

British Business Bank Response  
Women and Equalities Committee: Inquiry into Female  
Entrepreneurship

March 2025

## Introduction: About the British Business Bank

1. The British Business Bank, established in 2014, is the UK Government's economic development bank. The Bank has the mission to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses.
2. The availability of capital to smaller businesses drives economic growth because it enables business investment, innovation, and expansion, leading to increased productivity, job creation, and overall economic development.
3. We design, deliver and manage access to finance programmes for smaller businesses across the UK that address gaps in the market. As well as increasing the supply and diversity of finance, we raise awareness of the finance options available to smaller businesses. However, they mostly don't obtain finance directly from us; instead we work through more than 200 delivery partners:
  - To help get new smaller businesses off the ground, providing start-up finance and mentoring to help them succeed.
  - To help smaller businesses thrive, unlocking lending from banks and alternative finance providers, to help them grow, create new jobs and improve productivity.
  - To help the UK's most innovative companies get the capital they need to be able to scale up and stay in the UK, making investments through angels, venture and venture growth capital funds and companies across R&D intensive industries such as deeptech and life sciences. The Bank is the largest domestic investor in UK venture and venture growth funds.
4. The British Business Bank's role is catalytic to UK private markets over time and results in more growth companies staying in the UK as they scale, since companies with material UK ownership are more likely to stay in the UK.
5. From April 2023, the British Business Bank updated its strategic objectives to align with the Bank's mission and focus on the long-term impact on the market, to help smaller businesses access finance. The Bank's 2023 strategic objectives include:
  - **Driving sustainable growth.** Ensuring smaller businesses can access the right type of finance they need to start, survive and grow.
  - **Backing innovation.** Ensuring innovative businesses can access the right capital to start and scale.
  - **Unlocking potential.** Unlocking growth by ensuring entrepreneurs can access the finance they need regardless of where and who they are.
  - **Building the modern, green economy.** Financing groundbreaking solutions to climate change and helping smaller businesses transition to net zero so they thrive in a green future.
6. British Business Bank programmes provide either debt finance, equity finance, or a combination of both finance types to address a breadth of market failures.
7. In January 2025, the Bank published its *The Power of 10: 10 Year Impact Report*<sup>1</sup>. The report looked at how the Bank's activity in over the last decade has directly supported the country's economy, what

outputs and outcomes were generated, and what impact we can expect from our activities over the longer term.

8. Key findings from the report include:

- £97bn in additional turnover expected to be generated by businesses backed by the Bank
- UK economic output boosted by around £43bn through business growth over the lifetime of their finance
- £32bn in combined public and private sector funding delivered
- Almost 2.3m existing roles sustained and 250,000 additional jobs expected to be created through Bank-supported finance programmes
- 209,000 smaller businesses supported
- 84% of businesses supported are located outside London
- 4.2% annual 10-year combined commercial, mandated and service arm adjusted rate of return

## Executive Summary: Female Entrepreneurship

### Female Entrepreneurship: The Market Problem

9. The Bank has long understood the vital need for better awareness of the barriers that female-founders face. While the adage 'what gets measured gets done' feels appropriate, the sobering fact is that while increased data into the female-founder landscape exists, little has materially changed in access to finance outcomes for female-led businesses. The amount of equity investment into all female led businesses in 2019, when the seminal Rose Review was released, was 2%, in 2023 that figure stood at 2.8%, a glacial increase.<sup>2</sup>
10. While the Bank is not able to address all barriers faced by female entrepreneurs, it can shine an important light on the challenges facing entrepreneurs from all walks of life, and through its research can provide a clear evidence base for the British Business Bank and for others.
11. Our *Alone Together* report showed that Female entrepreneurs from ethnic minority backgrounds experience the biggest disparities, and that location is an important factor in success, irrespective of ethnicity and gender.<sup>3</sup>
12. In 2023 we took a closer look at the Venture Capital Industry and found that to increase capital to a more diverse group of entrepreneurs there is a critical need to increase the diversity of the investors who back them.<sup>4</sup>
13. While career experience, business development activities and access to loans and other finance do matter, other factors such as ethnicity, gender, location and how much money a person has to begin with strongly influence their degree of success when starting and growing a business. People's experiences are entangled with their ethnicity, their gender, and the place they live, as well as many other aspects of their circumstances and characteristics. This creates different starting points and also leads to different outcomes.

### Female Entrepreneurship: The Bank's Response

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<sup>1</sup> British Business Bank, *Power of 10: 10 Year Impact Report 2025*, ([British-business-bank.co.uk](https://www.british-business-bank.co.uk))

<sup>2</sup> British Business Bank, *Equity Tracker Report (2019) and (2024)*

<sup>3</sup> British Business Bank, *Alone Together (2020)*

<sup>4</sup> British Business Bank, *Finding What Works: Pathways to Improve Diversity in Venture Capital Investment (2023)*,

14. The British Business Bank exists to lower the financial barriers that hold entrepreneurs back from achieving their ambitions. As part of this mandate the Bank has a dedicated objective to unlock potential by ensuring entrepreneurs can access the finance they need regardless of where and who they are. The Bank looks at this objective through two lenses; regional interventions and supporting underserved founders.
15. Through its Start Up Loans programme, the Bank has ensured that traditionally under-represented groups gain greater access to finance. To date, 40% of these loans have been awarded to female founders, while 20% have supported entrepreneurs from Black, Asian, or Other Ethnic Minority backgrounds. This focus on inclusivity reflects the Bank's commitment to unlocking potential and diversifying access to finance and creating opportunities for underserved groups.
16. Looking to the future, the Bank is expanding access to funding for female entrepreneurs and will invest £50m into female-led funds through its existing programmes. This investment will support the aims of the Invest in Women Taskforce, which is an industry led, government backed initiative committed to increasing finance for female entrepreneurs.
17. To help encourage a better gender balance in smaller business finance, the Bank regularly publishes research on barriers to finance for underserved groups. As an example, in 2023 the Bank published *Finding What Works*<sup>5</sup>, looking at why the venture capital industry has performed poorly in investing in women-owned businesses, and what can be done to change the mindsets and behaviours of investment committees.
18. The Investing in Women Code is a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector. In addition to managing the Venture Capital arm of the Code, The British Business Bank and British Patient Capital are signatories and drive change by leading by example, as well as promoting the Code to other LPs and VCs.
19. The Bank has also worked to ensure that all its services are fully accessible to people with disabilities. Last year, for example, the application system for Start Up Loans was updated to include questions around accessibility – customers can self-identify any needs they may have, and those needs are then flagged to our business support partner.
20. There is still a long way to go to ensure that female-led businesses have the same access to finance as their male counterparts. The Bank is working alongside its delivery partners to help catalyse that change, and ensure that it is part of the solution.

