

# Overview of the UK Investing in Women Code

Why was it done, what is it and what made it a success?

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<https://www.british-business-bank.co.uk/investing-in-women-code>

## 2019: the Rose Review

- Alison Rose, Chief Executive of NatWest Group, was invited by government to advise on the barriers facing women entrepreneurs and how to overcome them.
- She concluded: “the biggest opportunities to help women entrepreneurs fall into three areas:
  - ✓ Increasing the funding directed towards them;
  - ✓ Greater family care support;
  - ✓ Making entrepreneurship more accessible for women and increasing support locally, through relatable and accessible mentors and networks.”
- The prize: Up to £250 billion of new value could be added to the UK economy **if women started and scaled new businesses at the same rate as men.**
- The investing in Women Code was one of eight recommendations of the Rose Review



## The Investing in Women Code – what is it?

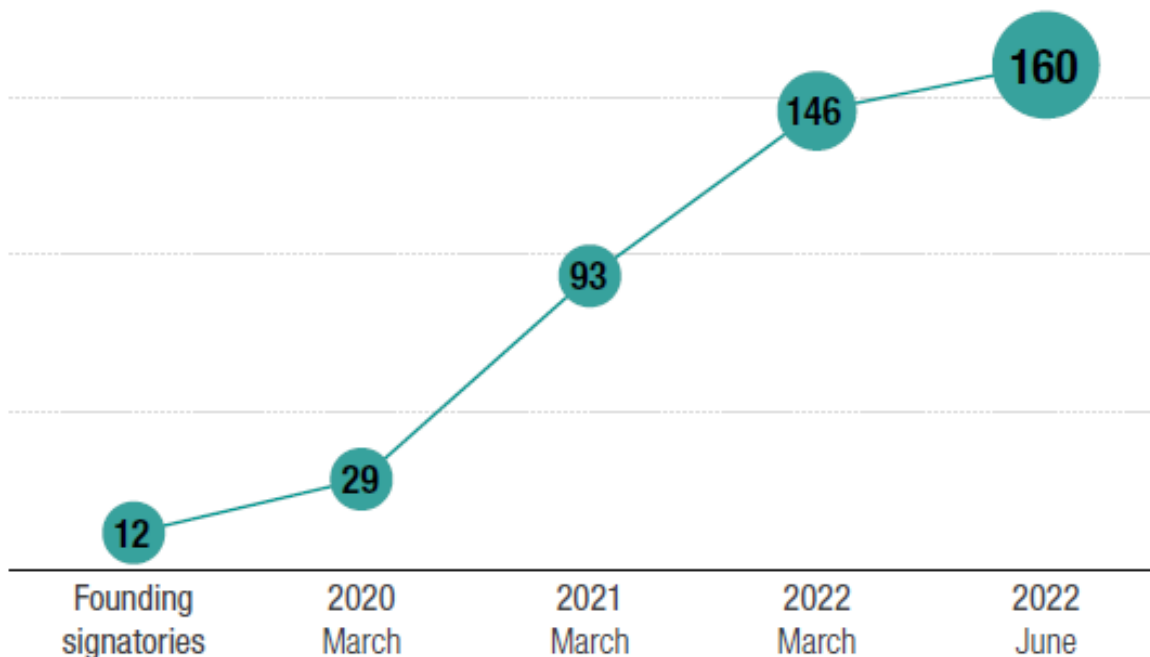
- The Code is a **voluntary public-private partnership** between government, finance providers and three trade associations plus the UK's national development bank – the 'Code Partners'.
- The aim of the Code is to increase the finance provided to women-led businesses. This includes debt finance (loans and overdrafts) and equity (from early-stage Angel investment to venture & growth capital).
- Code signatories make three commitments
  - ✓ Designate a responsible member of the senior management team;
  - ✓ Collect and report data (via the Code partners – government does not see the data);
  - ✓ adopt internal practices that aim to improve female entrepreneurs' access to the tools, resources and finance they need, and review these annually.
- See website (address on title slide) for the full text of the Code



