce the risk of remaining in high-cost or short-term financing longer than intended.[51]

Reduce friction in financing processes

Another lever is to reduce friction in application and documentation processes, particularly for smaller firms with limited administrative capacity. Many small businesses operate lean organizations where owners manage operations, sales, and finance simultaneously. Complex application requirements, repeated documentation requests, or unclear timelines can hold firms back from pursuing financing that might otherwise support growth.

Streamlined processes, more transparent communication about requirements, and better alignment between lenders and technical-assistance providers can lower these barriers. When firms understand the documentation required and how financing decisions are made, they are better positioned to prepare strong applications and pursue financing that aligns with their stage of development.[52]

Pair capital with capability building

Capital alone is often insufficient to unlock growth. Pairing financing with capability-building resources can help small businesses convert capital into sustained revenue and job creation. Coaching, procurement readiness, financial management tools, and access to networks can strengthen firms' ability to deploy capital effectively.

These integrated systems are essential for businesses transitioning from nonemployer to employer status or from early employer stages to more complex operations. At these inflection points, firms face new demands related to payroll, compliance, supplier relationships, and customer growth. Coordinated frameworks that link financing to operational needs can improve outcomes for both businesses and capital providers.[53]

Leverage small-business support programs

Small-business support programs play a critical role in connecting small businesses to appropriate financing and resources. For example, Wells Fargo's Connect to More initiative serves as a centralized hub that helps entrepreneurs navigate financing options, educational tools, and connections across the small-business ecosystem.

Connect to More with Wells Fargo

Entry-level financing products, such as small-business lines of credit available to younger firms, can reduce early barriers to financing and support market participation. Their long-term impact, however, depends on whether they are transparent and affordable, and whether businesses receive clear guidance on how to transition to larger, lower-cost capital as they grow.[54]

Recommendations for lenders and other stakeholders

The IWOB Capital Access report's analysis underscores actionable ways to improve how capital reaches women-owned businesses as they grow. Closing funding gaps will require better alignment among financing products, firm scale, and support structures to enable firms to use capital effectively. Lenders, policymakers, and ecosystem partners each play a role in strengthening pathways from early financing to sustainable growth.

For lenders

- Expand access to small-dollar and working-capital products that support early-stage companies and nonemployers, including those in service industries.
- Use cash-flow and performance-based underwriting, where appropriate, to reduce overreliance on collateral and personal guarantees.
- Establish clear, predictable financing pathways through which firms can progress from small, introductory capital to larger, lower-cost credit as business stability and creditworthiness improve.
- Track and report lending outcomes by business ownership characteristics to identify gaps and measure progress over time.

For entrepreneurs

- Establish a business line of credit early to help manage payroll, inventory, equipment, technology-enabled operating tools, and cash-flow swings without relying on higher-cost credit cards.
- Compare products from multiple lenders, including credit unions and CDFIs, to find credit lines with transparent fees, flexible limits, and terms that fit your business model.
- Consider an SBA-backed loan, which includes a federal guarantee that can reduce risk to the borrower and expand access to capital. Requirements still vary by lender, so compare options carefully, as different financial institutions set their own underwriting standards, time-in-business expectations, and collateral policies.
- Strengthen eligibility by separating business and personal finances, keeping up-to-date financial statements, and tracking cash flow, which can help you qualify for larger, lower-cost lines of credit over time.

For funders

- Support programs that help entrepreneurs transition from high-cost credit cards to affordable working capital designed for ongoing operations.
- Invest in technical-assistance providers that help early-stage, struggling, and growth-oriented entrepreneurs strengthen financial recordkeeping, cash-flow management, and loan readiness.
- Expand capital to community lenders and mission-driven financial institutions that demonstrably increase access to flexible working-capital products for small business owners.

For policymakers

- Sustain and expand support for SBA programs and CDFIs that reach young businesses and nonemployers, including funding for technical assistance and capital-readiness services.
- Encourage transparent reporting and data collection on gender, race, rural geography, and other ownership characteristics across public lending programs.
- Reduce structural barriers that limit women's ability to start and grow businesses, including childcare access, healthcare costs, and limited access to advisory services.

For small-business support organizations

- Provide hands-on assistance with bookkeeping, financial statements, loan documentation, and capital-readiness planning.
- Build and support targeted networks and mentorship programs that connect small business owners to lenders, investors, and peers.
- Create programming that links education with capital and customer access, helping firms translate leaning into measurable growth.

Conclusion

Women-owned firms represent a large and growing share of the U.S. business landscape. Their ability to access right-sized capital at the right time and on the right terms for their growth is central to job creation, innovation, and regional economic health.[55]

Despite persistent financing constraints, women entrepreneurs continue to show resilience and adaptability, drawing on diverse funding sources, engaging with impact-focused lenders, and using digital tools and platforms to reach customers and capital providers.[56]

Data from IWOB, SBCS, SBA, and external sources point to both progress and remaining gaps. Public programs, community lenders, fintech channels, and alternative capital providers all play roles.[57 58 59]

Expanding responsible, affordable credit and pairing it with strong educational and network support can help more women-owned firms transition from survival to sustained growth, strengthening communities and the broader economy.[60]

Methodology

Data analyst Lizeth Gallego Aristizábal and the Ventureneer content team, including Geri Stengel, Damian Ghigliotty, and Tatiana Piñeros Rodríguez, generated the data and analysis for this report.

Primary data sources include the Impact of Women-Owned Businesses reports, which provide information on firm counts, revenues, and the demographic characteristics of business owners; the Federal Reserve Banks' Small Business Credit Surveys (SBCS), which provide information on financing demand, credit applications, approval outcomes, and financial challenges among small businesses; and the U.S. Small Business Administration (SBA) Office of Advocacy, whose reports offer additional statistics and context on small-business trends and the characteristics of women-owned firms.

The IWOB 2024-2026 reports use data from the previous-year U.S. Census. The 2023 and 2024 SBCS data reflect the prior 12 months from the fall survey fielding period. SBA 2024 program data are reported by federal fiscal year (October to September).

Generative artificial intelligence tools were used to help identify relevant studies, organize background material, and support drafting. All quantitative analysis, interpretation, and final language were reviewed and validated by the research team to ensure accuracy and integrity. Language tools supported the collaborative writing and editing process.

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