### Call for Evidence

21. The response to this inquiry will reflect the Bank's experience as both a market participant and as a centre of expertise on smaller business finance in the UK. As a Government-owned entity, the British Business Bank is not in a position to comment on some of the Inquiry's questions around future government policy. These questions have been noted in Annex A of this response. The remainder of this response is laid out in accordance with the topics as ordered in the Inquiry's call for evidence.

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<sup>5</sup> British Business Bank, *Finding What Works: Pathways to Improve Diversity in Venture Capital Investment* (2023), ([british-business-bank.co.uk](https://british-business-bank.co.uk))

## What are the barriers facing women, including specific groups of women such as those from an ethnic minority background, seeking to start and grow successful businesses in the UK?

**Summary:** *Women often face challenges from the very start of their business journey. From a lack of female role models and networks, childcare issues for working mothers, and gender stereotypes, there are often significant barriers to overcome when starting and growing their businesses. One of the primary challenges is access to finance. Women often encounter difficulties securing funding due to biases in venture capital, where investors are less likely to fund women-led startups. This problem is particularly pronounced for women from ethnic minority backgrounds, who face compounded discrimination based on both gender and ethnicity.*

*As the UK's largest domestic investor in venture capital, the British Business Bank champions diversity within the industry. We believe that increasing the diversity of those who access finance is not only the right thing to do, but also an enormous growth opportunity for the UK to capitalise on the latent potential and exceptional talent that our diverse population has to offer. The Bank is a founding signatory to the Investing in Women Code, a commitment to support the advancement of women entrepreneurs in the United Kingdom by improving their access to the tools, resources and finance they need to achieve their goals.*

22. The following points in this section will cover both the general state of the finance and equity markets and other barriers facing small businesses owners. Whilst not all points are unique or specific to female led businesses, such as regional disparities in equity investment, they do highlight the overarching barriers facing small businesses more generally, which can contribute to the unique barriers that female-led businesses face.

### Barriers facing women seeking to start and grow successful businesses in the UK

#### *Access to Finance: Debt*

23. The British Business Bank's *Small Business Finance Markets Report* examines in detail the funding landscape for smaller businesses, providing policy makers and the market with a comprehensive, independent assessment of finance trends throughout the year.<sup>6</sup> In our 2025 report the Bank examined attitudes to finance by female, and other diverse led businesses.

#### 24. Key Findings:

- Female-led businesses are significantly less likely to be using finance, at 38% in the 10 quarters to Q2 2024, compared to 43% of male-led businesses.
- While fewer female-led businesses agreed they would be happy to use finance to grow their business (28% vs 34% for male-led businesses), there were no significant differences in their business ambitions (40% vs 41%).
- More than one in 10 women-led businesses identified a need for finance but didn't apply, higher than the 7% of male-led businesses reporting the same.
- Almost a third of women-led businesses that needed finance but didn't apply said bank forms and documentation had put them off, at 31% compared to 20% of male-led businesses. Women-led businesses were also more likely to report their main reason for not applying was not knowing where to find appropriate finance or finding bank forms off-putting (6% for each, compared to 1% and 0% of male-led businesses respectively). The data continues to indicate persistent issues with information barriers.
- Levels of awareness of different types of finance, which may be more suited to particular types of business or activities, also differ by business owner characteristics. For example, female-led businesses are less aware of business angels and invoice finance (35% and 50%, compared to 42% and 61% respectively for male-led businesses).

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<sup>6</sup> British Business Bank, *Small Business Finance Markets Report 2025*, ([british-business-bank.co.uk](https://www.british-business-bank.co.uk))

- There are no finance types that female led businesses are more likely to use than male-led businesses, but they are less likely to be using core debt products (bank loans, overdrafts and credit cards) at 23% vs 29% and less likely to be using leasing/hire purchase (5% vs 10%) than male-led businesses.
- According to UK Finance data from Investing in Women Code (IWC) signatories, there is no significant difference between application approval rates for all-female, all-male and mixed gender teams, and this is supported by SME Finance Monitor data on application outcomes. However, average approved facility size for women-led businesses was half that of male-led businesses, £104k compared to £198k. Unfortunately, we do not have data to assess whether female-led businesses are applying for lower amounts or being only approved for these lower amounts.

### *Access to Finance: Equity*

25. There is a significant gap in venture capital investment for underrepresented founders and investors due to industry biases, reliance on closed networks, and limited diversity among investors. Women-led business receive only 3% of VC funding by value, and mixed-gender founded businesses receive only 18%.<sup>7</sup> This means that nearly 80p per £1 of equity investment goes to teams without any women on the founding team. The short-term market gap for female or Ethnic Minority founders in equity investment is around £1bn per year, which represents unmet, but potentially viable demand for finance.<sup>8</sup> This means the businesses that are funded are not representative of the society in which they operate; they may not be inclusive of different groups, and products and services that get funded may not serve the needs of the market. The potential economic contribution of these potentially high-growth businesses is also being foregone.<sup>9</sup>

### *Intersectionality*

26. While career experience, business development activities and access to loans and other finance do matter, other factors such as ethnicity, gender, location and how much money a person has to begin with strongly influence their degree of success when starting and growing a business. People's experiences are entangled with their ethnicity, their gender, and the place they live, as well as many other aspects of their circumstances and characteristics. This creates different starting points and also leads to different outcomes.

