



The Rise Of Immigrant-Owned Small Businesses

by [Steve Brown](#) Topics: [business customers](#), [performance](#), [millennials](#)

Summary: It was recently reported that immigrants to the US now make up nearly one-third of all US entrepreneurs. We provide tips on how to attract and retain this important group of business customers.

The Census Bureau reports there are about 5.6mm employer firms in the US. By size, those with fewer than 20 employees (small) made up 89.0%, while those with fewer than 100 employees (smaller-medium sized) accounted for 98.2%.

It's a well-established fact that small and mid-sized businesses (SMBs) are among community banks' most lucrative and most loyal customers. It is also interesting that, based on growing research, businesses started by immigrants to this country may represent the SMB segment most worth cultivating.

Earlier this year, [the Kauffman Foundation released a report](#) that found immigrants to the US now make up nearly 33% of all US entrepreneurs, more than 2x their share from 20Ys ago. Indeed, immigrants launch twice as many businesses per capita as native-born Americans. This arguably makes immigrants the engine driving what the Foundation has found to be the highest level of US entrepreneurship in more than 20Ys.

Further, just last year, a study from the [National Bureau of Economic Research \(NBER\)](#) on this same topic determined that immigrants run one 1 of 5 US businesses. Further, in states such as CA, NY, NJ and FL, immigrants create 4 out of 10 new businesses. Interestingly, the report also found that immigrant-owned firms are also more likely to survive than fail.

Other aspects to note about immigrant-owned businesses as you determine how best your community bank can support them:

More women and younger. Female ownership is slightly higher in immigrant-owned firms and the owners tend to be younger than native-born business owners. This group is also more likely to combine owners of several ages, while native-born business owners are less likely. Knowing this, make sure that your marketing and community outreach focuses on women as well as men and ranges from millennials to boomers.

Similar education. Education levels tend to be similar between immigrant and native-born business owners. Consider pitching more mobile services to these customers given they are at least as educated and tech-savvy as their native-born peers.

Job creation. Based on the NBER study, immigrant-owned firms generated 3-4mm jobs, a figure that increases to 4-5mm including second-generation immigrant family entrepreneurs. While businesses founded by immigrants are somewhat smaller, they still boast comparable sales per employee. Consider highlighting your bank's ties to the larger community and 'soft' features such as meeting rooms available to business customers.

Run a tight ship. Just as with native-born small business owners, immigrant-owned firms are also looking for products and services that help with efficiencies (both for their business and professional lives). Be sure to do your best to make all customers aware of the products and services you offer in this area.

More international. Not surprisingly, immigrant-owned firms "show a substantially higher rate of engagement in international activity like exporting and the launch of overseas facilities," according to the NBER report. Of course, make sure this is true of your customers first, understand their business and then assist these owners in growing their international business.

ECONOMY & RATES

Rates As Of: 05/31/2019 02:26PM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.34	-0.07	-0.02
6M	2.34	-0.10	-0.13
1Y	2.20	-0.17	-0.40
2Y	1.92	-0.34	-0.57
5Y	1.91	-0.37	-0.60
10Y	2.12	-0.38	-0.56
30Y	2.57	-0.36	-0.45
FF Market	FF Target	Fed Disc	
2.39	2.50	3.00	
SOFR	Prime	Unemp	
2.40	5.50	3.60	

[More Market Rates](#)

BANK NEWS

Mobile Scorecard

[Forbes used Forrester ratings](#) of banking mobile apps to create a scorecard on what is working and what is not. Good - supporting customers during log-in and money movement. Ok - helping customers with self-service and managing finances. Bad - giving users actionable advice and reassuring them on security and privacy.

Regulatory Guidance

The Financial Crimes Enforcement Network ([FinCEN](#)) [has issued guidance](#) on how its regulations apply to money transmission involving convertible virtual currencies. The guidance covers: convertible virtual currencies, including P2P exchangers, virtual wallets, various kinds of wallet providers, CVC kiosks, decentralized applications, anonymity-enhanced transactions, payment processors and internet casinos.

Heavy Competition

According to the [Fed's small business credit survey](#), almost 33% of small businesses applied for credit from online lenders vs. 24% last year. While the rates were better at community banks, online lenders that chose the online path reportedly did so because they had a better sense that funding was more possible, quicker and required less collateral, according to surveyed businesses.

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