# The year in review

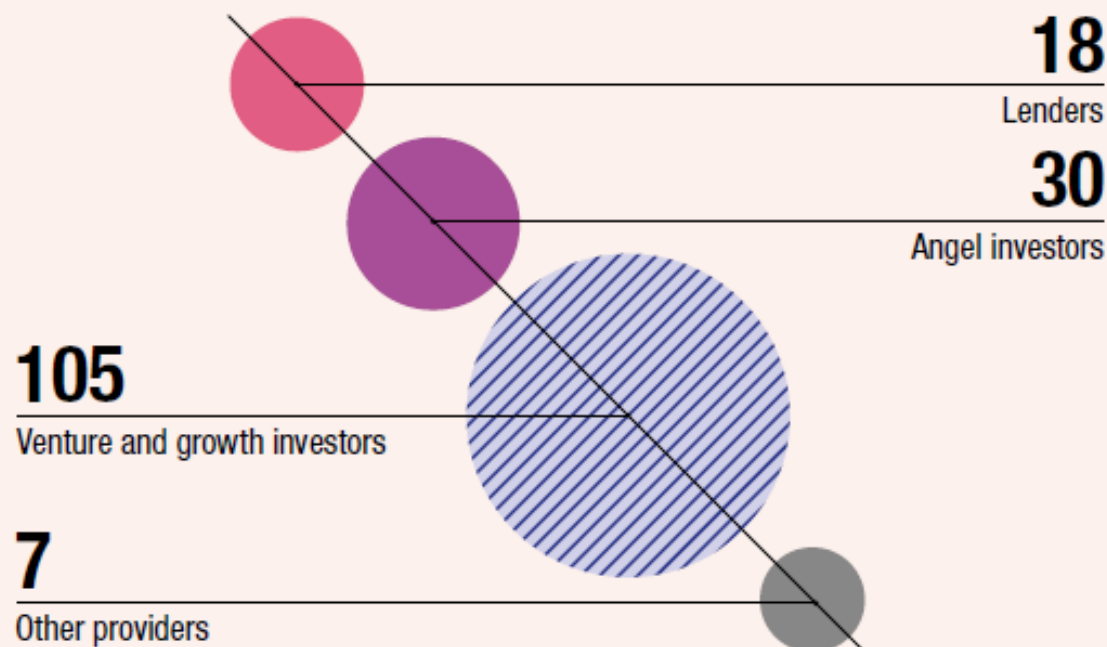
Code signatories and data collection

Membership of the Investing in Women Code continued to increase during the year and has now reached 160

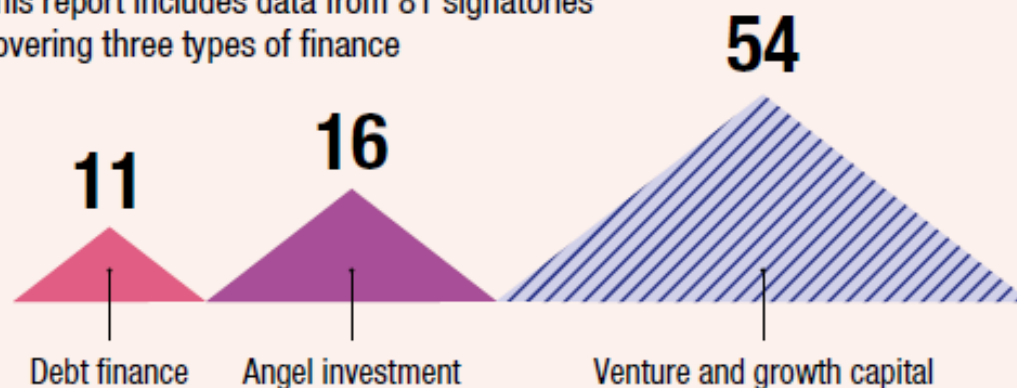


There was a notable increase in the number of venture and growth capital firms becoming signatories. This category accounted for 34 of the 53 new signatories in the year to 31 March 2022. A full list of signatories is at the

The majority of the 160 Code signatories are venture and growth investors



This report includes data from 81 signatories covering three types of finance



Market overview for the Code signatories in 2022. The data is split into three

On average, male-led businesses also applied for a larger amount of finance than women-led businesses. A number of variables may influence this outcome, for example the sector that the business operates in. Quantitative survey data such as the SME Finance Monitor, is required to increase understanding of entrepreneurs' attitudes to using external finance.