27. Female and Ethnic Minority-led smaller businesses make up around 25% and 8% of the UK business population respectively. Approximately 8% of businesses are led by those with a disability. These groups face particular barriers in accessing finance, and as highlighted in the Bank's *Alone Together* research. Intersectionality can compound these challenges.<sup>10</sup>

28. Female and ethnic Minority-led businesses face challenges in raising finance to start and grow their business. Over the past ten years, these businesses have been more likely to be discouraged from applying for finance, despite greater availability of finance options and providers in the market. Not knowing where to find the right finance, lower awareness of finance options and increased perceptions of rejection remain as key barriers for these groups.

29. The place an entrepreneur lives can shape their entrepreneurial outcomes. The Bank's Small Business Equity Tracker 2024 found that the historic trend of equity investment being concentrated in London has remained relatively unchanged. Its share of UK investment value remained at 63%, while the share of deals captured by the region fell by two percentage points to 49%. While this is not specific to female founders, it does highlight the compounded difficulties that female founders can face, with low equity investment coupled with regional disparities.<sup>11</sup>

<sup>7</sup> British Business Bank, Small Business Equity Tracker 2024, equity investment values in 2023.

<sup>8</sup> British Business Bank analysis of Investing in Women Code and Beauhurst data on short term, unmet demand

<sup>9</sup> For example, the Rose Review found that up to £250bn of new value could be added to the UK economy if women started and scaled new businesses at the same rate as men. It's not clear how displacement from other businesses has been accounted for within this figure. (Rose Review, 2019)

<sup>10</sup> British Business Bank, *Alone Together: Entrepreneurship and diversity in the UK* (2020) ([british-business-bank.co.uk](https://www.british-business-bank.co.uk))

30. While the Bank is not able to address all barriers faced by female entrepreneurs, the Bank can shine an important light on the challenges facing entrepreneurs from all walks of life, and through its research can provide a clear evidence base for the Bank and for others. In particular, dismantling access to finance barriers is a key area of interest for the Bank and our research has focussed on how we can unlock the potential of underserved groups of entrepreneurs, including those that face place based and socioeconomic barriers.

## In which sectors of the economy do women face the greatest barriers to entrepreneurship, why is this, and what could be done to tackle them?

**Summary:** Women face significant barriers to entrepreneurship across various sectors of the economy, but these challenges are particularly pronounced in traditionally male-dominated industries, such as AI, technology, construction, manufacturing, and finance. These sectors are often characterised by cultural and structural obstacles that make it difficult for women to break in, grow, and succeed. Limited VC investment into female founders remains a crucial challenge to overcome, and this is made more difficult by the lack of gender diversity in the industry. In the UK, women make up 22% of leadership roles in VC firms.<sup>12</sup> However, only 12% of senior investors are women.<sup>13</sup> In venture capital intensive industries such as AI, Life Sciences and Technology, lack of gender diversity in these industries, coupled with lack of female investment, has caused women to be vastly underrepresented in certain sectors.

### Sectoral barriers for women led businesses

31. Although the Bank does not specifically report on sectoral barriers faced by female-led businesses, our 2024 Business Finance Survey, which surveyed 1,547 smaller businesses in Q4 2024, found that the broad sectoral composition of female-led and male-led businesses was as follows:

Female-Led sectoral composition	Male-Led sectoral composition
<ul style="list-style-type: none"> <li>• Primary/manufacturing = 7%</li> <li>• Construction = 12%</li> <li>• Distribution = 21%</li> <li>• Business services (consists of information and communication, finance, insurance, real estate, professional, scientific and technical activities and administrative and support service activities) = 26%</li> <li>• Other services (consists of education, health, social work, arts, entertainment, recreation and other service activities) = 34%</li> </ul>	<ul style="list-style-type: none"> <li>• Primary/manufacturing = 8%</li> <li>• Construction = 17%</li> <li>• Distribution = 19%</li> <li>• Business services = 37%</li> <li>• Other services = 19%</li> </ul>

32. The reduced likelihood of female-led businesses being situated in “business services” vs “other services” relative to male-led businesses may potentially be indicative of the barriers they face in accessing these sectors. However, it is difficult to draw explicit conclusions from this particular data given its high-level nature.

33. It should be noted that while the Bank does not hold data on specific sectors, other organisations have begun to look more specifically at the sector challenges women face, and may be able to offer a more comprehensive picture. Two organisations who have recently published work in this area include the Alan Turing Institute and The Gender Index.

34. The Alan Turing Institute published a report in 2024 *Rebalancing Innovation: Women, AI and Venture Capital in the UK* which presents a unique picture of gender diversity in AI-focused venture capital (VC) investment over the last decade.<sup>14</sup> This report, based on new research from the Women in Data

<sup>12</sup> Ada Ventures. Women in UK Venture Capital. (2023). <https://docsend.com/view/hn9hikdnu4srdvsp>

<sup>13</sup> British Venture Capital Association (BVCA). Diversity and Inclusion Report. (2023).

<sup>14</sup> *Rebalancing Innovation: Women, AI and Venture Capital in the UK* (2024).



Science and AI team at The Alan Turing Institute, found that women face significant barriers to entrepreneurship across various sectors of the economy, but these challenges are particularly pronounced in traditionally male-dominated industries, such as AI. For example the report found that most VC investments in UK AI startups in 2022 (77%) were in companies without any women founders. This suggests that there is a need for further investigation into gender diversity in AI-focused venture capital (VC) investment.

35. The Gender Index, led by Chairman Jill Pay, claims to be the most extensive and comprehensive study of UK female entrepreneurship. In addition to insights shared through their 2025 Gender Index Report, their website allows users to track progress, growth, and trends by various criteria, including sectors. While the Bank cannot formally comment of the validity of the data, the increasing use of AI algorithms does suggest that better and more reliable data on female led-businesses is becoming increasingly available.

# How can women best be supported to overcome the challenges they face in securing funding to start and grow their businesses?

**Summary:** *Supporting women in overcoming the challenges they face in securing funding to start and grow their businesses requires a multifaceted approach. Increasing access to capital is essential, which is why the Bank has committed £50m to female-led funds through its existing programmes. In addition, there is a need to have a more diverse investor base and the right mix of lenders in the UK that will invest in women led businesses. Raising awareness and addressing gender bias in funding decisions can also help ensure more equitable funding distribution. By creating a supportive ecosystem that combines access to capital, mentorship, networking, and education, women can be better equipped to overcome the challenges in securing business funding.*

## Access to capital

36. There is a significant gap in venture capital investment for underrepresented founders and investors due to industry biases, reliance on closed networks, and limited diversity among investors. Women-led business receive only 3% of VC funding by value, and mixed-gender founded businesses receive only 18%.<sup>15</sup> This means that nearly 80p per £1 of equity investment goes to teams without any women on the founding team. The short-term market gap for female or Ethnic Minority founders in equity investment is around £1bn per year, which represents unmet, but potentially viable demand for finance.<sup>16</sup> This means the businesses that are funded are not representative of the society in which they operate; they may not be inclusive of different groups, and products and services that get funded may not serve the needs of the market. The potential economic contribution of these potentially high-growth businesses is also being foregone.<sup>17</sup>
37. Over the longer term, the Bank aims to increase high growth businesses led by diverse entrepreneurs, increase their willingness to seek equity, improve their knowledge of how and where to get equity investment, which represents a larger gap and market potential than the £1bn quoted above.

Research points to venture capitalists being far less diverse than founders in terms of gender and ethnicity.<sup>18</sup> Within VC firms themselves, just 11% of senior investment roles are held by women, while 13% of senior individuals are Asian, Black or other Ethnic Minority (10% when looking at UK only offices).<sup>19</sup> There are significant barriers to entry for emerging fund managers including track record and costs involved. One potential route into fund management is through angel investment which requires significant personal wealth. Bank research points to the connections between lower incomes and coming from an Ethnic Minority background, with women also facing disadvantages in terms of caring roles, working in lower productivity sectors and working part-time.<sup>20</sup> Successful founder-VCs have higher investment success rates, but women and Ethnic Minority founders face lower probabilities of becoming a venture capitalist, regardless of whether their startup was successful.<sup>21</sup>

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<sup>15</sup> British Business Bank, Small Business Equity Tracker 2024, equity investment values in 2023.

<sup>16</sup> British Business Bank analysis of Investing in Women Code and Beauhurst data on short term, unmet demand

<sup>17</sup> For example, the Rose Review found that up to £250bn of new value could be added to the UK economy if women started and scaled new businesses at the same rate as men. It's not clear how displacement from other businesses has been accounted for within this figure. (Rose Review, 2019)

<sup>18</sup> Calder-Wang, S. and Gompers, P. (2017), 'Diversity in the Innovation Sector,' HBS working paper

<sup>19</sup> BVCA, BVCA and Level 20 Diversity and Inclusion Report 2023. Note: this is the industry average for both VC and private equity. This compares to 18% of England and Wales' resident population being from an Ethnic Minority background, and 46% of London's population (where the VC and PE industries are concentrated).

<sup>20</sup> British Business Bank, Alone Together 2020

<sup>21</sup> Gompers and Mukharlyamov (2022), Transferable Skills? Founders as Venture Capitalists

38. The best evidence we have on how to increase capital to a more diverse group of entrepreneurs is to increase the diversity of the investors who back them. Increasing diversity amongst senior decision makers was ranked as the most effective action in improving diversity of investment by VCs themselves, and analysis showed a positive correlation between the gender diversity of founding teams of businesses that secured venture capital between 2018-2022 and the gender diversity of their investors.<sup>22</sup> Investing in Women Code signatories with investment committees with 50% or more female members make a significantly higher share of their deals to teams with at least one female founder.<sup>23</sup> Similarly, more signatories' deals go to teams with at least one Ethnic Minority founder where 25% or more of the investment committee are from Ethnic Minority backgrounds.<sup>24</sup>
39. These poor statistics on diversity in VC and entrepreneurship have been consistent over a decade or more. While the share of investment to mixed gender founder teams has almost doubled (18% in 2023, up from 9.5% in 2014), the share of funding to all female founder teams has remained flat (3% in 2023, 4% in 2014). There is a clear gap between the share of funding teams with at least one female receive and the share of high growth enterprises they account for (21% and 25% respectively in 2023), driven by disparities in funding to all female teams (3% of investment, 13% of high growth businesses)<sup>25</sup>. All female teams raised £2bn in announced equity funding over the last 10 years, while all-male teams raised £6.5bn in 2023 alone, i.e. all-male teams have raised over 300% more funding in the last year alone, than all female teams have raised over the last 10 years.<sup>26</sup>

#### Bank support in access to finance

40. Diversity and inclusion means many things for the Bank. Through the funds and schemes that we manage, it means ensuring that talented entrepreneurs have access to finance regardless of personal characteristics including social background, gender, ethnicity, disability or age. Across the UK, it means ensuring that the funding needs of very different businesses, in different locations, are being met.
41. The Bank has a strong track record of investing into underserved founders, including women. Since 2012, of the people who received a Start Up Loan, 40% went to women, 19% went to people from a Black, Asian or Other Ethnic Minority background (excluding White minorities) and 30% went to people who were previously unemployed. 61.6% of Future Fund funding went to Black, Asian & Other Ethnic Minority only management teams and Black, Asian & Other Ethnic Minority and White management teams in 615 companies worth £646.5m. Since 2019 the Bank's ECF programme has supported 22 funds and across all these funds, almost 25% of the partners were female. This compares to 12% of senior investment roles in the wider equity market being held by women.
42. Further evidence of Bank support for female-led businesses can be found in the following question on best practice.