The Code data shows that 21% of new primary business bank accounts were opened by women and 61% by men. These figures include both new to bank (switching) and new to business banking (starting up).

Out of all business types applying for finance (sole proprietors, single director limited partnerships, multiple director limited partnerships and partnerships) 18% were led by women and 58% by men.

### **Approval rates for men were slighter higher**

For women the number of applications approved was in line with the number of applications received, 13% of approved applications were from women. However, for men it was higher at 52% of approvals compared to 51% of applications. This equates to approval rates of 90% and 92% respectively.

### **New primary business bank accounts opened**

**21% women**  
**61% men**

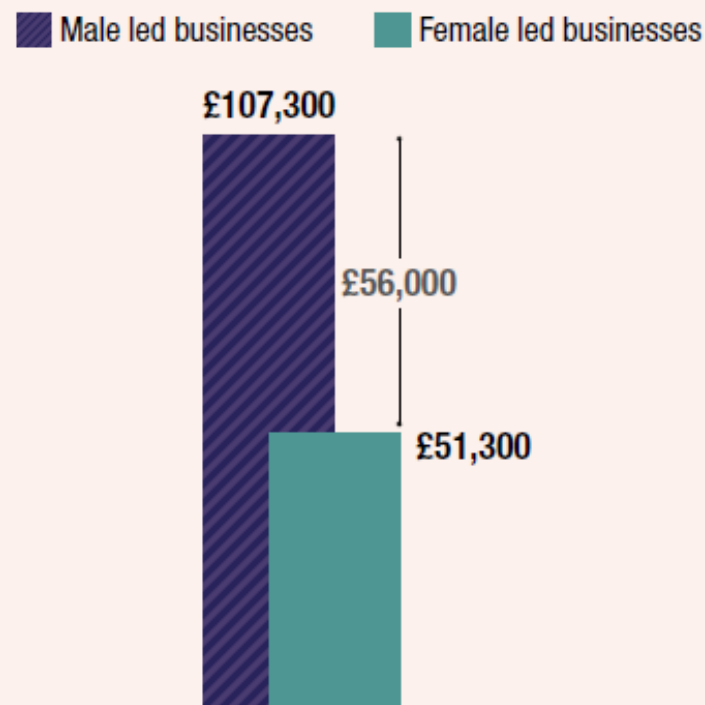
### **All business types applying for finance**

**18% women**  
**58% men**

### **Approval rates**

**90% women**  
**92% men**

### **The average loan approved for women-led businesses was lower compared to men**



A report by BVA BDRC found that 22% of all SMEs are led by women.<sup>1</sup> They have a similar size and risk profile to those led by men but are more likely to be found in the health or other community sectors and less likely to have been trading for 10 years or more. The Gender Index found that 20% of new companies incorporated in 2021 were women-led, as compared to 16.8% of existing active companies.<sup>2</sup>

## The Investing in Women Code – success factors

1. Through the Rose Review, the Code had **high-level government and private sector commitment** from the start, with some of the UK's largest banks as founder signatories.
2. Membership has grown over the years as signatories became confident that the initiative represented a **long-term commitment**.
3. The commitments in the Code are **specific and achievable**; finance providers feel it is a meaningful initiative.
4. Digitalisation of the banking sector makes data collection less onerous and ensures there is **no burden for the customer**.
5. The Code partners are **trusted as neutral third parties**, government does not see the data from individual providers.
6. A **voluntary initiative** that supports women rather than creating league tables or seeking to 'name and shame' lenders who may be performing less well.



## Questions to consider in adapting the UK Code

1. The Investing in Women Code was created for the UK market. Some factors are likely to be similar for any scheme seeking to improve access to finance:
  - a) Senior management commitment from each lending institution
  - b) Data gathering – may focus on different aspects, but “what gets measured gets done”
  - c) A commitment to bring about change, based on evidence
  - d) Some kind of reporting mechanism, for accountability and transparency
2. Other considerations will depend very much on local conditions:
  - a) Should the initiative be national or regional? Depends on size of market and collaboration.
  - b) Led by government, or a regulator, or a trusted independent body?
  - c) Does the scheme need the equivalent of Code partners, or do lenders report direct?
  - d) How to ensure action is taken? Who monitors this and holds lenders accountable?