#### Awareness Raising

43. In the wider market, we deliver the Investing in Women Code for venture capital firms, alongside other industry partners, giving the market the tools for transparency and showcasing the actions that increase investment in diverse entrepreneurs and business owners. Our research continues to shape debate and inform actions that increase access to finance for those underserved by the markets in which we work. We believe that increasing the diversity of those who access finance is not only the right thing to do, but also an enormous growth opportunity for the UK to capitalise on the latent potential and exceptional talent that our diverse population has to offer.

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<sup>22</sup> Finding What Works: Pathways to Improve Diversity in Venture Capital Investment, 2023

<sup>23</sup> 40% and 31% of deals to teams with at least one female founder respectively. British Business Bank analysis of Investing in Women Code 2023 data.

<sup>24</sup> 46% compared to 3%. British Business Bank analysis of Investing in Women Code 2023 data.

<sup>25</sup> British Business Bank, Equity Tracker 2024 and Women-led high-growth enterprise taskforce report, 2024

<sup>26</sup> British Business Bank, Equity Tracker 2024

44. Research shows that women are less aware of the funding options available to them, which means that when female founders are seeking support to grow or boost capital, they may not look beyond traditional means of funding. This means that they could be missing out on funding opportunities that are right for their business.
45. The Bank's online Finance Hub offers independent and impartial information for founders across their whole funding journey, from deciding what finance is right for your business, to finding a suitable investor, and understanding how to approach and pitch to investors.
46. The Bank hosts an annual Business Finance Week which offers a host of free nationwide and regional in-person events, webinars and more. Business Finance Week helps smaller businesses learn about the different finance options available to them to support their individual needs. Research shows that a key barrier faced by female and underserved entrepreneurs is a lack of access to resources and information on finance. Business Finance Week has been designed to help these businesses, as well as the organisations and people that support them, to understand the different finance options available to support their individual business needs. In 2024, the Bank's Business Finance week reached almost 2000 attendees. The events held were a mixture of bank led and partner led. Out of the 16 Bank led events 30% of attendees were female, 17% were Black, Asian or from an ethnic minority. From responses to the event feedback forms, 96% said they were better informed and able to act.
47. Throughout the year the Bank hosts, sponsors and participates in events that specifically target underserved founders. In February 2025, the Bank is hosting a roundtable with female fund managers to inform how we drive improvements across our processes and increase the accessibility of funding to female led investment firms via our investment programmes. This event will hear from female fund managers and gain feedback on barriers experienced by female fund managers on accessing capital to start VC funds, and inform how the Bank deploys its £50m funding for female-led funds.
48. To help address the regional disparities in accessing finance the Bank has several ongoing activities to make the entrepreneurial ecosystem more accessible to a diverse range of founders. The five key areas of focus are: gender, ethnicity, disability, neurodiversity and socio-economically disadvantaged. Specific activity to support female founders includes four 'Introduction to Finance' recorded webinars focused on readiness and confidence, grants, debt and equity.
49. In 2024 the Bank also participated in a wide range activity in Northern Ireland, Scotland and Wales which aims to raise awareness of financing for female founders. This includes but is not limited to: Being a supporting partner of AwakenHub, a community supporting over three thousand female founders across Ireland; Sponsoring SheGen, an accelerator lite programme supporting twenty-four very early-stage female founders across Ireland; sponsoring the SheVentures 2 day summit supporting female founders across the island of Ireland; sponsorship of the Female Founders Summit, delivered by Pathways Forward and Female Founders Rise, aimed at connecting Scottish female founders and the delivery of a 6mth Female Founder Investment Readiness Programme in partnership with Tramshed Tech to support 18 female founders across Wales.

## What examples are there of best practice in supporting female-led entrepreneurship, both in the UK and internationally?

**Summary:** *The Investing in Women Code plays a salient role in driving change and showcasing best practice in supporting female-led entrepreneurship. British Business Bank programmes are designed to ensure small business finance is reaching parts of the market that have otherwise gone underserved, with Start Up Loans providing more debt funding to female led business than the wider market. In addition, the Bank's research explores the barriers to women and other underrepresented founders starting and growing their businesses and helps identify clear actions that VC firms can take to allocate more of their funding to underrepresented founders. Private sector investors are also developing investment strategies focused on reaching diverse founders. Through initiatives such as the Invest in Women Taskforce and the Invest in Women Code there is more visibility than ever on the importance of supporting investment into female-led entrepreneurship.*

50. Over the last few years the Bank has taken several steps forward to address the unique challenges faced by female founders through our unique vantage point as a government backed participant in a range of markets with significant scale and influence. This approach over the last number of years has enabled impactful research to highlight the problems our markets face, and significant engagement and work with stakeholders to make the Bank a key voice on this topic.

### The Investing in Women Taskforce

51. The Bank is expanding access to funding for female entrepreneurs and will invest £50m into female-led funds through its existing programmes. This investment will support the aims of the Invest in Women Taskforce, which is an industry led, government backed initiative committed to increasing finance for female entrepreneurs.

52. To progress our £50m commitment, the Bank has established a dedicated Invest in Women Committee. The Committee will identify female led funds in our pipeline and recommend those deals to investment committee, giving female led funds more focus in the pipeline from a majority female committee.

### The Investing in Women Code

53. The Bank is a founding signatory to the 'Investing in Women Code' (IWC), a commitment to support the advancement of female entrepreneurship in the UK, by improving female entrepreneurs' access to tools, resources and finance from the financial services sector. The IWC helps drive the change necessary to improve venture capital markets for female founders, so they can raise the capital they need for their businesses to reach their full potential. The Bank manages the Code, on behalf of the Department for Business and Trade (DBT), for Venture Capital (VC) funds.

54. VC Code signatories have more female representation in their investment teams and investment committees compared to the wider industry and outperform the wider market on deal numbers for investment in women-led businesses – 32% of deals went to teams with at least one female founder, compared to 28% of VC deals across the wider market in 2023.

55. We can go further, and we have piloted the collection of ethnicity data as part of the Code. We are working with partners to explore what role the Code can play in exploring broader diversity characteristics, and ultimately move from data collection to data-driven action.

### Finding What Works Research

56. The Bank regularly publishes research exploring the barriers to women and other underrepresented founders starting and growing their businesses. The Bank published research identifying clear actions that VC firms can take to allocate more of their funding to underrepresented founders.
57. We think it is incredibly important to understand how Venture Capital (VC) firms can make greater strides to fund female founders, and as far as possible we support them to do so. The Bank's *Finding What Works report*, which provides clear, actionable, and evidence-based pathways for UK funds to improve diversity in venture capital investment is a great start. The Bank will also be tracking funds' use of those actions through the Investing in Women Code.
58. The Bank's 2023 Finding What Works has found three pathways for enhancing diversity in venture capital firms that want to invest in more underserved founders.

#### **Diversity at the top**

- Venture Capital firms should focus on increasing diversity among key decision makers, particularly the Investment Committee. A broader range of views 'at the top' can result in a larger number of investments into underserved founders.

#### **Inclusion in the investment pipeline**

- Venture Capital firms should place a greater emphasis on increasing the pipeline of investment opportunities from underserved founders. They actively seek out diverse founding teams in various ways, for example, engaging scouts with their own diverse networks to source investment opportunities, and using incubators and accelerators for earlier stage firms.

#### **Transparency and Accountability**

- Venture Capital firms should subscribe to the notion that 'what gets measured gets done'. They view accountability for measuring and delivering progress as essential, supported by strong emphasis on external communication, genuine commitment, and active participation in industry-wide data collection.

### Investing in Diverse Entrepreneurs through British Business Bank Programmes

59. A lack of data on funding to female and ethnic minority led businesses makes measuring progress difficult. Where it exists, there are some signs of improvement. The share of equity deals to teams with at least one female founder has increased by almost ten percentage points over the past decade, but the share of investment going to all-female teams remained static at just 3%.
60. Many Bank programmes are designed to ensure small business finance is reaching parts of the market that have otherwise gone underserved. For example, the Start Up Loans programme offers unsecured personal loans of up to £25,000 to entrepreneurs who have been unable to secure finance from other sources, and has a good track record of reaching female and Ethnic Minority founders. Through our partnerships with X-Forces and The Prince's Trust, we also deliver targeted start-up finance support to ex-services personnel and young people, and we are exploring further partnerships to help us deliver more Start Up Loans to underserved entrepreneurs.
61. Since 2012, of the people who received a Start Up Loan, 40% went to women, 19% went to people from a Black, Asian or Other Ethnic Minority background (excluding White minorities) and 30% went to people who were previously unemployed. Since 2012, Start Up Loans had delivered over 22,481 loans to Asian people, Black people, or people from other Ethnic Minorities (excluding White minorities).
62. Since 2019 the Bank's ECF programme has supported 22 funds and across all these funds, almost 25% of the partners were female. This compares to 12% of senior investment roles in the wider equity market being held by women.

63. BPC has history of investing in funds which demonstrate female leadership and have at least one female founding or general partner, including but not limited to Atlantic Bridge, IQ Capital, SV Health, Seedcamp, Balderton & Connect, and Kindred. More recently BPC has invested in Blume, an all-female led VC.
64. Increasingly, private sector investors are developing investment strategies focused on reaching diverse founders, and we encourage these firms to apply for support from the Bank's equity programmes. For example, UK based Ada Ventures, which is an inclusivity focussed VC, has recently closed its £63m Inclusive Alpha Fund. British Business Bank was one of the key investors of the fund. Ada's focus is on investing in overlooked founders who are building companies that focus on diverse customer groups.
65. Community Development Financial Institutions (CDFIs) provide crucial finance to SMEs excluded by mainstream lenders, with a focus on underserved groups. Lending from CDFIs to these groups surpasses their respective shares compared to the overall business population<sup>27</sup>:
- 36% of loans go to women-led businesses;
  - 15% to ethnic minority-led businesses;
  - 50% to SMEs in the UK's most deprived areas.
66. The Bank's Community ENABLE Funding ("CEF") programme exists to increase the provision of finance to underserved SMEs in the UK by providing significant and reliable funding to UK CDFIs. CEF aims to deploy £150m of funding to the sector over the next two years.
67. Future Fund: Breakthrough (FF:B) is a £425m UK-wide scheme which will encourage private investors to co-invest with government in high-growth, innovative firms. The FF:B programme has invested directly into growth stage, R&D-intensive companies in Life Sciences and Deeptech in the UK, a number of which have been led by female founders and CEOs, including:
- Ilana Wisby, Founding CEO of Oxford Quantum Circuits
  - Ros Deegan, CEO of OMass Therapeutics
  - Nadine Hachach-Haram, Founder and CEO of Proximie
68. 31% of FF:B portfolio companies are led by female or Ethnic Minority CEOs (compared to market average of 17% in Life Sciences and >10% in Deeptech).
69. British Patient Capital, a commercial subsidiary of British Business Bank, has signed the Investing in Women Code as the largest LP to do so, recognising that D&I is a critical success factor for high performing teams. D&I are included in BPC's overall assessment of applicants and their teams, and applicants whose organisations score highly, and teams comprised of individuals from diverse backgrounds, are viewed positively.
70. An independent interim evaluation of BPC, published in February 2023, found BPC has influenced FMs' consideration of, or approach to, EDI in their investments. Several FMs suggested that BPC's focus on EDI in the due diligence and monitoring has raised the importance they place on EDI issues internally and encouraged them to monitor EDI metrics and make commitments to the Investing in Women code.

### Angel Investment

71. Over the past two years as part of a UK-wide British Business Bank pilot, the Bank has provided financial and non-financial assistance to support and accelerate the development of female-led angel syndicates across the Devolved Administrations. This pilot helps to demystify angel investing and make it more accessible to a broader group of women, which in turn increases the number of women angels who might then subsequently increase the flow of capital to female founded companies.

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<sup>27</sup> British Business Bank, *Small Business Finance Markets Report 2024*

72. We have supported four syndicates in total through this pilot: Awaken Angels in Northern Island, Mint Ventures in Scotland, Women Angels of Wales in Wales and Lifted Venture in the North of England. As at 31 Dec 24, 154 angels have been recruited across the four syndicates (119 novice / 35 experienced & 151 female / 3 male) with 23 deals completed (16 female-led / 7 mixed-gender teams) with a total investment value of £13.4m, £981k of which has been invested by the syndicates. The pilot will continue into the Financial Year 25/26 and will see the introduction of a fifth female-led syndicate, Investing Women Angels from Scotland.

## The International picture

### **Canada**

73. The Bank's remit as an economic development bank is UK based, and therefore we don't have direct experience of supporting female founders internationally. However we frequently engage with our international counterparts to build relationships and share best practice. There are several international development banks that we engage with that have programmes designed to support diverse founders.

74. BDC is the Business Development Bank of Canada and the financial institution devoted to Canadian small and medium size enterprises (SMEs). It is fully owned by the Canadian government. BDC supports Canadian entrepreneurs by providing financing, capital and advisory services with a focus on SMEs.

75. BDC previously had a Women in Technology Venture Fund, one of the world's largest venture capital funds dedicated to investing in women-led technology companies. This fund has now closed to new investments, but its success has inspired the Thrive Platform Venture Fund and Lab for Women. This platform is a \$500 million investment platform designed to make direct investments in women-led technology businesses at the seed and Series A/B stages.

76. In addition, the \$100M Thrive Lab will serve women-led companies with promising business models and growth potential that are seeking to create positive social change. Delivered in collaboration with ecosystem partners, it fills important investing gaps at the earliest stages of development to empower women to launch or grow a business.

### **Germany**

77. KfW is the German development bank and international development institution. It has been operating since 1948, one of the longest standing development banks. KfW is 80% owned by the Federal Republic of Germany, with the remaining 20% owned by the German federal states. KfW operates on behalf of the German Federal Government and primarily the Federal Ministry for Economic Cooperation and Development. It supports private individuals, businesses and public organisations with promotional loans and grants.

78. In 2023 KfW Capital launched the "Emerging Manager Facility", a programme under which it will invest in small private venture capital funds managed by women or gender-diverse teams. These teams are often very young first-time entrants to the VC market ("emerging managers"). The EMF specifically provides female or gender-diverse VC fund teams with improved access to capital.

### **Global**

79. The Montreal Group is an international not-for-profit association founded in 2012 to promote collaboration, mutual learning, and exchange of technical expertise and practices among Public Banks dedicated to supporting micro, small and medium-sized enterprises (MSMEs) in their respective countries. The mission of The Montreal Group is to offer a global platform for collaboration and mutual learning among MSME-focused Public Banks interested in identifying innovative and sustainable solutions to the opportunities and challenges encountered by MSMEs across the world.



80. The Montreal Group has published a helpful report on initiatives supporting women entrepreneurs by development banks around the globe including those from Canada, Nigeria, Brazil and Mexico.<sup>28</sup>

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<sup>28</sup> <https://themontrealgroup.org/article/supporting-women-entrepreneurs-some-initiatives-offered-by-development-banks/>

# What data exists or is required to track success and monitor progress in female entrepreneurship?

**Summary:** *Over the last decade there has been a growing interest in monitoring the gender imbalances within entrepreneurship. In 2019 The Treasury commissioned Alison Rose to lead an independent review of female entrepreneurship. The review has shed renewed light on the barriers faced by women starting and growing businesses and identified ways of unlocking this untapped talent. Out of these recommendations, the Invest in Women Code was born. Now at 250 signatories, Code signatories represent over £1 trillion in assets under management and now account for 47% of Venture Capital (VC) deals and 40% of UK Business Angels Association angel investment groups. While the Code acts as a significant advancement in reporting on gender equality in equity investment into female entrepreneurs, data gaps remain. Lack of consensus on how best to collect data, the definition on the term 'women-led' and the difficulty of requesting data on protected characteristics has all contributed to this challenge. However, the Bank is working with its delivery partners to enhance data collection across all programmes, including debt as well as equity, and to use this data to inform and address gaps in funding for underserved entrepreneurs.*

## Challenges to data tracking

81. The importance of tracking and monitoring protected characteristics within portfolios is widely recognised, but challenges remain with collecting, storing and reporting on personal data. There is also intersectionality to consider when monitoring progress, as a female led business may face less barriers than a black female led business; this becomes further complicated when taking characteristics such as disability, socio economic background and neurodiversity into consideration.

## What data is needed to track success and monitor progress

82. To track success and monitor progress in female entrepreneurship, there is no one overarching data set available. Data is often piecemeal, and the quality depends on the organisation, the sector and the willingness of the finance holder to track the data on characteristics of the finance recipient. Furthermore, there are several layers within this that need to be understood to give a clear picture of the entire funding landscape; an example is the need to include data on a delivery partner, where a delivery partner has been used to distribute the finance. Overall, this can be particularly challenging when seeking data that tracks protected characteristics, as there is no obligation for the individual to share this information.

83. To monitor progress of female entrepreneurship several types of data are needed to provide a wider economic picture. These include:

1. **Business Ownership and Growth Metrics:** Data on the number of female-led businesses, their revenue growth, profitability, and employment creation is crucial. Tracking the size and scalability of these businesses helps understand the economic impact of female entrepreneurship.
2. **Access to Capital:** Information on the financing sources for women entrepreneurs, including loans, venture capital, and angel investment, is vital to show whether women face barriers to securing funding compared to their male counterparts.
3. **Sector Representation:** Tracking the industries where women are starting businesses, particularly in male-dominated sectors like tech or manufacturing, can highlight areas where gender gaps persist.
4. **Demographic Information:** Data on the age, ethnicity, and socio-economic status of female entrepreneurs helps identify the specific challenges faced by different groups, such as ethnic minorities.
5. **Barriers and Challenges:** Surveys and reports on obstacles like access to mentorship, networking opportunities, and discrimination can provide insights into the systemic barriers that need addressing.

## Improving the data and information landscape

84. Data is essential to help us understand exactly which businesses are struggling to access small business finance and why. It also ensures we can build the right responses and assess what works. As a Code partner to the 'Investing in Women Code' (IWC), the British Business Bank collects data on the amount of equity finance reaching female entrepreneurs. The Bank is also a founding signatory to the Code, so has also committed to enhancing data collection of its own equity finance activities.
85. The Bank has integrated diversity, equity and inclusion considerations into discussions with delivery partners in relation to their own operations and their portfolio.
86. There are several schemes and funding programmes in operation at the Bank and they operate in different ways. The majority of the schemes and programmes administered by the Bank are delivered via third parties and, as such, with a small number of exceptions, the Bank does not deliver funding directly.
87. The Bank does hold some limited information in relation to the gender breakdown of funding recipients for some of our programmes and schemes, and we hope to further increase this data in 2025. Over the course of this year, simplified templates are being rolled out for gathering ESG information from delivery partners about the recipients of their funding. Where such information is held it is provided on a voluntary basis.
88. This information collection is in the early stages and the reporting metrics are not planned. As part of the Bank's Unlocking Potential KPI, we are developing our capacity to collect diversity reporting data, setting a baseline of gender and ethnic minority data.
89. Through our 'What Works' research we have also identified clear actions that finance providers can take to allocate more of their funding to underrepresented founders. This includes accountability for measuring and delivering progress. Increased engagement between policymakers and finance providers has led to some positive developments. Business surveys provide useful insights, with the Bank's own Finance Survey is now reporting on access to finance for disabled entrepreneurs.
90. Recognising the importance of data sharing in identifying actions for progress, we want to be transparent as we take steps to improve the diversity of the investments we support.

## The Invest in Women Code

91. The Investing in Women Code was founded in 2019 as a landmark government-led initiative in response to the Rose Review's findings that a lack of funding was one of the most significant barriers to women seeking to effectively scale a business. The Code is designed to address the lack of investment in female entrepreneurs from all corners of the financial services and investment landscape.
92. Investing in Women Code Partners include the British Business Bank, British Private Equity & Venture Capital Association (BVCA), UK Business Angels Association (UKBAA), UK Finance, and Responsible Finance. Code Partners are responsible for managing data collection and reporting, on behalf of government.
93. Over 250 organisations have now signed up to the Code, showing the growing numbers of lenders and investors committed to increasing the levels of finance directed towards women-led businesses.
94. In 2024 The Code was expanded to include Limited Partners and Community Development Finance Institutions (CDFIs). The Investing in Women Code accounts for 40% of UK Business Angels Association angel investment groups and 47% of venture capital deals.

95. The 2024 Investing in Women Code report shows the importance of data collection to establish the true picture of access to finance for women-led businesses. The report also shows that Investing in Women Code signatories who consistently report data year-on-year perform better in deals to teams with all-female founders than those who do not. However, there is still a long way to go, with the average amount of angel investment in all-female teams 50% lower than the amount invested in mixed gender teams and all male teams.

#### Small Business Finance Markets Report

96. The Bank produces several reports throughout the year and our annual Small Business Finance Markets report continues to provide a comprehensive and independent assessment of the funding landscape for smaller businesses. The Bank's 2025 report assesses the importance of business investment and the role of access to finance, as well as assessing more recent trends in smaller business finance markets.

97. Within the Small Business Finance Markets report the Bank looks at access to finance for businesses led by underrepresented groups: women, Ethnic Minorities and, where data is available, disabled entrepreneurs.

98. The British Business Bank has continued to refine and improve the evidence and analysis used in our reports. The Small Business Finance Markets report also references a wide range of evidence drawn from academic, government and market research, as well as drawing on credible international databases. We are keen to increase the range of researchers we work with.

99. In 2025 the Bank has updated our Business Finance Survey and combined it with our updated survey of market intermediaries and Devolved Nations to provide new market insights. We continue to make use of the Bank's management information and feedback from market contacts.

#### Other data sets measuring female entrepreneurship

100. In addition to the Bank's own research into barriers facing female-led and underserved founders, there is a large body of research looking at this topic. While there are too many to reference in this section, it is worth referencing some recent reports which use data to offer a unique picture of the female entrepreneurial landscape.

101. The Alan Turing Institute published a report in 2024 *Rebalancing Innovation: Women, AI and Venture Capital in the UK* which presents a unique picture of gender diversity in AI-focused venture capital (VC) investment over the last decade.<sup>29</sup> This report, based on new research from the Women in Data Science and AI team at The Alan Turing Institute, found that women face significant barriers to entrepreneurship across various sectors of the economy, but these challenges are particularly pronounced in traditionally male-dominated industries, such as AI. For example the report found that most VC investments in UK AI startups in 2022 (77%) were in companies without any women founders. This suggests that there is a need for further investigation into gender diversity in AI-focused venture capital (VC) investment.

102. The Gender Index, led by Chairman Jill Pay, claims to be the most extensive and comprehensive study of UK female entrepreneurship. In addition to insights shared through their 2025 Gender Index Report, their website allows users to track progress, growth, and trends by various criteria, including sectors. While the Bank cannot formally comment of the validity of the data, the increasing use of AI

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<sup>29</sup> Alan Turing Institute: *Rebalancing Innovation: Women, AI and Venture Capital in the UK (2024)*.

algorithms does suggest that better and more reliable data on female led-businesses is becoming increasingly available.<sup>30</sup>

103. In February 2025 the British venture Capital Association (BVCA) published a diversity data report which showed a trend of increasing female representation within private equity and venture capital. The report found that 27% of UK-based investment professionals are women, up from 24% in 2023. The report, which is co-authored by Level 20 and BVCA, also reveals an increase in the number of women in UK senior level roles (15%), compared to just 12% in 2023.<sup>31</sup>

## **ANNEX A – List of questions the British Business Bank is not in a position to comment**

What steps should the Government take to help support the development of female-led high growth enterprises?

*March 2025*

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<sup>30</sup> The Gender Index: *Gender Index Report (2025)*

<sup>31</sup> BVCA: *Diversity Data Report (2025)*